

A Sweet Deal for a Tobacco Executive

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Abstract:

Brooke owns Liggett, which makes L&M, Lark and Chesterfield cigarettes. As this newspaper reported in 1993, Mr. LeBow pulled tens of millions of dollars out of the company and used it to finance a lavish lifestyle, pushing Liggett to the brink of bankruptcy. Under Mr. LeBow's leadership, Liggett's market share has fallen to 1.3% from 6%.

But this time Mr. LeBow has come up with a new way to get money: have Congress give it to him. Under the Commerce Committee's bill, tobacco companies are to pay higher taxes on the sale of cigarettes, increasing to 65 cents a pack in 1999 and \$1.10 a pack beginning in 2003. But Liggett has been made exempt from this tax, so long as it keeps its market share below 3%. Liggett argues that it deserves the break for turning over secret industry documents to the state attorneys general whose lawsuits against tobacco companies spurred the current legislation.

Full Text:

Which single person stands to benefit the most from passage of the Senate Commerce Committee's recently approved tobacco legislation? Surprisingly, the answer is not a trial lawyer, though it is a man who's spent plenty of time in court -- bankruptcy court, to be exact. Bennett LeBow, controlling shareholder of the Brooke Group Ltd., personally stands to "earn" hundreds of millions of dollars a year if the bill becomes law.

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How much is this exemption worth? Even with the tax increase, the Treasury predicts cigarette sales of slightly over 20 billion packs a year. So if Liggett