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| *January 7, 2005* |

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**1. Vodka King Enjoys Giving Money Away**

*NY Times News Service, New York,* Page 12

January 2, 2005

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| http://www.taipeitimes.com/images/2005/01/02/thumbs/20050101200130.jpeg |
| Sidney Frank, known as the ``Two Billion Dollar Man'' seen here at his home in Rancho Santa Fe, California, in December, is chairman and chief executive of the Sidney Frank Importing Company, Frank earned the moniker in June when he sold his vodka brand, Grey Goose, to Bacardi. PHOTO: NY TIMES |

"Just call me Sid," Sidney Frank instructed a visitor recently. "Everyone else does."

Actually, that is not all they call him -- not in the liquor industry, anyway. These days, he is known to many as the "Two-Billion-Dollar Man."

Frank, 85, is the chairman and chief executive of the Sidney Frank Importing Co., which has its headquarters here in New Rochelle. He earned his new moniker in June, when he sold his vodka brand, Grey Goose, to Bacardi. Industry estimates put the sale price at close to US$2.3 billion, a record for a single liquor product.

Since then, the ebullient Frank has been busy giving away bits of his newfound wealth -- US$100 million here, US$10 million there -- and he is having a great time doing it. "I just love giving money away," he said.

Frank introduced Grey Goose in 1997, and drove annual sales from about a hundred thousand cases the first year to a projected 1.8 million cases in 2004. That is no big thing compared with, say, Smirnoff, which sells more than 17 million cases a year. But Grey Goose is an imported luxury product and, in its class, its almost overnight success is unparalleled.

Bacardi, based in Bermuda and one of the world's major spirits producers, spends big for brands it wants. In 1992, it paid US$1.2 billion for Martini & Rossi, and in 1998 it paid US$1.9 billion for Dewar's Scotch and Bombay gin.

Grey Goose is made in France, but most of its sales are in the US. The interest in such brands dates to the 1980s, when anti-Soviet sentiment in this country paved the way for vodkas from countries other than Russia. Absolut, imported from Sweden by Carillon Importers, was the first big success.

When Frank decided to jump in, he chose a name -- Grey Goose -- that he had used a decade earlier on an inexpensive German white wine intended to compete with Blue Nun. The wine was a flop but he hung onto the name. He picked France as a source for his vodka, he said, because "the best things come from France."

Grey Goose's unique frosted-glass bottle was an instant hit. Initially, it was packaged in wooden boxes, as are many fine wines, and in picnic baskets, with a free cocktail shaker and plastic martini glasses. "We were making a statement," Frank said.

Sidney Frank is something of a legend in the spirits industry, an outsize personality who harks back to figures like Sam Bronfman and Lewis Rosenstiel (who once was his father-in-law), men who lived more like Hollywood moguls than business executives. Frank spends half the year in New Rochelle and half in Rancho Santa Fe, near San Diego.

Until recently he played a lot of golf. He has memberships in eight golf clubs, four in the East and four in the West. He visits a course almost every day, even when it rains. "I go to the one with the best drainage," he said.

These days, though, he mostly just relaxes in a golf cart while one of his four full-time pros hits balls for his entertainment. He also has four full-time chefs.

On the road, for business or pleasure, Frank surrounds himself with an entourage that includes chefs, a golf pro or two, colleagues and friends. "There are usually about 20 of us," said Sarah Zeiler, his director of media relations. "We charter a 727."

Sidney Frank Importing has its headquarters in downtown New Rochelle. Frank works mostly from his home a few miles away. Though it appears to be a modest white colonial on a quiet residential street, the home is actually a small compound with an indoor and outdoor pool and several outbuildings for his staff, all set back in a copse of trees and surrounded by a low fence.

Security is tight. The name Frank, printed on a driveway marker, is obscured with black tape. Recently, a private security guard sat in an unmarked sport utility vehicle a few doors away and a New Rochelle police car was stationed in front of the house. His driver, John Heine, is a retired New Rochelle police sergeant who doubles as an armed bodyguard.

Like one of his idols, Winston Churchill, Frank spends much of his time in his bedroom, which is also his office and dining room, clad in little more than shorts and a pajama top. He is still big-framed and 1.8m, but time has taken a toll. He is a little unsteady on his feet and often needs help moving from his lounge chair to the dining table, where, for a man of pronounced tastes, he now eats little.

Frank was born in Montville, Connecticut, where his father, Abraham, and his mother, Sarah, who was born in Russia, raised vegetables and chickens. He graduated from the Norwich Free Academy, which was not free -- his tuition was paid by his town, which had no high school. Frank, a 1937 graduate, has pledged to give the academy about US$10 million.

He attended Brown University for a year, then left for lack of money. In September, he gave the university US$100 million, the largest single gift in the school's 240-year history. "It's for scholarships this time," Frank said, alluding to the US$20 million he gave the university in 2003 for a new academic building to be called Frank Hall.

"Brown means a lot to me," Frank said. His roommate during his time there was Ed Sarnoff, a son of David Sarnoff, the founder of the National Broadcasting Co.

Ed Sarnoff introduced Frank to his first wife, Louise Rosenstiel, known as Skippy, a daughter of Lewis Rosenstiel. Rosenstiel was the founder of Schenley Industries, one of the nation's largest distillers and importers of wines and spirits.

The Schenley connection did not pay off until after World War II, most of which Frank spent in Southeast Asia as a civilian troubleshooter for Pratt & Whitney, the aircraft engine maker. After the war, Rosenstiel asked him to use the engineering skills he had learned to help develop alcohol-based motor fuel.

