

# EXAMINING JUUL'S ROLE IN THE YOUTH NICOTINE EPIDEMIC: PART II

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## HEARING

BEFORE THE  
SUBCOMMITTEE ON ECONOMIC AND CONSUMER  
POLICY  
OF THE

COMMITTEE ON OVERSIGHT  
AND REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTEENTH CONGRESS

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- \* Question for the Record: from Chairman Krishnamoorthi to JUUL Labs.
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## EXAMINING JUUL'S ROLE IN THE YOUTH NICOTINE EPIDEMIC: PART II

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Thursday, July 25, 2019

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON ECONOMIC AND CONSUMER POLICY,  
COMMITTEE ON OVERSIGHT AND REFORM,  
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 2:27 p.m., in room 2154, Rayburn House Office Building, Hon. Raja Krishnamoorthi (chairman of the subcommittee) presiding.

Present: Representatives Krishnamoorthi, DeSaulnier, Hill, Pressley, Tlaib, Cloud, Grothman, Comer, and Miller.

Also present: Representatives Cummings, Wasserman-Schultz, Jordan, and Meadows.

Mr. KRISHNAMOORTHI. Good afternoon. Sorry for the delay. The subcommittee will come to order. Without objection, the chair is authorized to declare a recess of the committee at any time.

This hearing is titled "Examining JUUL's Role in the Youth Nicotine Epidemic: Part II." I wanted to briefly address the spectators in the hearing room today. We see there is tremendous interest in this hearing. We welcome you and respect your right to be here. We also ask, in turn, for your respect as we proceed with the business of the committee today. It is the intention of this committee to proceed with this hearing without any disruptions. Any disruption of this committee will result in the U.S. Capitol Police restoring order.

Now listen up. This is very important. If a disruption occurs, a Capitol Police officer will go up to the individual and instruct that they cease the demonstration. If the person does not cease or begins a demonstration after the initial warning by the officer, the individual or individuals will be removed from the hearing room.

We are very grateful for your presence today and we very much appreciate that you want to listen to the witness. But we also ask you to respect the witness' ability to express himself. I would also remind all members to avoid engaging in adverse personal references.

I now recognize myself for five minutes to give an opening statement.

Big Tobacco preyed upon generations of America's youth. Eventually, we stood up as a country and said "enough." state attorneys general reached a master settlement agreement more than 20 years ago, with the five largest cigarette manufacturers, forcing them to stop marketing to kids. The U.S. Department of Justice then brought RICO charges against Big Tobacco for their engage-

ment in a decades-long conspiracy to hide the dangers of smoking, manipulate the nicotine delivery of cigarettes, deceptively market products, and target kids.

While we made tremendous progress in preventing youth nicotine addiction at the start of the millennium, we face a much different challenge today. In 2018, more than 20 percent of high school and five percent of middle school students are using e-cigarettes. In fact, 3.6 million high school and middle school students used e-cigarettes in 2018, an increase of 1.5 million in one year. As a parent of three young children myself, including a teenager, these statistics are alarming.

In 2018, the leading manufacturer of e-cigarettes, a company by the name of JUUL, saw its share of the e-cigarette marketplace grow from 24 percent to 76 percent, and that company's growth also accompanied a spike in youth e-cigarette use by 76 percent. The surge of e-cigarette use caught nearly everyone off guard. It was quickly labeled an epidemic but the U.S. Surgeon General, the Food and Drug Administration, the Centers for Disease Control and Prevention, and the Department of Health and Human Services.

So how did we get here? First, from the documents my office has received thus far in our investigations, I am extremely concerned about JUUL's marketing tactics, especially and potentially targeting youth. Today, we will learn how JUUL effectively used social media influencers to build a youth-oriented brand, making vaping a cultural phenomenon.

As an aside, just before I came to this hearing my wife informed me that my child's high school is now installing vape detectors in the restrooms.

I am very concerned about the negative health consequences of youth nicotine addiction. The ability for kids to get addicted to e-cigarettes and the inability for adults to prevent it poses an unparalleled and unprecedented challenge. Cigarettes were easy to detect. They produce smoke and they produce a smell that lingers.

E-cigarettes, on the other hand, are small. They are easily concealable products that produce only a small amount of aerosol that quickly dissipates. Unlike cigarettes that have a harsh taste, JUUL sells many flavors that appeal to youth, including mango, fruit, and mint. In addition, JUULs contain triple the nicotine content of previous e-cigarettes. Yet two-thirds of Americans between the ages of 15 and 24 do not know that e-cigarettes even contain nicotine. Instead, they think it only contains flavors.

Yesterday, our subcommittee heard from two brave high school students. JUUL went into their school and gave a presentation that was supposed to be about anti-vaping. After teachers left the room, and outside the presence of any parents, the high school students reported to us, in sworn testimony yesterday, that JUUL gave a presentation that painted their vaping instruments as healthy, and left kids believing that they could use e-cigarettes without health risks.

When the Big Tobacco companies settled with states attorneys general, they were required to release mountains of proprietary documents detailing their plans. Today we will examine whether or

not JUUL used these documents as a model for their own marketing campaigns.

Before I conclude I want to make one thing clear. The most important task ahead of us today is to help prevent youth e-cigarette use and nicotine addiction. But to effectively do so, we must trace the origins that led to this epidemic, expose the health risks associated with vaping, and hold accountable anyone, and everyone, who knowingly put children in harm's way.

With that, I would like to recognize the ranking member, Jim Comer.

Mr. COMER. Thank you, Mr. Chairman, and I want to thank all of our witnesses who are here today on both panels. As I noted yesterday, we know, beyond a shadow of a doubt, that smoking is dangerous and linked to approximately 480,000 preventable deaths in America each year. But these deaths are only preventable if the individuals stop smoking. The research suggests that electronic cigarettes, such as JUUL, are 95 percent less harmful than tobacco cigarettes.

The focus of our hearing today is on one manufacturer of electronic cigarettes, JUUL. What concerns me about this hearing is, once again, this committee is using its oversight authority to bring in another private company and question them about their business. While this is certainly an important topic because of the legislation pending in Congress, I would like to emphasize again that I hope this subcommittee will refocus its efforts on providing oversight of government. We are the government oversight committee, not the private business oversight committee.

This hearing has been an interesting experience—a Senator testifying, spreading out over two days, in numerous panels. We are here today at a hearing entitled “Examining JUUL’s Role in the Youth Nicotine Epidemic.” I am interested to hear from JUUL about the topic of this hearing, and I hope this discussion will be respectful and seek facts to inform public policy decisions.

Just a few years ago, the company was started in a Stanford dorm room and it has grown to be valued at over \$30 billion and represent approximately 70 percent of the electronic cigarette market. JUUL has insisted that its product was never designed for youth usage and will have the opportunity to present their cases here today on steps they have taken to protect against youth usage.

The potential for harm reduction suggests that products such as JUUL should be considered as a component of cessation. There is a growing consensus in the scientific community that electronic cigarettes are significantly less harmful than traditional tobacco products. Though the FDA has not yet determined that e-cigarettes are effective for this purpose, other studies have found that e-cigarette use was associated with nearly twice the rate of successful smoking cessation than other nicotine replacement therapies.

Let's be clear about one thing. No one wants kids to use tobacco. No one wants kids vaping. Let me repeat that. No one wants kids using tobacco and no one wants kids vaping. And no one wants vaping companies to target children with advertisements. JUUL needs to recognize this, and it has an important role to play in ensuring all possible steps are taken to deter new smokers.

I am sure we will hear more from JUUL about their efforts in testimony and questions to follow. If Congress moves ahead with pursuing additional regulations for these products, we should know the effects on positive public health alternatives. Prematurely over-regulating companies such as JUUL could have a disastrous effect that impedes access to one of the most successful products for smoking cessation.

I look forward to the discussion this afternoon and with that, Mr. Chairman, I yield back.

Mr. JORDAN. Mr. Chairman?

Mr. KRISHNAMOORTHY. Yes, Mr. Jordan?

Mr. JORDAN. I am just curious. I thought the witnesses hearing was presented to the minority, and frankly presented to the public as we are going to have one panel. I see now that you have switched to two panels, but initially it was Mr. Monsees and Ms. Gould from JUUL who were supposed to be on the panel together. Is there a reason that you are making the change?

