

Rj reynolds essay



**ASSIGN
BUSTER**

In 1987, a bidding war ensued between several financial firms to acquire RJR Nabisco. Finally, the private equity takeover firm, Kohlberg Kravis and Roberts & Co (commonly referred to as KKR) was responsible for the 1988 leveraged buyout of RJR Nabisco. This was documented in several articles in The Wall Street Journal by Bryan Burrough and John Helyar. These articles were later used as the basis of a bestselling book, Barbarians at the Gate: The Fall of RJR Nabisco, and then into a made-for-TV film.

As a result, in February 1989, RJR Nabisco paid executive F. Ross Johnson US\$53, 800, 000 as part of a golden handshake clause, the largest such deal in history at the time, as severance compensation for his acceptance of the KKR takeover. He used the money to open his own investment firm, RJM Group, Inc. In 1998 the company was part of the Master Settlement Agreement.

In 2002 the company was fined \$15m for handing out free cigarettes at events attended by children, and was fined \$20m for breaking a 1998 agreement between tobacco companies and 46 states, which restricts targeting youth in its tobacco advertisements. [1] In October 2002, the European Community accused R. J. Reynolds of selling black market cigarettes to drug traffickers and mobsters from Italy, Russia, Colombia and the Balkans.

On July 30, 2004, R. J. Reynolds merged with the U. S. operations of British American Tobacco (operating under the name of Brown & Williamson). A new parent holding company, Reynolds American Inc.

, was established as part of the transaction. In May 2006 former R. J. Reynolds vice-president of sales Stan Smith pleaded guilty to charges of defrauding the Canadian government of \$1, 200, 000, 000 (CDN) through a cigarette smuggling operation. Smith confessed to overseeing the 1990s operation while employed by RJR.

Canadian-brand cigarettes were smuggled out of and back into Canada, or smuggled from Puerto Rico, and sold on the black market to avoid taxes. The judge referred to it as biggest fraud case in Canadian history. [2] Since 2006, R. J. Reynolds has been the subject of a Farm Labor Organizing Committee (FLOC) campaign to reduce the exploitative nature of its tobacco procurement system.

FLOC's goal is to meet with Reynolds executives, growers, and workers in collective bargaining to improve farmworkers' pay and living conditions. Although there are many layers of subcontractors within the procurement system that seemingly absolve Reynolds of responsibility, FLOC asserts that its executives have the ability to make changes within the system due to their wealth and enormous power. Despite repeated refusals to meet from CEO Susan Ivey, FLOC continues the campaign against R. J. Reynolds Tobacco Company.