The fuel program flopped, so Frank switched to liquor. In the Philippines and in Europe, he turned marginal businesses owned by Schenley into moneymakers. Returning to New York, he rose to become president of the company, only to be fired in 1970 in a family dispute.

Blackballed from the industry by Rosenstiel, he formed his own company, he said, "with three men and a handtruck." To raise money, he sold his property in Antigua, his townhouse at 90th and Park Avenue, and his collection of Impressionism and contemporary art. His wife died in 1972.

Jacques Cardin brandy, which Frank acquired from Joseph E. Seagram & Sons in 1979, was his company's first profitable product. But it was not until another of his liquors took off in the 1980s that his fortunes truly changed. He had discovered the product, Jagermeister, an odd-tasting liqueur from Germany, in the lean years, on his strolls through Yorkville, New York's old German neighborhood.

Some people compared the taste of Jagermeister to that of cough syrup, but undeterred, Frank acquired his first distributorship in 1973. He hired hundreds of young women, dressed them provocatively, named them the Jagerettes and sent them in the nation's bars to offer men free shots of the liqueur.

It worked. Jagermeister sales went from 600 cases in the United States in 1974 to 1.3 million last year, according to Impact Databank, an industry research group.

In 1997, a group of the Jagerettes persuaded the Equal Employment Opportunity Commission to sue Sidney Frank Importing for sexual harassment on their behalf. They charged that bar owners, bartenders and patrons had harassed them and that Frank's company provided no protection. Some said they had been harassed by Frank himself.

The company denied the charges but paid US$2.9 million as part of a settlement.

"I never did anything that I wouldn't want someone to do to my daughter," he said at the time. Jagerettes still work the bars; male counterparts called JagerDudes concentrate on gay clubs.

Sid Frank was back on top. His art collection, now more impressive than ever, includes a Calder mobile that he sold for US$30,000 in tougher times and repurchased last year for US$500,000. In the Schenley days, he owned two Henry Moore sculptures; now he has 29.

Meanwhile, the Two-Billion-Dollar man works steadily at shrinking the remarkable sum from the sale of Grey Goose. He has hired a financial adviser to "teach me how to spend money" and consults closely with his daughter, Catherine Halstead, of Seattle, on major gifts. A son, Matthew Frank, lives in Marin County, Calif. There are undisclosed gifts to them, and foundations have been set up for his grandchildren. He has given millions -- he will not provide a sum -- to various causes in Israel, and he has made huge gifts to employees.

He is setting up what will probably be known as the Sidney Frank Foundation. "It will be big," he said, in an uncharacteristic understatement. "It will have more than a billion dollars to work with."

There has been speculation that, given his age and with Grey Goose gone, Frank might sell what remains of his company.

"Never," he replied. "We're doing extremely well, and we're rolling out some exciting new products. I believe in the old saying `Stay busy or die.' Besides, I'm having too much fun."

**2. Bar Codes Change with the New Year**

January 4, 2005

NEW YORK -- Since the first pack of Wrigley's gum was scanned in 1974, bar codes in the United States and Canada have contained 12 digits that identify a product and its manufacturer.

Beginning Jan. 1, 2005, however, scanners, cash registers and other equipment used by North American retailers were supposed to be updated to read the more internationally common 13-digit bar codes. The switch is intended to open avenues in global commerce.

Retailers in the United States and Canada have had nearly eight years to prepare for the 13-digit upgrade (part of an initiative called Sunrise 2005), but for some smaller convenience retailers and those with outdated equipment, the change could mean delays and other problems at check-out counters.

"Most people are prepared, but there are, I think, some folks out there who are still in the dark," said John Hervey, executive director of the Petroleum Convenience Alliance for Technology Standards (PCATS) in Alexandria, Va. "PCATS and NACS are planning a joint conference call with Uniform Code Council for anyone who wants to learn more about Sunrise 2005. We don't have the dates set, but it's to be within the next two weeks."

The one-digit bar code change is aimed at making it easier for companies to move their goods around the world. Manufacturers that do a lot of business overseas and have had to maintain two bar codes on their products will likely be the first to make the switch, Hervey said. Domestic manufactures that don't trade internationally will likely be a little slower to convert.

For the convenience industry, outdated systems could mean hang-ups at the check-out counter when scanning imported items. "My understanding is that scanners that have been purchased within the last five years probably won't have a problem with the 13-digits bar codes," Hervey said. "But if their scanners are not set to scan 13 digits, the product won't scan, and if their databases are not in compliance with being able to hold the 13 digits, they're not going to find anything in their database when scanned. It's going to create those kinds of operational issues."

Foreign manufactures for years have used a 13-digit bar code administered by EAN International. Any products they wanted to sell in the United States or Canada had to be relabeled with a 12-digit Universal Product Code (UPC) -- an expensive switch that can cost as much as a few pennies per bar code label.

Standards groups are now also encouraging users to consider switching to a 14-digit Global Trade Item Number code that would incorporate both EAN and UPC standards to provide an even more detailed system.

**3. Vodka on the Rocks With a Cha-Ching**

By Jeannine Defoe – *Bloomberg News*

January 3, 2005

Liquor companies are unveiling "super-premium" spirits at higher prices, including Adelphi Distillery's $225 single-malt scotch and Allied Domecq's $60 Elit, the most expensive vodka made by a major distiller.