Mr. KRISHNAMOORTHY. That was never agreed to, Mr. Jordan. I think Ms. Gould requested to be on the panel. We accommodated her by having a second panel, and we added a witness. But we never agreed to have Mr. Monsees and Ms. Gould testify together.

Mr. JORDAN. But they are here, and I thought you agreed that we were going to have one panel. We have got three witnesses. You waited a half an hour to start the hearing, even though we were here, and we have got three witnesses, and yet you are going to divide it up into two panels? I am just looking at what makes sense, I think, in a practical sense.

The way it was noticed to us was there would be one—you had a hearing yesterday and there was going to be one panel today with the respective witnesses from JUUL on that panel.

Mr. KRISHNAMOORTHY. We provided notice of two panels, but that is how we are going to proceed.

So now we are going to allow the witness to give his opening statement.

Today we are joined on Panel 1, by Mr. James Monsees, Co-Founder and Chief Product Officer of JUUL Labs. If you would please—

Mr. MEADOWS. Mr. Chairman, point of order. I am looking at the notice and while I really respect the chairman, and perhaps he has been misinformed to how it was noticed, we did maybe talk about two panels but maybe the first panel was Senator Durbin, because the only panel I see has Ms. Gould and Mr. Monsees together. I mean, I have got the actual—

Mr. KRISHNAMOORTHY. The notice apparently has been posted on the website for days, Mr. Meadow.

Mr. MEADOWS. Well, we just—

Mr. KRISHNAMOORTHY. I have to waive you onto the committee, by the way.

Mr. MEADOWS. Well, you don't have to waive me on. I can be a pain, if not. But I guess the question is, what reasonable reason do we have two panels? I mean, what is the reason?

Mr. KRISHNAMOORTHY. We have a lot of material to get through and so we are going to have two panels. Also, the second panel is going to have another witness as well, so it is going to balance out.

So that is how we are going to proceed, and I need to waive you on so you can participate.

Mr. COMER. Mr. Chairman, I would like to note the presence of Mr. Meadows from North Carolina, and ask unanimous consent that Mr. Meadows be allowed to participate at today's hearing.

Mr. KRISHNAMOORTHY. Without objection, Mr. Meadows is waived on.

Mr. JORDAN. Mr. Chairman, just one last point and then I will stop.

Mr. KRISHNAMOORTHY. Yes, sir.

Mr. JORDAN. The two panels were yesterday. Today it has always been one panel. We have a grand total of three witnesses, and you are going to divide them up, even though you waited a half an hour to start a hearing that was announced for 2. So I don't get that, but if that is how you are going to go, you guys in the majority, it wasn't how you portrayed it. It wasn't how you announced it. It wasn't how it was noticed. But you are going to make the change at the last minute, even though all three witnesses are here, ready to testify in front of the committee that started a half an hour late.

Mr. KRISHNAMOORTHY. Thank you, Mr. Jordan.

Today we are joined, on Panel 1, by Mr. James Monsees, Co-Founder and Chief Product Officer of JUUL Labs, Inc. If you would please rise and raise your right hand I will begin by swearing you in.

[Witness sworn.]

Mr. KRISHNAMOORTHY. Thank you. Let the record show that the witness answered in the affirmative. Thank you, and please be seated.

The microphones are sensitive, Mr. Monsees, so please speak directly into them. Without objection, your written statement will be made part of the record, and with that, Mr. Monsees, you are now recognized for five minutes. There is a lighting system in front of you. Green means you are in good shape. Yellow is different than like stoplights. Here you have to speed up, not slow down. And red means please stop. Okay?

So, Mr. Monsees, with that you are recognized for your opening statement of five minutes.

**STATEMENT OF JAMES MONSEES, CO-FOUNDER AND CHIEF  
PRODUCT OFFICER, JUUL LABS, INC.**

Mr. MONSEES. Thank you, Mr. Chairman, ranking member, distinguished Members of Congress.

My name is James Monsees. Adam Bowen and I founded JUUL Labs and I now serve as the Chief Product Officer of that company. I am really quite grateful for the opportunity to be here today and address you all.

From the moment Adam and I began the journey that would lead to the JUUL system, we were clear in our goal—to help improve the lives of adult smokers. We are proud of the progress we have made toward that goal. We never wanted any non-nicotine user, and certainly nobody underage, to ever use JUUL products. Yet the data clearly shows a significant number of underage Americans are doing so. This is a serious problem. Our company has no higher priority than fighting it.

To understand our stance on youth vaping it is helpful to understand how this company came about in the first place. Adam and I smoked. We tried to quit and we failed. We were on our way to becoming one of the nearly 500,000 Americans who die each year from smoking-related disease. For us, giving up smoking required an alternative which did not exist at the time. We founded JUUL Labs to invent one.

The product we developed holds the promise to do what no previous technology has done—help adult smokers stop smoking combustible cigarettes on a widespread and consistent basis. Recent behavioral studies find that more than half of adult smokers who purchase and use JUUL products switch completely from smoking cigarettes within six months, a fact that we could not be more proud of. That study aligns with real-world experience. In 2018, cigarette sales declined five percent, the fastest rate of decline in a decade.

Mr. Chairman, put simply, JUUL Labs isn't Big Tobacco. We are here to eliminate its product, the cigarette.

Our difference from tobacco manufacturers is fundamental. First, our product does not involve burning tobacco, which unleashes 7,000 chemicals, at least 250 of which are known to be harmful.

JUUL products do contain nicotine, which is addictive, but it is not directly responsible for the many diseases associated with smoking. Public health authorities, such as Public Health England, have concluded that vaping is a fraction of the risk of smoking, at least 95 percent harmful—less harmful, and of negligible risk to bystanders.

Second, our company's incentives are totally different from those of tobacco companies. Traditional cigarette companies face a saturated, concentrated global market. JUUL Labs, on the other hand, has reached just 0.3 percent of a global market of 1 billion smokers, 70 percent of whom want to quit actively. Our incentive is to help them achieve their goal of transitioning from cigarettes. It is an astonishing business opportunity, no doubt, but it is a historic opportunity for public health. Underage use of our products does not advance that goal. It imperils it.

Third, unlike cigarette manufacturers, our company swiftly acknowledges and acts upon public health data. We embrace appropriate regulation, and we have acted voluntarily to restrict our own practices in service of public health goals. These action included unilaterally ceasing sale of certain products to retail stores, investing our own funds to drive retailer compliance, and proactively advocating for raising the legal age to buy our own products.

We believe that if the steps we have already taken became the category-wise standard it would go a long way to driving down underage access and usage of vapor products.

Mr. Chairman, we are prepared to do more. We have met with many of our sharpest critics and have sought their suggestions for how we can improve. We remain open to their input. We are committed to cooperating with this committee, state attorneys general, and other officials who wish to examine our practices, and we are dedicated to learning from our mistakes and not repeating them. In doing so, we hope to earn the trust of this committee, Congress, our regulators, our customers, and the American public.

We are grateful for the opportunity to discuss these important topics, and look forward to answering your questions.

Mr. KRISHNAMOORTHY. Thank you, Mr. Monsees. Without objection, I would first like to enter some exhibits that are going to be referenced during the questioning by different members. I would like to now enter Exhibits 1 through 30, without objection. So entered.

Mr. KRISHNAMOORTHY. I now recognize myself for five minutes of questioning.

Mr. Monsees, on August 17, 2006, Judge Gladys Kessler ruled in U.S. v. Philip Morris that Philip Morris and other Big Tobacco companies were liable for intentionally marketing to youth while denying the adverse health effect of smoking. Are you familiar with this case, sir?

Mr. MONSEES. More or less, yes.

Mr. KRISHNAMOORTHY. Now Philip Morris owns the Marlboro brand. Is that right?

Mr. MONSEES. That is correct.

Mr. KRISHNAMOORTHY. And Philip Morris' parent company, Altria, now owns 35 percent of JUUL. Correct?

Mr. MONSEES. That is correct.

Mr. KRISHNAMOORTHY. Yesterday, sir, Dr. Robert Jackler, a professor from Stanford University, testified under oath before this subcommittee, that you confirmed to him that you reviewed Stanford's online library of cigarette advertising and found it, quote—and this is in sworn testimony—"very helpful as you designed JUUL's advertising," close quote.

