



December 10, 2004

Director, Tobacco Division,
Farm Service Agency,
United States Department of Agriculture,
STOP 0514,
Room 4080-S, 1400
Independence Avenue, SW.,
Washington, DC
20250-0514

**RE: Fair and Equitable Tobacco Reform Act of 2004 - Comments
Regarding Implementation of Assessment Provisions**

Dear Director:

I hereby submit on behalf of Dosal Tobacco Corporation, a Florida corporation ("Dosal"), comments regarding the Tobacco Transition Assessment Program (the "Program") and its requirement that the USDA issue regulations governing how the Commodity Credit Corporation (CCC) will determine and collect \$10,140,000,000 in assessments from domestic and importing tobacco manufacturers.

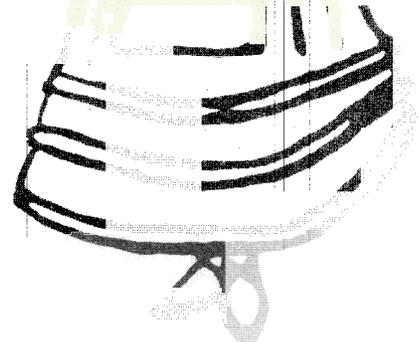
By way of background, Dosal is a small, family owned tobacco manufacturing company located in Opa-Locka, Florida. Dosal employs local residents and offers good salaries and benefits to its employees. Dosal is also involved in its local business community, and purchases tobacco that contains tobacco from American growers. Hence, Dosal is certainly concerned about the plight of the American farmer and applauds efforts to assist the struggling tobacco farmers in this country. However, although Dosal supports the efforts of the Program and agrees with the principles behind the tobacco quota buyout, the company has concerns about how the proposed regulations will be framed to meet the needs of small manufacturers like Dosal.

Dosal Tobacco Corporation

4775 N.W. 132nd Street, Miami, Florida 33054

Ph: (305) 685-2949 Fax: (305) 687-1322

377343-1



Dosal's specific concerns relate to the:

1. Timing and sequencing of the assessments;
2. Manner in which assessments will be applied to manufacturers;
3. Potential inadvertent disclosure of market share data to competitors; and
4. Administrative procedures that will be available to dispute assessments.

Timing and Sequence

As you are aware, the largest tobacco companies in the United States have been making Phase II payments to the United States tobacco farmers since the Master Settlement Agreement (the "MSA") was signed. These Phase II payments will no longer be required once the USDA regulations come into effect, with the result that the burden of compensating tobacco farmers will fall on all manufacturers based on a company's share of the cigarette, smokeless, either RYO or cigar segments of the tobacco market.

While this burden may be equally shared by individual companies, small manufacturers, which depend exclusively on pricing to achieve and retain a market share since their consumer following is based on price and not on brand loyalty, have not increased their prices until the law was enacted to pass along to the consumer the additional expenses relating to the Program. The large manufacturers, on the other hand, already have pricing policies in place to cover these additional expenses because they have been making Phase II payments pursuant to the MSA. The impact of these additional expenses on any small manufacturer that has priced its products to reflect current market conditions and trends will be profound.

Pursuant to the Program, small manufacturers will apparently be asked to make their first payments in the first quarter of calendar 2005 based on their sales for the last calendar quarter of 2004. However, these manufacturers did not price their products in that quarter to meet the additional costs and expenses of the Program because the Fair and Equitable Tobacco Reform Act of 2004 (the "Act") had not yet been passed by Congress. This concern should be considered in determining the timing of assessment payments from small tobacco manufacturers. Dosal recommends that all tobacco manufacturers that receive an assessment notification in January 2005, based on last calendar quarter of 2004, be given, at least, until March 31, 2005, to make their initial assessment payments. All further assessments should also be similarly established.

Application of Assessments

Given that a number of small tobacco manufacturers have gone out of business since first quarter 2004, or have simply withdrawn from the United

States tobacco market, Dosal requests that additional assessments should not be made on existing manufacturers for any shortfall that may result in years one, two or three of the buyout assessment.

Disclosure of Market Share Data

The Act provides that assessments to manufacturers will be based on market share volumes. Given that such data is proprietary to individual manufacturers, Dosal requests that no specific market share volume or brand data be disclosed publicly to the advantage of other competitors in the marketplace.

Administrative Procedures and Penalties

It is inevitable that there will be legitimate disputes between tobacco manufacturers and the USDA on the market share data that will be used to make assessments for a specific manufacturer. Given that disputes will take some weeks or months to resolve, Dosal requests that a formal administrative procedure be established through which such disputes can be resolved and that no penalties be applied if a manufacturer seeks remedy through such an administrative procedure.

Dosal notes that the penalties for non-payment of the assessment by a manufacturer are relatively small. Given the magnitude of the assessment involved, particularly by the larger manufacturers, Dosal requests that the USDA consider larger penalties on manufacturers who fail to make timely payments or fail to make any payment under the assessment system.

We would be please to discuss these comments with you or your staff at your convenience.

Sincerely,

A handwritten signature in cursive script that reads "Yolanda Nader".

Yolanda Nader, C.P.A.
Chief Operating Officer