The pricier labels are spurring revenue gains for the companies, which count on November and December for as much as half their share of the $14.7 billion spirits market.

Distillers "have taken some fairly substantial price increases" with new brands, said Amy Bonkoski, an analyst at National City.

Allied Domecq, the world's second-largest spirits company, last month unveiled Elit in selected bars in New York. The brand, not yet available in stores, will sell for twice the price of Nolet Distillery's Ketel One and about five times Diageo's Smirnoff, the best-selling U.S. vodka.

Diageo last month debuted Johnnie Walker Green, a $50 blended scotch whisky that's $20 more than its black label.

Higher-priced spirits including Johnnie Walker Blue, which goes for as much as $200 a bottle, were Diageo's fastest sellers after Thanksgiving, North American CEO Ivan Menezes said in a recent interview.

Spirits accounted for 29.7% of alcohol sales in the U.S. this year compared with 28.6% in 2002, according to the Distilled Spirits Council.

Most of that growth is from the super-premium brands.

The most expensive spirits include scotch whiskies aged more than 30 years by Adelphi, which sell for more than $200. Smirnoff vodka sells for $10 to $13 a bottle.

The volume of superpremium spirits sold rose 9.6% from last year compared with 1.9% for less- expensive "value" brands, the council said. Superpremiums represented about $150 million in revenue, or 1% of the U.S. market.

Spirits makers "are pushing really, really hard at the top end," said Tom Pirko, president of Bevmark, an industry consultant. "It's the nature of the business that people who drive Mercedes want to drive a Maybach."

The amount of beer consumed in the U.S. fell 0.3% in 2003 and is expected to decline by another fraction of a percent this year, according to market research firm Adams Beverage Group.

The liquor industry may spend as much as $110 million on radio and TV ads next year, a more than fourfold increase from 2000, the distillers council estimated.

Allied Domecq is spending 20% more to advertise its spirits from Thanksgiving through New Year's, including $10 million on TV ads for its Kahlua coffee liqueur.

Diageo promoted Baileys Minis as a sponsor of HBO's "Sex and the City," in which the four female protagonists regularly drank cocktails including cosmopolitans and dirty martinis. The Emmy-winning show finished a six-season run this year.

"That captured the public imagination," said David Ozgo, the spirits council's chief economist. "There's a certain romance with cocktails you don't get with other beverages."

**4. Smoking Foe Upset by Puffing Near School**

Associated Press - *Des Moines Register*

January 4, 2005

Years after her older sister died from breast cancer, the sight of teenagers smoking near a local high school irked Eileen Fisher so much that she realized it was time to join a movement to snuff out the habit.

Fisher is one of a handful of people instrumental in starting the Johnson County Tobacco Free Coalition and Clean Air for Everyone: two groups working to influence or even change the way the Legislature looks at smoking issues while also promoting non-smoking environments. She recently secured a $23,210 grant from the American Cancer Society for the effort.

"We were driving by high schools and seeing people smoking, wondering what could we do," Fisher said about the coalition, which started in the late 1990s.

Clean Air for Everyone, now known as CAFÉ Johnson County, started in 2000. The group pushed to prohibit smoking in University of Iowa dormitories and despite strong opposition from local bar owners, it also persuaded city leaders to pass a smoking ban on businesses in Iowa City, she said.

"The risk of heart disease, lung cancer and breast cancer goes up with smoking," Fisher said. "Why should non-smokers have their health be put at risk? "

The ordinance initially banned smoking in all establishments deriving more than 50 percent of their revenue from food sales. Exemptions were later made for some establishments that received 65 percent of their revenue from alcohol. A similar ordinance existed in Ames, but the Iowa Supreme Court declared the ordinance unconstitutional in June 2003. The decision made Iowa City's ordinance unenforceable.

Some 180 businesses, from restaurants and pizza places to fast food outlets and coffee shops, remain on CAFÉ Iowa Citizens Action Network list of smoke-free businesses, said Beth Ruback, project coordinator for Four Counties for Tobacco Control and a member of CAFÉ.

The anti-smoking groups continue to work toward restoring local control for smoking laws, reinstating the smoking ban and offering support to other communities looking to organize similar movements. The grant money will go toward establishing public policy to reduce tobacco through a higher cigarette tax as well as increase the number of smoke-free workplaces across Iowa, Ruback said.

Fisher is president of CAFÉ Iowa Citizen Action Network and treasurer for CAFÉ Johnson County. She credits coalition members for the progress CAFÉ Johnson County and related groups have made in educating people about the dangers of smoking.

Fisher said she was alarmed at the tactics the tobacco industry has made to market youth through use of product placement.

For example, she said some local bars sell single cigarettes to college students who consider themselves "social smokers," while cigars have been put in the pockets of tuxedos, which can easily be found by teenagers dressing for prom night.

"Tobacco really targets young people and college students," Fisher said.

**5. One in Five Young People Drive After Using Drugs or Alcohol**

**Source*: USA Today***

**December 30, 2004**

WASHINGTON (AP) — More than four million people younger under age 21 drove under the influence of drugs or alcohol last year, according to a government report released Wednesday. That's one in five of all Americans aged 16 to 20.

Four percent of people under 21 caught under the influence of drugs or alcohol last year reported being caught for a DUI the previous year.

"That's an awful lot of kids if you think about it," said Charlene Lewis, acting director of the Office of Applied Studies at the Substance Abuse and Mental Health Services Administration, which produced the report.