You did, in fact, meet with Dr. Jackler, didn't you?

Mr. MONSEES. I did, but I did not make that statement to Dr. Jackler.

Mr. KRISHNAMOORTHY. Okay, sir. So you are under oath and you are denying that you made that statement to Dr. Jackler. Is that correct?

Mr. MONSEES. I think the—I think that, unfortunately, Dr. Jackler may have misheard my commentary. In fact, the resource that he compiled is a useful resource. Back when Adam and I were at Stanford we were very interested in understanding more about the historical bad actions of tobacco companies, and at that point we were very interested in using his research to understand exactly what bad actions those tobacco companies have taken, to familiarize ourselves with how not to run a business.

Mr. KRISHNAMOORTHY. Okay. So you deny his statement under oath. I would like to put his assertion in context. Please show Advertisement 1.

Sir, these images that you see on Advertisement 1 contain a few different images. Right over here is a picture of Marlboro's trade dress; in the middle is the original JUUL design that you came up with; and then on the far right is the most recent JUUL design.

Now early on in your advertising you entered into a settlement with Philip Morris, and in a board—set of board minutes from August 12, 2016, that you produced to us, it says, quote, "Due to requirements outlined in the PMI settlement, we removed all JUUL branding that uses triangles and diamond shapes," close quote.

PMI is Philip Morris International. Right?

Mr. MONSEES. That is correct.

Mr. KRISHNAMOORTHY. You settled a lawsuit with Philip Morris where they allege that you copied Marlboro's trade dress. Is that correct?

Mr. MONSEES. That was the—yes, that was what they said.

Mr. KRISHNAMOORTHY. How much did you pay as part of the settlement with Philip Morris?

Mr. MONSEES. Zero dollars.

Mr. KRISHNAMOORTHY. So it involved no exchange of money, but it required that you abandon the triangles and diamonds, which are very similar to Marlboro's trade dress. Is that correct?

Mr. MONSEES. We never designed the product to look anything like Marlboro. I mean, quite frankly—

Mr. KRISHNAMOORTHY. You deny that they look similar?

Mr. MONSEES. I do deny that you are comparing here—with all due respect, Mr. Chairman, you are comparing a piece of packaging to a piece of product hardware. There was never any intent. The last thing we wanted was to be confused with any major tobacco company.

Mr. KRISHNAMOORTHY. So the board minutes say, "Due to requirement outlined in PMI settlement, we removed all JUUL branding that uses triangles and diamond shapes." Do you deny that that is what was said in your board minutes?

Mr. MONSEES. I do not deny that.

Mr. KRISHNAMOORTHY. We would request that you provide this subcommittee with the PMI settlement agreement within two weeks. Would you do that please?

Mr. MONSEES. I will have to get back to you on that. I don't see why that would be a problem, but I will check with my colleagues.

Mr. KRISHNAMOORTHY. Great. We will subpoena it if that is required.

Dr. Jackler testified that Marlboro is, quote, "the leading youth initiation cigarette." So, unfortunately, it says something that JUUL chose Marlboro to emulate.

Please go to Ad 2. Let's look at the flavors highlighted in this ad. As you can see on the right are the Marlboro products, depicted in the advertisement. On the left are the JUUL products. You notice the colors are very similar between the two companies' products, and one very interesting thing that I would like to point out is the flavors. Let's talk about the flavors for a second. You have mint, creme, mango, and Virginia tobacco. Sir, which flavor is currently JUUL's top-selling product?

Mr. MONSEES. Well, currently, after we have pulled, voluntarily, all of our flavored products off the market and now they are only available on our website, with double age verification, the top-selling product, I believe, is the mint product, shortly followed by Virginia tobacco.

Mr. KRISHNAMOORTHY. That is right. Mint accounts for about 74 percent of your company's sales, and mint is a flavor, obviously.

Mr. MONSEES. Mint is a menthol-based product intended to appeal to consumers that are using menthol-based cigarettes.

Mr. KRISHNAMOORTHY. It is a menthol-based flavor. Correct?

Mr. MONSEES. It is a menthol-based flavor. That is correct.

Mr. KRISHNAMOORTHY. Okay. Can you please put Slide 3, or Ad 3 up?

So recently you took out a full-page ad in the Washington Post. You said taking flavored products out of stores—and I think that is what you alluded to a moment ago. The problem here, that I see, is that you left what you call the menthol-based flavors in the stores—correct?—such as mint.

Mr. MONSEES. That is correct, yes.

Mr. KRISHNAMOORTHY. So mint is still a flavor that is available over the counter, in the stores, and according to the 2016–2017 Population Assessment for Tobacco Health, 96.1 percent of 12-to 17-year-olds started with a flavored product. Additionally, it found that 97 percent of current youth e-cigarette users used a flavored e-cigarette in the past month, such as mint. Flavors hook kids, and though you say that you took all the flavors out of the stores, you left the mint flavor.

Mr. MONSEES. Mr. Chairman, with all due respect, I think that what you will find is that this was—these were unprecedented actions that we took. We head these concerns, and I agree with you that we should be concerned. Ever since we first heard these concerns we looked to ourselves—without new regulation coming and being imposed upon us we took this action in and of ourselves.

The products that we pulled from market, the flavored products that we pulled from market, represented more than 50 percent of our business at the time. I can't imagine a more responsive, proactive step that we could take, to exactly the point that you are making.

Mr. KRISHNAMOORTHY. But when you pulled the other flavors off the market, mint took their place. Mint is a flavor, and it took the place of all the other flavors.

Mr. MONSEES. So, unfortunately—

Mr. KRISHNAMOORTHY. Do you disagree with that?

Mr. MONSEES. I do. Unfortunately, what has mostly taken the place of pulling those products off of the market is illicit—illegal products that don't comply—

Mr. KRISHNAMOORTHY. Is mint in your stores, or not?

Mr. MONSEES. It is, sir.

Mr. KRISHNAMOORTHY. Okay. That is all I need to know. It is a flavor. It is a flavored product. It is still in the stores.

With that I will now recognize Ranking Member Comer for five minutes of questioning.

Mr. COMER. Thank you, Mr. Chairman, and Mr. Monsees, great to have you here.

Do you feel that JUUL has ever purposely used deceptive marketing tactics to convey that their products are not harmful?

Mr. MONSEES. No. Never.

Mr. COMER. What was the purpose of creating fruity-flavored pods?

Mr. MONSEES. The purpose of flavors is to create a more efficacious solution so that—the mission of this company is to eliminate the death and disease—to improve the lives of a billion adult smokers around the world. Now we know that 70 percent of those people want to quit, and there were a number of tools that we used as we were designing the JUUL platform in the first place, through need

finding and empathetic research with smokers, where we could see opportunities to make a product that could be superior to cigarettes. It would make cigarettes ultimately obsolete.

Now what we see in studies, plenty of studies that we have run now, is that flavored products over index on switching efficacy. I said in my opening statement that 54 percent of adult smokers who pick up JUUL and use JUUL quit smoking entirely after a six-month period. Even more importantly, that number continues to go up as we look more longitudinally. That number is much higher, by as much as 30 percent, when those consumers have access to flavored products. That is our intent.

Mr. COMER. So you essentially created the company to disrupt the cigarette industry.

Mr. MONSEES. Look, smoking cigarettes is the leading cause of preventable death on earth. It kills almost 500,000 Americans every year, and it costs us \$300 billion.

Mr. COMER. Mr. Monsees, are you concerned by the number of teenagers who report vaping or using JUUL?

Mr. MONSEES. I could not be more concerned about that. It is—

Mr. COMER. Was your product ever intended for underage use?

Mr. MONSEES. No. So—absolutely not. One hundred percent not.

Mr. COMER. So you never intended on that product having the rates of underage usage that it apparently has?

Mr. MONSEES. So, look. Unfortunately, the long history of tobacco is also the long history of underage use of those tobacco products. For as long as tobacco products have been available, underage consumers have accessed those products and used them, oftentimes, pretty much for always, illegally. I was one of those underage youths. I bought those products illegally and I used them. There hasn't been a lot of advancement in the way that we control access to those products.

