

IMPORTANT LEGAL INFORMATION SESSIONS FOR REGIONAL FLUE-CURED TOBACCO GROWERS

"Stabilization has, in our view, a lot of money that was produced from the farmers' tobacco that needs to be returned to the farmers," said attorney for tobacco farmers Alan Runyan. (Winston-Salem Journal, 2.11.05)

NEWS and INFORMATION UPDATE:

- "A group of tobacco farmers from North and South Carolina wants money from the cooperative that once administered the now-defunct federal tobacco price support system." The farmers want part of the \$240 million accumulated by the cooperative over the past 58 years, including the "return of millions of dollars in fees they said were collected from them over the years as collateral for loans from the federal government." (*Associated Press*, 2/11/2005)

- For decades, farmers have been paying a few cents on every pound of tobacco they've sold to the Flue-Cured Tobacco Cooperative Stabilization Corporation. But according to tobacco farmer Dale Bone, for example, "when an executive from the co-op offered to buy out his share of the organization at the stock's par value of \$5, it was the last straw," he said. (*Rocky Mount Telegram*, 2/15/2005)

- Meanwhile, "though the price-support program will end with a federal buyout of tobacco quotas, Stabilization officials spent \$26 million last year to buy a cigarette plant near Roxboro" with money that was produced from farmers' tobacco. (*Winston-Salem Journal*, 2/11/2005)

Goals of Farmers' Legal Action:

- 1) Return money where it belongs - to the farmers.
- 2) Keep enough money in Stabilization to serve its true purpose.
- 3) Stop questionable business practices and return management to the members.

Upcoming Regional Informational Meetings:

- ◆ April 4th – Winston-Salem, NC
(6:30pm, Forsyth County Ag Center, 1450 Fairchild Drive)
- ◆ April 5th – Goldsboro, NC
(7pm, Herman Park Center Auditorium, 901 East Ashe)
- ◆ April 6th – Lumberton, NC
(6:30pm, O.P. Owens Ag Center, 455 Caton Rd., Hwy 72)
- ◆ April 6th - Nashville, NC
(6:30pm, Nash County Ag Center, 1006 Eastern Avenue)
(There is no charge to attend)

**PLEASE ENCOURAGE OTHER INTERESTED GROWERS, WHO
MAY NOT HAVE RECEIVED THIS LETTER, TO ATTEND.
Independent audit of Stabilization's books sought:**

The lawsuit "asks for a judge to appoint an independent auditor to examine Stabilization's books. Attorneys for the farmers say that the cooperative's last distribution of profits to farmers was for the 1967 tobacco crop.

"The suit also charges that cooperative officials illegally arranged the election of board member Bruce Flye at a 2002 meeting in Tarboro by denying other members a chance to run for a board position or vote as shareholders. So the board's repeated 6-5 votes with Flye in the majority are illegal actions, the lawsuit contends, including the purchase of the cigarette plant in Timberlake last year."

(Winston-Salem Journal, 2/12/2004)

Farmers were guaranteed a lifetime membership in the cooperative when they joined, however Stabilization officials have told members that:

- Growers who signed contracts with other buyers were not eligible to vote or hold office as directors of the co-op.
- Growers would forfeit their membership if they did not sign marketing contracts with Stabilization in 2005.
- The "no-net-cost" assessments that growers paid were transferred to the U.S. Department of Agriculture and were not assets of the cooperative.
- They had no ownership in profits from sales of their tobacco.

We do not seek the dissolution of Stabilization:

"Unlike the lawsuit filed last month by growers in southeastern North Carolina, though, the suit filed yesterday does not ask for the cooperative to be dissolved."

(Winston-Salem Journal, 2/11/2005)

For More Information Please Contact:

www.fluecuredclassaction.com

or

ATTORNEYS:

Speights & Runyan (Hampton, SC): www.speightsrunyan.com.

Phone: (800) 348-3805

Boyce & Isley (Raleigh, NC): www.boyceisley.com.

Phone: (919) 833-7373

Williams & Williams (Orangeburg, SC)

Phone: (803) 534-5218

ADDRESS:

PO Box 1990 – Raleigh, NC 27609

END

#