The report, based on a large household survey of drug use, found a small drop in driving under the influence of drugs or alcohol between 2002 and 2003. In 2002, 22% drove under the influence; last year, it was 20%.

Just four percent of these young people reported being arrested and booked for driving under the influence in the year before they were interviewed.

The report was released Wednesday in advance of New Year's Eve in hopes of raising consciousness of the issue on a night when the risk of drinking and driving is high, federal officials said. Motor vehicle crashes are the leading cause of death among young people.

The data come from face-to-face interviews in the homes of people ages 12 and up, part of the National Survey on Drug Use and Health. People were asked to define for themselves what driving "under the influence" of drugs or alcohol means.

Young people were most likely to drink alcohol and then drive, with 17% admitting this. Fourteen percent said they had driven under the influence of illicit drugs, and eight percent reported driving after consuming a combination of alcohol and drugs.

The rates were highest among people who lived in the Midwest and among those who lived outside of metro areas.

Researchers did not have data to compare the 2002-03 rates to earlier years. But a similar survey of teen behavior found that drunken driving fell steadily between 1984 and the early 1990s, as media campaigns pleaded "friends don't let friends drive drunk" and urged partygoers to choose a designated driver.

The rates remained level from 1992 to 1995 before jumping a bit in the late 1990s and then declining a little in 2003, said Lloyd Johnston, principal investigator for the University of Michigan's Monitoring the Future survey of students.

"It's not nearly as serious a problem as it was in the mid '80s but it's still a serious problem," he said.

He said that his survey also found that a substantial number of teens rode in cars where drivers had been drinking, adding to the number of young people at risk.

Johnston added that while teens growing up in the 1980s were exposed to heavy media campaigns against drunken driving, that's not true for today's teens. He warned of "generational forgetting."

"Each generation has to be reeducated about the dangers of any of these behaviors," he said.

**6. Diageo, Liquor Makers Boost Sales With Luxury Holiday Cocktails**

By Jeannine DeFoe *- Bloomberg News*

December 30, 2004

(Bloomberg) – Tony Montgomery, an advertising executive in Manhattan, switched to Ketel One vodka, which costs three times as much as his former brand Smirnoff, at the recommendation of a friend.

“If you’re going to be drinking only one or two cocktails they may as well as well be good,” said Montgomery, 71, while sipping an $11 Ketel One vodka tonic at the Four Seasons bar in Midtown on East 52nd Street. “They’re a notch up in terms of flavor.”

Liquor companies are unveiling “super-premium” spirits at higher prices, including Adelphi Distillery Ltd.’s $225 single-malt scotch and Allied Domecq PLc’s $60 Elit, the most expensive vodka made by a major distiller. The pricier labels are spurring revenue gains for the companies, which count on November and December for as much as half their share of the $14.7 billion U.S. spirits market.

Distillers “have taken some fairly substantial price increases” with new brands, said Amy Bonkoski, an analyst at Cleveland-based National City Corp.’s private client group, whose $30 billion in assets include shares of Brown-Forman Corp., the maker of Jack Daniels. “That’s not to say there isn’t a quality difference, but it’s just pure margin for them.”

Allied Domecq, the world’s second-largest spirits company, last month unveiled Elit in selected bars in New York, spokesman Dave Karraker said. The brand, not yet available in stores, will sell for twice the price of Nolet Distillery’s Ketel One and about five times Diageo Plc’s Smirnoff, the best-selling U.S. vodka.

Diageo, the No. 1 liquor maker, last month debuted Johnnie Walker Green, a $50 blended scotch whisky that’s about $20 more than its black label. Higher-priced spirits including Johnnie Walker Blue, which goes for as much as $200 a bottle, were Diageo’s fastest sellers after Thanksgiving, North American Chief Executive Ivan Menezes said in a Dec. 8 interview.

**Switch to Liquor**

Shares of Bristol, England-based Allied Domecq, which also sells Beefeater gin and Courvoisier cognac, rose 4 pence to 509 pence yesterday in London. They have gained 4 percent since Nov. 1. Shares of London-based Diageo – whose 17 liquor brands include Jose Cuervo, Captain Morgan and Seagrams – rose 4 pence to 741.5 pence. They have risen less than 1 percent since Nov. 1.

Spirits accounted for 29.7 percent of alcohol sales in the U.S. this year compared with 28.6 percent in 2002, according to the Distilled Spirits Council of the U.S.

Most of that growth is from the super-premium brands which the Washington-based council defines as scotch retailing for more than $33 a bottle, tequila for more than $27 and vodka for more than $21. The most expensive spirits include scotch whiskies aged more than 30 years by Glenborrodale, Scotland-based Adelphi, which sell for more than $200. Smirnoff vodka sells for $10 to $13 a bottle.

**Beer’s Loss**

The volume of super premium spirits sold rose 9.6 percent from last year compared with 1.9 percent for less-expensive “value” brands, the council said. Super premiums represented about $150 million in revenue, or 1 percent of the U.S. market.

Spirits makers “are pushing really, really hard at the top end,” said Tom Pirko, president of Bevmark LLC, an industry consultant in Santa Barbara, California. “It’s the nature of the business that people who drive Mercedes want to drive a Maybacach.”

The rise in liquor consumption has “really clobbered the beer industry.” Pirko said.

The amount of beer consumed in the U.S. fell 0.3 percent in 2003 and is expected to decline by another fraction of a percent this year, according to the Adams Beverage Group, a market research firm based in Norwalk, Connecticut.