Now in building these products, not only are they not designed for youth, it imperils the business if youth use these products. What we really need to do is work with hopefully this committee, every tobacco researcher analyst possible, everyone we can get our hands on, to help us create industry-wide practices. We are trying to prove what those practices should be and what they really can be.

Mr. COMER. So preventing underage usage is a priority for JUUL.

Mr. MONSEES. There is no higher priority for this company.

Mr. COMER. So what steps are you taking to prevent this?

Mr. MONSEES. Sure. So as I mentioned earlier, so last year, in November 2018—going back even further than that. We have taken escalating steps as we have learned about these problems. Unfortunately, most of the criticism that we receive doesn't come directly to the company, while we welcome that and we would love to work more directly with people that have critiques with the company. But when we hear that criticism we take this extremely seriously and we take action.

So those escalating steps really moved through to one that I really want to highlight. In November 2018, we pulled over 50 percent of our revenue off of the market, proactively. There was nothing that required us to do that, but we were hearing a lot of critique

about flavored products. What we left on the market were tobacco-based and menthol-based products, just the same way that cigarettes exist on the market.

Mr. COMER. Let me ask one last question. Have you been working with the FDA to institute any changes to the regulatory environment to prevent youth use of your product?

Mr. MONSEES. So there have been some conversations that the FDA has taken up with us, where they provided some guidance on, in particular, how to run surveys. Now understand, when we want to better understand the usage issue, it is very difficult for us to study youth directly. So one of the ways in which I think we have had the most valuable or positive relationship with the FDA thus far was just getting guidance from them on how we can better study youth usage.

Mr. COMER. Well, thank you, and, Mr. Chairman, my time has expired.

Mr. KRISHNAMOORTHY. Thank you. Congresswoman Hill, you have five minutes.

Ms. HILL. Thank you, Mr. Chairman. I want to set the stage really quick, because we have a recent acquisition by Altria, or investment by Altria, that brings you up to 35 percent stake and double the value of JUUL. We have also seen a recent uptick in similar tactics as was used by big cigarette companies, Big Tobacco companies, in the years leading up to the crisis that we faced the last generation of tobacco users, including—I have an article that I would like to ask unanimous consent to enter into the record, “Ahead of congressional hearing JUUL crosses \$1 million in quarterly lobbying payouts for the first time.” That is a Forbes article.

Also just today, on my phone, I was reading a Politico article, and an ad popped up that is from JUUL, saying, “Learn more about how we are combating youth vaping,” and I don’t think there are a whole lot of people outside of the political sphere that read Politico.

So anyway, here we are, and I want to just talk about influencers who are pushing the product. I know that social media is clearly the place where young people are getting a lot of their information. And just so everyone is on the same page with terminology, influencers are social media users who have large online followings and established audience credibility. Many of them have hundreds of thousands, if not millions of online followers. Many companies, ranging from clothing brands, cosmetic lines, food and beverages, and so on, sign contracts with known influencers on sites like Instagram, to help sell their products.

Mr. Monsees, are you aware of what an influencer program is and how one might be used to sell products?

Mr. MONSEES. I am generally aware of how an influencer program would work.

Ms. HILL. Great. Giving the growing popularity of influencers as a brand marketing tool, companies now have the ability to authentically market their products directly through the smartphones of potential consumers, which means it will inevitably be seen by people of all backgrounds, including race and ethnicity, gender identity, geography, age, and so on.

And just out of curiosity, Mr. Monsees, do you happen to know, off the top of your head, how old you need to be to create an Instagram account?

Mr. MONSEES. I don't.

Ms. HILL. Thirteen. You have to be 13 years old.

So in advance of this hearing we sent JUUL a letter asking you to identify, quote, "every celebrity, influencer, and marketing agency that was engaged by JUUL," and, Mr. Monsees, JUUL's June 21 letter response pointed to only four influencers and states that you, quote, "do not have a traditional celebrity or influencer program." Was that response accurate?

Mr. MONSEES. I believe it is, yes.

Ms. HILL. So let's turn our eyes to some of the documents you did graciously provide in advance of this hearing.

Exhibit 4 is a March 2, 2015, contract with Grit Creative Group for the, quote, "JUUL Launch Influencer Seeding Program." The contract required Grit to, quote, "curate and identify 280 influencers in LA and New York to seed JUUL product over the course of three months." Is this correct?

Mr. MONSEES. I am sorry. I don't have a copy of that document.

Ms. HILL. We will be happy to provide one for you.

Is there a reason that JUUL failed to mention these 280 influencers in your response to the subcommittee?

Mr. MONSEES. I am sorry. I would have to at least take a look at the document. I am not—

Ms. HILL. It is information you provided us.

Mr. MONSEES. There were a lot of documents we provided. I am sorry, I—

Ms. HILL. Okay. Well, while the staff works on that, let's look at Exhibit 5, a second Grit contract, dated July 27, 2015, to secure, quote, "social media buzzmakers with a minimum of 30,000 followers" and to develop, quote, "influencer engagement efforts to establish a network of creatives to leverage as loyalists for JUUL."

So, Mr. Monsees, Grit wasn't the only company you hired to engage influencers like this. There are others. Correct?

Mr. MONSEES. Look, maybe I can help get to the—maybe I can help cut this short a little bit. There were a number of different things that we tried early on in pursuit of the mission of this company. We know that of the billion smokers globally, 70 percent want to quit. What we also knew was that younger consumers, aged 25 to 34, was going to be the target of our initial campaign—thank you—was going to be the target of our initial campaign, because what we found was they would be more receptive to new technology solutions that had not been available before.

Ms. HILL. Okay. I am running out of time, so I want to just get to a couple of other things.

So in Exhibit 6—and you have got your documents now—is a May 6, 2015, email from Kate Morgan, your field marketing manager, who oversaw influencers and launch parties. She references the 280 JUUL influences from Grit and says, quote, "We are doing a target to build 1,000 JUUL influencers internally via an email campaign." Exhibit 7 shows JUUL analyzing its own email lists and identifying 29,000 influencers.

So I realize that you are saying that you were doing this to target young people, and that is fine, but in Exhibit 8, an August 4, 2015, marketing update, stated, quote, “The container tour will get JUUL into the hands of over 12,500 influencers, subsequently introducing JUUL to over 1.5 million people.”

And let’s go back to this June 21 letter to the subcommittee. You said you do not have a traditional celebrity or influencer program, but in Exhibit 9, May 17, 2018, the JUUL document entitled “JUUL Influencer Program” details steps that your influencer team had already taken. We continued through this from June 5—I am sorry, December 5, 2017, in Exhibit 10; May 29, 2018, Exhibit 11, including the email saying “Influencer Department Roundup.” We have got 200 casted influencers.

So do you still maintain that you didn’t have an influencer program?

Mr. MONSEES. To the best of my knowledge, we—I am sorry. Are you talking about a paid influencer program? Is that what we are discussing here?

Ms. HILL. No. We are talking an influencer program.

Mr. MONSEES. Okay. Look—

Ms. HILL. But you are on the record, and you said a moment ago that you did not have a traditional celebrity or influencer program. Do you want to maintain that?

Mr. KRISHNAMOORTHY. I will let the witness answer, but we are running out of time. Go ahead.

Mr. MONSEES. Sure. Look, it sounds like we are getting into territory I am not completely familiar with, so I am more than happy to look into—

Ms. HILL. Okay. So we are going to ask you to respond in writing then, as a followup to this, about your influencer program, and whether you would like to revise your statement that says that you did not have a traditional celebrity or influencer program. When kids learn about a dangerous product from influencers on social media, it avoids public detection by parents, especially when many of these social media sites are used by millions of kids under 18, which could help explain how JUUL got its product into the hands of over 20 percent of high schoolers before parents had even heard of JUUL, let alone had a chance to step in.

Thank you.

Mr. KRISHNAMOORTHY. Thank you. I now recognize Congresswoman Miller for five minutes of questioning.

Mrs. MILLER. Thank you, Mr. Chairman, and Ranking Member Cloud.

Mr. Monsees, yesterday in our hearing with public health experts we heard about how important non-combustible e-cigarettes can be to help adults quit smoking. What is JUUL’s relative success in getting adults to quit?

Mr. MONSEES. Yes. So there is—so, Congresswoman, there are a number of different studies that show—that speak to the category, in general. There is a New England—the New England Journal of Medicine shows a two times more likely—higher likelihood of quitting — compared to once consumers use e-cigarettes. There is a Rigotti Tobacco Control Study that shows a 77 percent increased correlation in quitting. And in the Journal of Addiction, which is

survey data of close to 19,000 smokers, that is also associated with nearly double the odds.

Now all of these studies look at the category in general, and what you asked, in particular, was how well JUUL does. Well, traditional nicotine replacement therapies, which are generally regarded as the gold standard of tools, right, for quitting, those are nicotine in a patch or a gum form, typically, and the efficacy rates on those hover just below about 10 percent or so.

JUUL—we ran a very large study of JUUL consumers, ex-smokers who had picked up JUUL, and looked at them, looked at their usage on a longitudinal basis, which is usually the way that we want to look at this, in a sophisticated fashion. What we found was that 54 percent—and this was actually not us; this is the Center for Substance Use Research, a third-party independent agency, running a study that we did fund. What we found was that after 90 days, 54 percent of those smokers had stopped smoking completely, for a minimum of 30 days already.

The most interesting part of this study is that if you follow it out further, to 180 days, that number continues to go up dramatically, and that is quite the opposite of what happens with traditional nicotine replacement therapies.

Mrs. MILLER. I think we can all agree that it is important to keep these products out of the hands of underage youth while also ensuring that they are available to adults who would like to quit smoking combustible cigarettes. JUUL products can be bought both in a store and online. Is that correct?

Mr. MONSEES. That is correct, although the kinds of JUUL products that are available still at stores are very limited in scope.

Mrs. MILLER. When an individual buys a product in a store, what are the steps that they have to go through to ensure that they can purchase the product?

Mr. MONSEES. When a consumer buys the product online, first of all it is only available via JUUL. If you find the product available on a different website then it is an illicit product and no one should purchase from a different—from anywhere else online. Now these sorts of sites pop up constantly now. It has been a tremendous effort for the company. We take down tens of thousands of these websites selling illicit products that do not have good quality control standards and are breaking the law in number of different ways.

When you come to our website what we find is we don't just ask you your age. We actually register you as a user of it. So what we will do is, first of all, check your ID, so do an ID scan. We will run that and make sure that that person, who exists, is of a valid age. Now we don't end on that one. What we sometimes still do is look for—is ask the last four digits of one's Social Security number that has to tie back to their license. What we have started to do, and this is even much more sophisticated, is actually use two-factor authentication in nearly all circumstances, and that means that that user has to enter both their name and phone number, and that has to match up with their driver's license. They get a text message on their phone. That phone is registered, and has a credit check run when you register that phone, to the individual, not just to a family, that verifies exactly who that person is and what age they are.

Those credit checks are public—use public records, sort of akin to what you would check when you are looking for a loan if you are going to buy a house.

Mrs. MILLER. Okay. I think I am out of time, aren't I?

Mr. MONSEES. Sorry. I ran a little long.

Mrs. MILLER. Thank you.

Mr. KRISHNAMOORTHY. Thank you. I now recognize Congresswoman Pressley for five minutes of questioning.

Ms. PRESSLEY. Thank you, Mr. Chair. Mr. Monsees, I want to ask a little bit about the FDA's process for regulating e-cigarette and vaping products.

Under the FDA's Deeming Rule, vaping products which were on the market prior to August 8, 2016, the date with which the Deeming Rule went into effect, could avoid FDA regulation. Can you explain what it means for a product to be on the market before that date?

Mr. MONSEES. So, and I am sorry. You are talking about the Deeming date of 2006?

Ms. PRESSLEY. For example, so let me just be more specific, because I am short on time and I want to get through a lot here. Okay?

So would selling pods at one single store be sufficient?

Mr. MONSEES. Would it be sufficient—

Ms. PRESSLEY. Yes.

Mr. MONSEES [continuing]. to run a business? Is that what you are—

Ms. PRESSLEY. Let me read the question again. You are very a bright man so I am sure you can follow me, and I don't want you eating my time here.

Mr. MONSEES. I am doing my best.

Ms. PRESSLEY. So under the FDA's Deeming Rule, vaping products that were on the market prior to August 8, 2016, the date in which the Deeming Rule went into effect, could avoid FDA regulation. Can you explain what it means for a product to be on the market before that Deeming day? What does it mean?

Mr. MONSEES. Oh, I see. So my best recollection of the standard there is that the product has to have been offered for commercial sale, and that is effectively the definition of—I think that is right.

Ms. PRESSLEY. Okay, and I am going to move on. Did JUUL rush—the point is, did you rush any products onto the market before the August 8 grandfathered date, in order to beat that effective date?

Mr. MONSEES. We did. I think that is a very fair way to put it. This is what effectively every product in the category facing that hard deadline did. Now none of those products are products that were—

Ms. PRESSLEY. I am reclaiming my time. I am sorry.

Mr. MONSEES. Okay.

Ms. PRESSLEY. I am short on time here.

So Exhibit 2—unfortunately, our screens are not working, but, you know, I can recite well here—a February 2, 2016, internal email, six months before this grandfathered date, from Sarah Richardson, the Communications Director to a group, including JUUL's

Executive Director of Brand and Product Marketing and the Director of Global Customer Implementation.

The email, it says, quote, “Wanted to recap you on our chat this a.m. regarding JUUL’s limited SKU messaging, i.e., various nicotine levels, new flavors, bottled juice. Guidelines: (1) For grandfathering purposes we don’t want to frame these SKU launches as being a test or being a short-term SKU. Limited launch or limited locations is preferable. Don’t want to imply that they are going away. (2) We also don’t want to imply anything around timing for expanded availability to protect ourselves, as many may very well not be available by the end of this year.”

So, Mr. Monsees, JUUL did try to introduce limited runs to beat the grandfathered date. Correct?

Mr. MONSEES. I think I already admitted to that, yes.

Ms. PRESSLEY. Very good. Okay. Well, very bad, but thank you for honoring it.

So why was it important that you, quote, “not frame these SKU launches as being a test or being a short-term SKU”?

Mr. MONSEES. So I will give you one specific example here. When we were first launching JUUL we were a very small company with, you know, very limited resources, and we had wanted, from the very beginning, to, for example, have a number of different nicotine strengths available to consumers. Now, when we were faced with this grandfathered date that was coming very quickly, we did do a lot of work. I mean, there was a lot of legwork done to develop all of those products and actually push them out. Now we did actually sell those products to consumers, and this was, in general, what the whole industry was doing to try to basically preserve optionality, given the situation.

Ms. PRESSLEY. Thank you. I want to get through a couple more things here.

Mr. MONSEES. Yes.

Ms. PRESSLEY. You know, what I am getting at and what is very disturbing about this, and problematic, is that it seems that you were looking to circumvent FDA regulation, and that is what is troublesome about this paper trail and what you are corroborating here today.

Mr. MONSEES. I—

Ms. PRESSLEY. So—because JUUL did not want to, quote, “imply that they are going away,” but in the next line acknowledges that many may very well not be available by the end of this year.

Mr. MONSEES. Right. So, as I said, we did a—

Ms. PRESSLEY. I am sorry. Reclaiming my time.

Mr. Monsees, how many limited SKU launches did you introduce after this email and how many are still available today?

Mr. MONSEES. I don’t know exactly when that—

Ms. PRESSLEY. Okay. You can get back to me.

So Exhibit 3 is from August 12, 2016, board minutes. It shows the volume of new products that JUUL tried to introduce between December 2015 and August 2016, when the Deeming Rule went into place. You added, and I quote, “Three JUUL starter kits, 11 JUUL device colors, 17 pod flavors, 29 partner pod flavors, with seven major juice brands; 21 pod flavors and two to three addi-

tional nicotine strengths, and 27 bottled juice flavors in three nicotine strengths." That is a major push.

Mr. MONSEES. That is absolutely correct, yes.

Ms. PRESSLEY. So, Mr. Monsees, is it your belief that all of that is grandfathered and, therefore, shielded from FDA regulation?

Mr. MONSEES. So we have a very limited set—

Ms. PRESSLEY. And we have limited time, so yes or no. Is it your belief that all this is grandfathered, and, therefore, shielded from the FDA regulation, and that is why you rushed these products?