“The brewers have been put on the defensive,” said David Fleming, executive editor of Impact magazine in New York, which covers the liquor market. “For those of us following the industry for a bit, it’s a shocking turn of events.”

**Liquor Profits**

The demand for pricier spirits is boosting liquor markers’ profits. Gross margins that are typically about 30 percent on spritis widen with super premium brands, said Tim Ramey, an analyst at D.A. Davison & Co. in Lake Oswego, Oregon.

Allied Domecq’s net income in the half year ended in August increased 25 percent, the first gain in more than two years, led by increased U.S. sales. Allied Domecq, which also sells Sauza tequila, is spending more in the U.S. and Asia as European sales lag behind those markets.

Diageo said North American sales fell 3.6 percent to 2.66 billion pounds for the six months ended June 30 as the declining dollar eroded revenue. Still, every year for the next decade about half a million U.S. consumers will turn 21, providing an opportunity for the spirits industry, Chief Executive Paul Walsh told Diageo shareholders in October.

**Marketing Boost**

Brown-Forman said profit for the quarter ended Oct. 31 rose 16 percent, helped by a 17 percent increase in revenue for the beverage unit, which also includes Southern Comfort liqueur. Jack Daniels has been gaining sales at the fastest pace since the early 1980s, allowing Louisville, Kentucky-based Brown-Forman to raise prices.

Brown-Forman may add new whiskeys in 2005 to its Woodford Reserve line, which retail for about $40 a bottle, spokesman Phil Lynch said. The new drinks will sell for more, said Lynch, who wouldn’t comment on profit margins.

“Everybody’s on the same page with this and it’s working,” said Fleming of the higher-priced brands. “It’s sort of like Starbucks, where people will wait on line to pay $2 more for a cup of coffee that you can buy for 50 cents down the street.”

Pernod-Ricard, the world’s No. 3 spirits company, brought out Jameson 18-year-old Master Selection Irish whiskey in January. The whiskey sells for $65, compared with Jameson’s best-selling $20 bottle. Paris-based Pernod in April introduced Wyborowa, a $30 Polish vodka with a bottle designed by architect Frank Gehry, whose work includes the Guggenheim Museum in Bilbao, Spain.

**Advertising**

The liquor industry may spend as much as $110 million on radio and TV advertising next year, a more than fourfold increase from 2000, the distillers council estimated. Companies began advertising on cable television in 1996 after ending a self-imposed ban on TV commercials that began in 1948.

Allied Domecq is spending 20 percent more to advertise its spirits from Thanksgiving through New Year’s, including $10 million on television advertisements for its Kahlua coffee liqueur.

Diageo promoted Baileys Minis as a sponsor of HBO’s “Sex and the City,” in which the four female protagonists regularly drank cocktails including cosmopolitans and dirty martinis. The Emmy-winning show finished a six-season run this year.

“That captured the public imagination,” said David Ozgo, the spirits council’s chief economist. “There’s a certain romance with cocktails you don’t get with other beverages.”

**7. Alcohol Sales Likely to Go Up With New Casino**
By Dar Danielson – *Radio Iowa*

January 3, 2005

DES MOINES, IA -- Iowa's set to see more gambling licenses issued in 2005 and that could a boost to already robust state alcohol sales. Lynn Walding, the director of the Iowa Alcoholic Beverages Division, says casinos are good customers. He says any expansion in gambling would probably show a corresponding increase in alcohol sales as well. Walding says part of the increases consumption of alcohol will be from people outside the state who visit the casinos. He says that's why there was a lot of interest when one of Iowa's neighbors considered allowing gambling. He says it was an issue that a lot of suppliers were watching when Nebraska considered gambling. He says they wondered what the consequence would've been and how much business they would've lost if Nebraska legalized gambling.

**8. Belly Up to the Bar, Boys! Hard Liquor, Wine Helps Cut Strokes in Men, Study Finds**

By John Strahinich - *Boston Herald*

January 4, 2005

In a blow to smug teetotalers everywhere, men who enjoy one or two hard drinks a day three to four times a week were found to have a 32 percent lower risk of stroke than guys who don't drink at all, according to a new study.

And in a bow to the smug French and to Francophiles everywhere, the same report also found that men who drink one or more glasses of red wine a day had a staggering 46 percent lower-than-average risk for stroke, said the study's lead author, Kenneth Mukamal, a Harvard Medical School professor and an internist at Beth Israel Deaconess Medical Center.

But the most sobering, albeit unsurprising, results of Mukamal's research was that big boozers - men who knock back three or more hard drinks a day - are nearly 45 percent more likely to stroke out than men who abstained entirely.

``We found that on average, increasing alcohol consumption was linked to a higher risk of stroke,'' said Mukamal, whose team tracked more than 38,000 men, ages 40 to 75, over 14 years.

But Mukamal said he was surprised to learn that lower levels of alcohol consumption, per se, did not necessarily correspond to a lower incidence of stroke.

``There's been a bit of an assumption that moderate drinking of any type would be associated with lower rate of stroke, the same way it's been linked to a lower risk for heart attacks,'' Mukamal said.

On the contrary, he said that for moderate drinkers, the pattern of their drinking mattered more than how much they drank.

Specifically, Mukamal discovered that only those who drank, say, every other day showed a lower rate for strokes.

That jibes with Mukamal's previous findings that showed moderate but sporadic drinkers were also less likely to develop diabetes and coronary heart disease.

``What we can say, at least for men,'' Mukamal said, ``is that one or two drinks every other day seems to be the way to go in terms of cardiovascular health.''

Another surprising find, Mukamal added, was the seemingly salubrious effect of red wine.

``There's been this wives' tale that red wine offers specific protection against heart disease,'' said Mukamal, referring to the comparatively lower rate of heart disease among the fatty-food-eating, cigarette-smoking, red-wine-swilling French.

``It's called the French Paradox,'' Mukamal said, diplomatically.

But he said, to date, no studies had shown red wine to be good for the heart - none, that is, until this one, which appears in the Annals of Internal Medicine.

Then again, few men in Mukamal's study drank red wine on a daily basis, so he was unsure how to interpret his results.

``It leaves us in a quandary,'' Mukamal said. ``Is it the red wine, or is this just a fluke?''

He added: ``It's important that good studies of stroke in the future look at various beverage types as risk factors.''

**9. Anti-Smoking Push Stretches to Internet**

By John Snell – *The Oregonian*

January 2, 2005

**Oregon becomes the first state to go after online cigarette sellers and their customers for failing to pay state and federal taxes**

Oregon long has been a national leader in battling smoking and cigarettes through higher taxes and legal action.

It was one of the first states to increase cigarette taxes, with Measure 44 in 1996. A year later, it was one of 40 states to file suit against the tobacco industry.

Today, Oregon is the first state to go after smokers and the Internet sites that sell them cigarettes without charging state or federal taxes.

State prosecutors this past summer closed a Web site run by an Aloha man. They filed racketeering charges against its operator two weeks ago.

Oregon revenue officials now are sending bills to customers for tobacco taxes they never paid.

So far, 15 people have been billed, with 60 more to follow.

Billed amounts are trifling for the state -- from $11.80 to $2,000 for each smoker. If all the customers pay, the state would recover $15,000 of the $15 million to $20 million it is estimated to lose each year to untaxed Internet tobacco sales, said Randy Evers, administrator for the Oregon Department of Revenue's business tax division.

But there is more to come, Evers promised.

"This is the tip of the iceberg," he said. "We're just getting started."

Web sites that sell tax-free cigarettes freckle the Internet.

Most take orders from customers and fill them through sites outside the United States. Customers order name-brand cigarettes for half what they would pay in Oregon, and the sites have the cigarettes shipped to customers from Europe a pack or a carton at a time.

Inexpensivesmokes.com operated from Aloha until the Oregon Tobacco Compliance Task Force raided it in July.

Its owner/operator, Eric Ivan Gutherie, 35, was indicted Dec. 15 by a Washington County grand jury on racketeering charges and crimes relating to the illegal sale of cigarettes. He was ordered held on $161,300 bail and faces 18 to 21 months in prison if convicted on all charges in the 14-count indictment.

Oregon was among the first states to raise taxes on cigarettes when voters approved Measure 44. It increased cigarette taxes to pay for health care.

Before the measure passed, state cigarette taxes were 38 cents a pack. The amount rose to 68 cents under the measure, which made Oregon's tax the nation's third-highest.

Oregon has the 10th-highest tax today: $1.18 a pack -- more than half the counter price.

Paul, a Tillamook County smoker who has smoked a pack or more a day for the past 50 years, turned to the Internet three years ago. He is not among those facing a state bill, but he didn't want his full name used, worried he was admitting to a crime.

He said he paid $14.20 on the Internet for the same carton that sold for $32 at his corner store.

"If you're looking at the difference between $14 and $32, you're going to go with the Internet," Paul said. "I know I did."

The federal General Accounting Office in 2002 reported finding 147 Web sites in the United States that weren't passing bills for state taxes to their customers. This past fall, an Internet search for Web sites offering "tax-free cigarettes" produced 935 sites with names such as cheapsmokesbymail.com, cigs4free.com, dirtcheapsmokes.com and notaxsmokes.com.

While some argue that higher cigarette taxes encourage smokers to quit, others say it is not so simple because tobacco is habit-forming. Boosting the price by raising taxes doesn't encourage people to quit, smokers and legitimate cigarette retailers argue. It pushes them to find cheaper cigarettes.

"The driving force is the tax rates," said Lyle Beckwith, senior vice president of the National Association of Convenience Stores in Alexandria, Va. "They create lawbreakers."

Kevin Neely, spokesman for the Oregon attorney general's office, agrees with that reasoning.

"The American Cancer Society is going to tell you that if taxes are raised high enough, people will quit smoking. What I'm going to tell you is that I don't care," Neely said.

"These Internet companies are stealing money from the state, and our job is to stop them. This is a criminal issue for us."

Store owners see the state's effort as salvation from Internet competition, which has caused their sales to slow dramatically. Convenience stores sold 75 percent of all cigarettes before Internet sales led to a 10 percent hit, Beckwith said.

Some smokers, meanwhile, think the state is picking on them by taxing something grownups are allowed to do.

Long before the Internet, federal law required sellers to report tobacco sales to their states. The Jenkins Act of 1949 said any retailer who ships cigarettes into a state must pay state tobacco taxes.

But the law often is avoided. The General Accounting Office said in 2002 that none of the 147 Web sites it studied was giving information to states.

"When you do something other than go to a retail store, the level of compliance is actually quite low," said Steven Briggs, an assistant attorney general with the Oregon Department of Justice.

"We ask the sites for their Jenkins list," said Evers of the Department of Revenue, "but most of them ignore us."