Mr. MONSEES. So every product that is on market right now was in no way rushed. It was legitimately on the market, has been sold for some period of time. We have no intention of introducing any new flavors whatsoever until after PMTA takes place.

Mr. KRISHNAMOORTHY. Congresswoman, the time has expired.

Ms. PRESSLEY. Thank you, Mr. Chair.

Mr. KRISHNAMOORTHY. Thank you. I now recognize the gentleman from North Carolina, Mr. Meadows, for five minutes.

Mr. MEADOWS. Thank you, Mr. Chairman. Mr. Monsees, we have got two competing narratives here. One is a desire to help people get away from traditional smoking. Is that correct?

Mr. MONSEES. Absolutely.

Mr. MEADOWS. And, as a Member of Congress whose father died from lung cancer, I am very sensitive to both narratives, one, trying to get people away from those carcinogenic tobacco products, and yet, at the same time, the No. 1 complaint I get from teachers is all about vaping in schools.

So those are the two narratives we have, and we need your help. You said it is a priority, but what we have to do is really be very strong in making sure that vaping doesn't get in the hands of youth.

Would outlawing the product for anybody under the age of 21 help?

Mr. MONSEES. Right. So, actually that has been quite a crusade for us recently. So for the past nearly—I believe it was the past nearly two years or so— we have been really pushing Tobacco 21 regulation. Now I will tell you why that would help, we believe, substantially. Within high schools, our best understanding right now is that social sourcing, meaning basically one student buys from a student who is actually above the legal age of purchase, sells or gives the product illegally, right, to another student. So if we create that distance, right, that divide, so that it is much harder for someone in high school to find a willing participant to illegally buy products and distribute them to minors, then that goes a really long way in youth prevention.

Mr. MEADOWS. All right. So you are saying you support outlawing these products for anybody that is not of 21 years of age or greater. Is that correct?

Mr. MONSEES. Absolutely. All tobacco products. We are strong supporters of a clean Tobacco 21 bill, and I think we have seen tremendous progress on it. It sounds like by the end of, I believe next year, over half of all people in this country will be covered by Tobacco 21. I know there has been a number of people that have had long-fought efforts trying to push Tobacco 21, but I think our support has really pushed that over the edge substantially.

Mr. MEADOWS. As you know, there are a number of bills that are floating around, both on the Senate side and the House side. I know Diane DeGette has one that we have supported.

So is it true that you have given over 180,000 pages of documents to this committee for review?

Mr. MONSEES. That is my belief, yes.

Mr. MEADOWS. So [there are] 180,000 pages of documents for this committee to review, in terms of your intentions and what you did and what you should have done. So I can just tell you, I have been on this committee—this is now my fourth term in Congress to be on this committee—and that level of participation is certainly unique. In fact, I would say it is even greater than most Federal agencies, in terms of their responding.

How many of those pages, of the 180,000 pages of documents that you have given, have you redacted most of the information on those, where there are blank pages?

Mr. MONSEES. I believe none, as far as I am aware.

Mr. MEADOWS. Okay. So in that spirit of transparency here is what I would ask you, is knowing that your goal is to help people get off of traditional tobacco products—in North Carolina, I can tell you, we know tobacco, and vaping has gotten to be a big problem in high schools. Actually, Skoal and those other products is still a big problem in terms of typical chewing tobaccos and the like.

How do you think that we can best address the concerns of increased nicotine use among youth and yet, at the same time, not prohibit—and the chairman was talking about mint. Let's be clear—it is menthol. Let's also be clear that the users of menthol products have a unique demographic. I see menthol being very different than bubble gum or cotton candy. Would you agree with that?

Mr. MONSEES. One hundred percent, sir. It is one of the major unfortunate facts that as a result of our action, pulling our flavored products off of the market, that market has been backfilled by a number of, you know, third-party manufacturers, mainly Chinese fly by-night companies with little to no manufacturing practice to it. We have raided a number of these facilities proactively, in China, actually, and it is startling what you will see there, the low quality standards. Now this is what is backfilling these products, and actually giving us, oddly enough, a much worse reputation because now people believe that JUUL sells cotton candy-flavored products.

Mr. MEADOWS. So here is what I would ask, with the chairman's indulgence, three things that I think would help this committee. I need you to help us identify those areas that are counterfeit and that are really preying on the lives of teenagers, whether it be in marketing or importing from China, if you will do that. The second is more than just outlawing it at 21. What are three other steps that we can do to make sure that it doesn't get in the hands of youth? And the third thing is how are you willing to partner with Congress, in terms of legislation, to accomplish the first two?

Mr. Chairman, I will yield back. I thank you.

Mr. KRISHNAMOORTHY. Thank you, Mr. Meadows. Without objection, Debbie Wasserman-Schultz, the gentlewoman from Florida, shall be permitted to join the subcommittee on the dais and be rec-

ognized for questioning the witnesses. I would also like to recognize that our chairman is with us as well.

So Ms. Wasserman-Schultz, you have five minutes.

Ms. WASSERMAN SCHULTZ. Thank you, Mr. Chairman. I appreciate the indulgence of the committee allowing me to come and participate.

Mr. Monsees, the rise in e-cigarette use among children is deeply troubling, and I know I have met with kids in my district who have become addicted to nicotine through your products.

This year I introduced the PROTECT Act, which would authorize \$100 million in annual funding for a CDC initiative to address this public health epidemic. I know your company is supportive of the PROTECT Act and I certainly appreciate that. I want to take your statements today in good faith, that you are taking the epidemic of youth e-cigarette use seriously.

But unfortunately there is so much evidence to the contrary, so I am hoping that you can offer me some answers and some clarity.

When your product entered the market, existing e-cigarettes contained between 10 and 20 milligrams of nicotine per milliliter of liquid. You use a nicotine salt formulation that removed the harshness and bad taste of the nicotine and then tripled the nicotine content over existing products, making JUUL the most potent e-cigarette on the market. The EU and the UK have capped nicotine levels at 20 milligrams of nicotine per milliliter of liquid, a third of your U.S. product.

With that cap, you do still a product in the EU and UK. Correct?

Mr. MONSEES. We do.

Ms. WASSERMAN SCHULTZ. Last year, Israel also capped nicotine content at 20 milligrams per milliliter, calling JUUL's higher nicotine product, quote, "a grave danger to public health." JUUL's 59 milligram per milliliter product was already on the market there. You recalled your 59 milligram per milliliter product and entered that market, in Israel, with a 20 milligram per milliliter product. Correct?

Mr. MONSEES. Correct.

Ms. WASSERMAN SCHULTZ. So obviously JUUL has determined that it can still make money selling a product at less-dangerous nicotine levels. So yes or no—do you think that a 20 milligrams per milliliter JUUL can accomplish your stated mission of helping adult smokers to quit smoking conventional cigarettes?

Mr. MONSEES. So let me provide a little bit of context there.

Ms. WASSERMAN SCHULTZ. Not that much context. If you could answer briefly.

Mr. MONSEES. I understand. So the first concentration, the five percent product that you are talking about right now, was designed to mimic, but never exceed, the pharmacokinetic curvature of a cigarette.

Ms. WASSERMAN SCHULTZ. Okay. I really just want a clear answer of can you achieve your stated mission of helping adult smokers to quit smoking conventional cigarettes using a 20 milligram per milliliter product?

Mr. MONSEES. We would love to try.

Ms. WASSERMAN SCHULTZ. Okay. But you are already trying in every country except this one.

JUUL often cites a UK study for the proposition that e-cigarettes may help people quit smoking, but you failed to mention that participants in that study were using e-liquid below the 20 milligram per milliliter number, nowhere near the 59 level in your U.S. product.

Mr. Monsees, late last year it was reported JUUL began developing a pod that would comply with 20 milligram per milliliter caps, but would also increase the voltage and temperatures of the device and, therefore, deliver more nicotine to the blood. Is that accurate?

Mr. MONSEES. I am not sure what you are referring to with voltage and temperature.

Ms. WASSERMAN SCHULTZ. The actual delivery device, where you were increasing the voltage and the temperature of the device. Instead of having a 59 milligram per milliliter cap you would have your—go down to 20 and you would deliver a more potent delivery system of nicotine into the bloodstream. Is that accurate?

Mr. MONSEES. I am not sure what—I am not aware of—

Ms. WASSERMAN SCHULTZ. Okay.

Mr. MONSEES [continuing]. what you are talking about.

Ms. WASSERMAN SCHULTZ. So if you can answer that question for the record I would appreciate that. That is mind-boggling that you don't know the answer.

Are you aware that this could make the pods, assuming it is correct, even more addictive, heightening the risk for young people—if that were the case?

Mr. MONSEES. If we were to increase the voltage of the product?

Ms. WASSERMAN SCHULTZ. And the temperature at which the liquid is delivered.

Mr. MONSEES. So our products are quite notably temperature controlled for product safety. We are the only product on the market that is closely temperature controlled.

Ms. WASSERMAN SCHULTZ. Okay.

Mr. MONSEES. We would never increase the temperature of the product.

Ms. WASSERMAN SCHULTZ. Okay. So then you are saying it is not accurate. I would like you to get more specific information back for the record.

Verbally, JUUL has been supportive of regulations, but your actions speak differently. Developing a product that technically complies with nicotine caps while manipulating nicotine delivery seems to disregard the spirit and intent of the law. You appear to be marketing yourself as a smoking cessation device. However, you are not FDA approved for that purpose, and efforts to increase nicotine delivery highlight why that is the case. FDA-approved smoking cessation products include instructions for stepping down nicotine intake and for weaning off nicotine entirely.

Mr. Monsees, does your product come with these instructions?

Mr. MONSEES. It does not and we would never market it as a cessation product. Let me be very clear—JUUL is not a cessation product.

Ms. WASSERMAN SCHULTZ. So you don't market your—that is news to me, and probably everyone in this room, that JUUL is not

marketing yourselves as a nicotine or a smoking cessation product. So that is every other vaping product except yours?

So when someone starts on JUUL, would you have any problem keeping them as a customer for life? So that is what your intent is? You don't want to use your product as a smoking cessation tool. You just want people to be addicted to nicotine for their entire lives?

Mr. MONSEES. Absolutely not. No. Seventy percent of the world's 1 billion smokers want to stop smoking immediately. Now the first and most important thing that they can do to improve their life expectancy is move away from cigarettes. Now that is the stage that we are at right now. JUUL does a great job of that.

Ms. WASSERMAN SCHULTZ. Is it correct that Altria owns 35 percent of your company?

Mr. MONSEES. It is true, yes.

Ms. WASSERMAN SCHULTZ. So do you consider yourself a part of Big Tobacco?

Mr. MONSEES. I consider a traditional Big Tobacco company as a major investor in our company.

Ms. WASSERMAN SCHULTZ. Right. Okay. Actions speak louder than words. Thank you. I appreciate the chairman's indulgence.

Mr. KRISHNAMOORTHY. Sure. Thank you, Congresswoman. I now recognize Congressman Grothman for five minutes of questioning.

Mr. GROTHMAN. Sure. Can you just—kind of followup on the last thing. Is there any correlation since JUUL and similar products came on the market and the rate of cigarette sales?

Mr. MONSEES. Any—oh, sure, and since JUUL has come on the market cigarette sales have declined quite a bit. So in 2018, we saw five percent declines in the tobacco market. So far this year we are seeing year-over-year declines of about eight percent in the traditional—in combustible tobacco.

Mr. GROTHMAN. How long have you been available, largely all over the country? How long?

Mr. MONSEES. I would say we were—we began to be widely distributed sometime in 2016.

Mr. GROTHMAN. Okay. In general, when I think of e-cigarettes, I think of people who want to stop smoking. Do people buy your product for that reason?

Mr. MONSEES. Yes. I would say nearly everyone uses our product as an alternative to traditional tobacco products.

Mr. GROTHMAN. Okay. Now there have been a lot of things on the market my whole life—nicotine gum, da-da-da. Have there been any studies to see the success—and I know somebody who couldn't quit at all. I don't know if she used JUUL, but one of these type products, and finally was able to quit smoking. Have there been any studies done comparing how effective you are with your product compared to these other things?

Mr. MONSEES. Absolutely. So not necessarily direct studies, where a study is looking at one versus the other. But the efficacy rates of nicotine cessation therapies, which are, I believe, speaking to—are well known. So there are studies of e-cigarettes by the New England Journal of Medicine, Rigotti Tobacco Control, and Addiction, all very well respected and very well run studies, that generally, in general, show, for the category, about a 2X improvement

in cessation, or the ability for a consumer to stop smoking completely. Now they may continue using e-cigarettes afterwards, but they have stopped using cigarettes.

In fact, one of these—actually, one of these studies, the Rigotti study, I believe, looks more specifically at does anyone continue to use these products *ad infinitum*?

Now all of the studies I just mentioned are great but they don't study JUUL. So the studies that we have commissioned via a third-party research laboratory looked at about 18,000—I believe it was about 18,000 JUUL consumers on a longitudinal basis, so smokers who picked up JUUL. Fifty-four percent of those smokers quit smoking completely within the first 90 days, and to mean switching completely they had to have abstained totally from using a combustible cigarette for over 30 days at that point. If you follow out the data on an even longer-term basis, those numbers continue to go up.

You were asking about these, you know, traditional cessation products. The interesting thing is that while the efficacy rates for those products look meaningful, not nearly as promising as 54-plus percent that—you know, around 10 percent, that is something. The long-term efficacy for those products tends to go down quite substantially. The longer-term efficacy for these studies on JUUL continue to go up, to as much as 80 percent.

These are huge opportunities for public health.

Mr. GROTHMAN. Okay. I take it, you know, any health downsides—I mean, some people have got to keep using. I know a guy who quit smoking. He had nicotine gum for 25 years. It always worked, but he had it for 25 years.

Your product is wildly more healthy than cigarettes?

Mr. MONSEES. Yes. So there are a number of different—

Mr. GROTHMAN. I will give you another question. I don't know if you have thought of this. Maybe you want to send a question to the committee later on. Given that many more people have stopped smoking with JUUL or similar products than these other things like the patch and that, and given that, you know, life expectancy for cigarette smokers goes down, do you know how many lives have been saved so far by people using JUUL compared to these other things?

Mr. MONSEES. I—you know, it is tough to say, because it would completely depend on them staying off of cigarettes.

Mr. GROTHMAN. You must be able to make an estimate. Why don't you—because I would think that is something you would be happy to brag about for your company. Why don't you have people go back and put pencil to paper, you know, percentage of people quitting with gum, percentage of people quitting with JUUL, and see—make a stab at how many lives your company has saved so far.

Mr. MONSEES. I would be happy to do that.

Mr. KRISHNAMOORTHY. Thank you. Congresswoman Tlaib, you have five minutes of questioning.

Ms. TLAIB. Thank you, Mr. Chairman. Mr. Monsees, I just want to ask you a yes-or-no question. But when you say “I don't know” and you actually know, it is actually lying too. So I just want you

to know that. If you say you don't know something, but you actually do, it is the same thing as a lie. I just want you to know that.

So, Mr. Monsees, when the extent of your epidemic became clear and Federal health agencies pointed to JUUL as the source of the problem, your actions did not seem to grasp the urgency of this problem. Instead, you simply transitioned to marketing JUUL as a healthy alternative to cigarettes for smokers to, quote, "switch to."

If we can put up—right behind me is saying smoking—I just want to ask you this, yes or no—smoking means cigarettes. Correct?

Mr. MONSEES. Correct.

Ms. TLAIB. And switch means JUUL—correct?

Mr. MONSEES. Correct.

Ms. TLAIB. After 30 lines, starting with "quit," the ad says "switch," followed by no further mentions of start smoking again. You were a smoker. Does this ad give a smoker hope that there might be a way to quite cigarettes for good?

Mr. MONSEES. I think the intention of this ad is to make it very clear to consumers that there is an alternative, finally, to combustible cigarettes. I am one of those people.

Ms. TLAIB. Do you agree that the ad conveys that there—that your product can help smokers quit smoking cigarettes?

Mr. MONSEES. No. I think what the ad is trying—what we tried to convey with this ad, to the best of my knowledge, at least, is this is the pattern of action—

Ms. TLAIB. You are trying to get a way around FDA regulations, Mr. Monsees. But the FDA regulates smoking cessation devices, the things that actually help people quit smoking. But JUUL has avoided explicitly calling itself a cessation device, which JUUL believes helps it avoid this particular FDA regulation.