Oregon has its own "mini-Jenkins" act that requires anyone who buys tobacco over the Internet or through mail-order catalogs to send the state the taxes they didn't pay. The state act is what gives the Department of Revenue authority to bill smoking scofflaws.

Evers said smokers who want to pay back taxes can use a form on the Revenue Department's Web site, [www.oregon.gov/DOR/](http://www.oregon.gov/DOR/).

Some question the actions of states such as Oregon that aggressively tax cigarettes, seeing it as bad tax policy driven by good politics.

"Cigarette taxes are a punitive tax intended to lead to less smoking, which is seen by some as a socially unfavored activity," said Chris Atkins, a lawyer for the Tax Foundation, a nonpartisan group in Washington, D.C.

That hasn't worked, he said. "The evidence seems clear that cigarettes are a product with fairly inelastic demand."

Whatever factors of economics and human behavior are at play, the law is the law, Neely said.

"We knew how much product was in the marketplace, how many people were smoking, and we knew how much taxes the state of Oregon should be collecting," he said.

"We have a real challenge here."

**10. Rum Makers Distill Unsavory History Into Fresh Products**

*San Francisco Chronicle*

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In most modern cocktails, the spirit is meant to provide buzz without tasting like booze. Vodka's ability to lie hidden has made it the No. 1 spirit category since 1976. Rum sales are far behind.

For most cocktail drinkers, rum is a vodka wanna-be. Light rum, which accounts for the majority of America's rum sales, is neutral and at its best smooth. Bacardi Light rum, which aspires to both, is America's No. 1 premium brand of spirit, a position it occupies around the rest of the world as well.

Hiding behind the taste of, for example, limes and mint in mojitos has been good for rum. In 2003 rum sales rose about 5 percent. Rum sales increases for the last two years are about the same as those for vodka; they far outstrip bourbon, Canadian whisky, Scotch whisky, brandy and Cognac. This is against a background in which spirits sales in American have been flat for the last decade. Much of the increase can be credited to flavored rums, which taste only a bit different than flavored vodkas.

But rum is far more diverse than any other spirit. While vodka exists in two forms -- white and flavored -- rum arrives in guises white, dark, flavored, very high proof and aged.

Aged and artisan rum is nothing new. George Washington was fond enough of rum from Barbados to demand a barrel of it for his inaugural party.

How old is rum? We can't be certain. To most people, sugarcane -- from which most rum is made -- is a Caribbean product, but the plant originates in the Far East, in Indonesia or Papua New Guinea. About 300 B.C., Alexander the Great saw it in India and called it "the grass that gives honey without bees."

Christopher Columbus brought sugarcane from the Canary Islands, west of Africa, to the Caribbean. It found fertile soil there and quickly became one of the primary fuels running the engine of the colonial machine. Because that engine was fired by the lives of slaves, rum's story is also the story of the slave trade.

The styles of rum vary from island to island. For example, Puerto Rico is known for clean, mild white rum, while Jamaica is known for dark, pungent rum. But unlike wine, where geography and climate usually determine style, nature has very little to do with styles of rum -- history is more important.

Many Caribbean rums are created from molasses purchased from other sugarcane-producing countries, much of it from Brazil. And the aging conditions are pretty similar from island to island. What separates one rum from another is the methods and manners of production.

Each island has adopted techniques that were in vogue when it was most important as a sugar producer. Each island's dominant style is a snapshot of rum production at a particular time.

When George Washington celebrated his inauguration in 1789, and insisted that at least one barrel of rum had to be from Barbados, he was in accord with the common belief of that day, that Barbados rum was made richer and more complex than other rums by its sojourn in barrels.

Barrel aging of rum was not unusual at that time. What put Barbados ahead of other rum-producing islands was the amount of aged rum it could bring to the market because the island was a vast and efficient sugar-producing slave- run factory.

**A British jewel**

In the 1680s English bankers referred to Barbados as "the most important jewel in his Majesty's crown." There were about 77,000 slaves on 175 plantations then and the slave population grew even more, averaging more than 100,000 people between 1715 and 1834.

Some Barbados distilleries have very long histories; Mount Gay has produced rum since 1703. They sell some lovely rums today, such as Mount Gay Eclipse Rum ($15) and Mount Gay Extra Old Rum ($33). Both have the caramel and honey sweetness of barrel time.

The West Indies Rum Distillery creates Cockspur V.S.O.R. ($35), a peppery, earthy rum with chocolate hints at the finish. Foursquare Distillery is a star with its elegant, honeyed, Foursquare Spiced Rum ($25) and the great French oak-aged Doorly's XO ($35), which offers an even more pronounced spicy aroma and flavor, with a hint of ginger.

The French and former French colonies of Haiti, Martinique and Guadeloupe have created similar complexity by distilling their rums from cane syrup instead of rum's typical base of molasses. The choice has been dictated by their history.

Just west of Barbados, Hispaniola island was divided between the French and the Spanish. The western portion, known today as Haiti, offered sugar and rum opportunities to French interests. By the end of the 18th century, Haiti's sugarcane factories were cranked into high gear, and slave boats struggled to keep up with demand. The tales of deprivation and torture that history records from that time are horrific. In Haiti, unlike most of the rest of the Caribbean, the slave population rose up in revolt.

The high ideals of the French Revolution resulted in the abolition of slavery in Haiti in 1793, but the other European powers took umbrage. The British attacked in the same year but were repulsed by armies of former slaves.

In 1801, Napoleon tried to reinstate slavery in Haiti at the barrel of a gun. The French were defeated but not before the revolt's brilliant leader, Toussaint l'Ouverture, was captured. He died in a French prison.

Napoleon's revenge against the Haitians was the creation of a new domestic sugar beet industry designed to compete with the Caribbean sugar producers; more than 300 factory farms were created in France within a decade of the loss of Haiti.

With sugar production coming from sugar beets and not sugarcane, the French colonies didn't have molasses for rum production. Far less stable than molasses, cane syrup or juice creates a different style of rum called "Rhum Agricole." The Rhum Agricoles of the French colonies of Guadeloupe and Martinique represent rums with true personality.

Some brands from these islands can be a challenge to find. Martinique's J. Bally makes intense vintage rums and J. Bally Vieux ($35) has earthy complexity. From that same island, St. James XO rum ($30) is full and rich, while Clement XO ($45) is wickedly rich but well balanced.

While these rums are multi-layered, the French style can tend toward a more herbal, even vegetal character. Blame Napoleon.

Haiti's Napoleonic legacy is reflected in Barbancourt's continued use of cane syrup instead of molasses. Barbancourt Special Reserve 5 Star ($26) is stylish stuff, and its Reserve du Domaine 15-year-old ($45) is one of the great aged rums.

By 1720, Barbados had been surpassed in sugar production by Jamaica. There life was particularly hellish; the island was run by mutineers and buccaneers. The famous Captain Henry Morgan was a privateer who was so successful that he served as governor of Jamaica.

**Jamaica's dark drink**

Traditionally, Jamaican rum was treacle-dark, with the earthy weirdness typical of the use of dunder scooped from pungent pits hidden behind some Caribbean distilleries. Dunder is the yeast-rich, partially fermented molasses sometimes used to start the fermentation of a fresh batch of molasses, and the source of the word dunderhead.

Fewer and fewer distillers are willing to use mock pits, which is good because the resultant rum is likely to exhibit odd, rubbery aromas. Myers dark ($15), the most famous Jamaican brand, is a very sophisticated commercial rum, with different bottlings produced for different markets in the Caribbean, the United States and Great Britain. To most rum drinkers, it's good for mixing, but not a true aged rum. Its spicy, sweet, raisiny flavors deserve a more charitable response.

Appleton Estate dates back to 1749, and its rums are delightfully smart; Appleton V/X ($20) is a terrific bargain, with delightful vanilla and fig notes and Appleton Extra ($32) is a world-class example of the layers of cooked and tart fruits, baking spices and earth that typifies great rum.

The impact of the Monroe Doctrine in 1823 was to demand that the Caribbean (as well as Latin America) was reserved solely for American exploitation.

In 1898 the United States took control of Puerto Rico. By the early 20th century, U.S. interests were enjoying huge tax advantages conferred upon their sugar refineries in the islands of Cuba and Puerto Rico. Meanwhile, local producers were banned from shipping sugar to the United States, according to Dave Broom's fantastic book "Rum" (Wine Appreciation Guild, 176 pages, $45).

In order to create lighter, sleeker rums, new production methods were used. The most important development was the creation in the 1830s of the continuous still, which could create higher proof, cleaner spirits in a much shorter period of time. Today's vodkas are made by these more efficient stills.

The greater expense of the continuous still meant the poorer Caribbean distillers didn't bring them in until the 1930s. By that time Cubans and Puerto Ricans had been using continuous stills for decades. In the late 1800s the Bacardi family of Cuba laid claim to a cleaner style of rum, with multiple distillations and charcoal filtration, methods that remain crucial to Bacardi's success around the world.

Today many Caribbean distillers use continuous stills, and their products include rums which have been distilled to vodka-like softness and neutrality. Some accuse these rums of blandness, but their popularity is proof that most people prefer a softer, more modern rum.

The Bacardis opened their Puerto Rican facility in the 1930s, and as the Cuban revolution threatened their ownership in Cuba, they transferred more production to Puerto Rico. By 1960 the revolutionary government had confiscated their Cuban plant. The issue of ownership of the name and those facilities is in still in court today.

**Great Cuban rums**

Cuba may have lost the Bacardi family but the island still makes great rums. Havana Club makes a delightful 7 Year Old and a wonderful 15 Year Old that you won't likely find in the United States.

Over the last several centuries, the Virgin Islands made funky, pungent rums in the manner of Jamaica. But the promiscuous history of these islands (Denmark, Holland, France, Spain, England and the United States have owned all or part of them) birthed a modern style as clean as Puerto Rico and as rich as Barbados.

Cruzan on St. Croix typifies this blending of old and new. Cruzan Estate Diamond ($20) provides sleek, layered flavors of dates, honey and oranges, and Cruzan Single Barrel ($32), delivers the same flavors with even greater spice and richness. But Cruzan's growth is in flavored rums, all of which are pretty and slickly marketed to reflect the image of its island origin.

This island image continues to spark rum sales. Most of the best-known rum-based cocktails evoke tropical vacations: Mojitos, Daiquiris, Zombies and Mai Tais.

Their popularity is welcome news in the Caribbean. Rum provides many islanders steady and even gainful employment; estimates are that about 10,000 islanders are dependent upon rum production for their livelihoods.

The islands' producers are finally being rewarded for maturing and blending the most exciting rums in the world. While rum once meant slavery, the new growth in rum and the jobs it brings offer instead the possibility of economic freedom to these islands.