Mr. Monsees, I imagine that you chose your words very carefully in these ads. Yes or no, did your lawyers tell you that this ad was not claiming to be a therapeutic cessation device?

Mr. MONSEES. We do not—

Ms. TLAIB. Yes or no

Mr. MONSEES [continuing]. plan broadly—

Ms. TLAIB. Did your lawyers say that this does not convey that?

Mr. MONSEES. I am giving you an even broader answer here. We do not claim for JUUL to be a cessation product. Let me tell you exactly why. The history of cessations products have extremely low efficacy. That is the problem we are trying to solve here. So if we can give consumers an alternative—

Ms. TLAIB. Sure.

Mr. MONSEES [continuing]. and market it right next to other cigarettes, then we can actually—

Ms. TLAIB. Yes.

Mr. MONSEES [continuing]. make something work.

Ms. TLAIB. You targeted children to do that too.

Did your lawyers tell you that the words "switch" and "switching" were not therapeutic cessation claims?

Mr. MONSEES. Not—I—I don't recall exactly with our lawyers—

Ms. TLAIB. Mm-hmm. Are you allowed to say that your products are healthier than cigarettes?

Mr. MONSEES. I believe in these chambers we are allowed to do so.

Ms. TLAIB. You are allowed to say it here. Got it. You must feel really constrained right now.

Mr. MONSEES. Ma'am—

Ms. TLAIB. If you say that your products help people quit cigarettes, the FDA would regulate you. If you say your products are safer, the FDA would regulate you.

You created an enterprise markets team of at least 20 people to pitch JUUL to companies and insurers to help their employees stop smoking and supposedly lower their health care costs. You hired Douglas Roberts, a former health care executive, to run that team. Why would employers or insurers partner with JUUL unless you were conveying that JUUL was effective for smoking cessation or safer than cigarettes?

Mr. MONSEES. I think the real opportunity here is to improve lives of a billion people worldwide, and work together—

Ms. TLAIB. But why would JUUL tell employers and insurers about supposed health benefits of JUUL?

Mr. MONSEES. Look, I just explained that. There is an opportunity here for public health. Why would insurance companies not want to explore all options—

Ms. TLAIB. But you are saying it is a healthier option.

Mr. MONSEES [continuing]. to save people's lives.

Ms. TLAIB. But you are not telling—so if you made the direct statement to the U.S. Government that your products were a smoking cessation device, or, what you have been telling these other folks, healthier than cigarettes, you would expect to be regulated that day, wouldn't you?

Mr. MONSEES. I can't state more emphatically. JUUL is specifically, and on purpose, not a cessation product.

Ms. TLAIB. On July 14, JUUL sent a letter to the U.S. trade representative about Trump's tariffs on lithium batteries which are used in your products. You state, quote, "Imposing a 25 percent duty on JUUL's portable charging case will indirectly increase the cost of health care. Levying an additional duty would cause undue harm to American consumers who are hoping to improve their lives by reducing or eliminating the use of tobacco products. Making JUUL's product cost-prohibitive, may, in turn, lead them to revert to the use of tobacco products, which may increase the cost of health care to consumers as well as U.S. health insurers."

How are those not direct claims that your product is a smoking cessation device and healthier than cigarettes, Mr. Monsees?

Mr. MONSEES. I am sorry. I have never seen that document before.

Ms. TLAIB. Of course not. Mr. Chairman, if I may, let's just be clear. One model found that every one adult that successfully switched—switched—cigarettes to e-cigarettes to eventually non-use of any nicotine product, 81 adolescent teens, like my son behind me, a young adult, that try e-cigarettes will eventually become daily smokers by the age of 40.

Thank you so much, Mr. Chairman, for doing this hearing and for your leadership on this issue.

Mr. KRISHNAMOORTHY. Thank you, Congresswoman. I now recognize Mr. Jordan for five minutes of questioning.

Mr. JORDAN. Thank you, Mr. Chairman. Mr. Monsees, you have got a product consumers like, don't you?

Mr. MONSEES. Certainly, yes.

Mr. JORDAN. If I understand this story right, you and your friend, or young people sitting around at college, and you said, "You know what? We are going to develop a product. We would like to try to develop a product that is much less harmful than traditional cigarettes, could actually be a way to get people away from smoking traditional cigarettes," and you actually did that, right?

Mr. MONSEES. That is correct.

Mr. JORDAN. You developed that product, and when you developed that product and started marketing that product, did you follow the law?

Mr. MONSEES. We did, absolutely.

Mr. JORDAN. You never broke any laws when you were—you had, I think, someone said 70 percent growth in market share over the last couple of years. Is that right?

Mr. MONSEES. That sounds about right, yes.

Mr. JORDAN. So you had this amazing product that you developed, you had this tremendous market share growth, and you followed the law through the entire time you had that growth. Is that right?

Mr. MONSEES. I believe so, yes.

Mr. JORDAN. Followed the law, developed a product that people want, a product that is going to take us away from more harmful, traditional cigarettes, a product that can actually help you phase off of using nicotine altogether, and somehow you are a terrible guy.

Mr. MONSEES. This is a very complex company. No doubt about it. In large part, look, empathetically I want to really express this, I don't mind—I mean, this isn't my favorite thing, right, to be here today, but I don't mind, right. I don't mind because this is extremely important, and I very much understand the skepticism. This is an industry that has done wrong for a truly long period of time, and we are changing that, from the inside out, with products that are delivered from innovative people, from a company that is 100 percent committed to changing the fabric of this market, to eliminating cigarettes for good. We are seeing that these tools actually work.

We do not—and I think this was stated by the chairman extremely well at the very beginning—we don't want any underage consumers using this product. We need to work together to make sure that no underage consumers use this product. It is terrible for our business. It is terrible for public health. It is terrible for our reputation. None of this is good stuff. We want to get on to the business of eliminating cigarettes and saving lives.

Mr. JORDAN. Even though you followed the law there were some things that took place in this time when you had this amazing growth in market share that you are now changing. Is that right? You are no longer marketing on social—on media platforms. Is that right?

Mr. MONSEES. That is correct.

Mr. JORDAN. Yes. You are placing limits on the quantity and types of things that can be sold at retail outlets. Is that right?

Mr. MONSEES. That is correct.

Mr. JORDAN. Yes. Even though you followed the law, you don't have to make those changes. You said for reputational concerns, you, as a company, have made a decision to do those two things.

Mr. MONSEES. And not just for that reason alone, but let me build on that a little bit.

Mr. JORDAN. For the safety of young people. Right?

Mr. MONSEES. For the safety of young people and as an example. Right? So I stated this earlier and I will state it again. I think the actions that we are taking, we are trying to lead by example. We are trying to show that we are willing to take independent action, if needed, to protect young people from access to these products. And if those standards were adopted on an industry-wide basis, if it was required on an industry-wide basis, it would stop these counterfeit products from entering the market. If other companies that weren't willing to do these things on a proactive basis were held accountable to the same standards, then we believe we would be looking at substantially lower youth usage numbers.

Mr. JORDAN. How many people work for JUUL?

Mr. MONSEES. About 3,000.

Mr. JORDAN. 3,000 jobs you provide.

Mr. MONSEES. Yes.

Mr. JORDAN. So you develop a product as a way to have an alternative to more harmful traditional cigarettes, as a way to help people move off of traditional cigarettes and hopefully stop smoking altogether. An amazing product that now has got a 70 percent—76 percent growth in market share. You employ 3,000 people. You made some decisions, maybe early on, that you decided to change, just to make sure young people, like we have in the audience, don't get access to your product, like stopping marketing on social media platforms and limiting the quantity that can be sold at retail outlets. You have publicly come out and said you don't think anyone should be using any tobacco products, including your own, until they are 21. Yet the reward for all that is you get brought in front of Congress and you get yelled at by Democrats.

Mr. MONSEES. We—look. I think it is just an incredibly important mission, right, and, yes, we have 3,000 people now. I have never met a more mission-oriented group of folks than the people that come here. Because we know there is a lot of stigma, historically, in this industry, and we know that it is easy to assume that we are Tobacco 2.0. But we are quite the opposite.

Mr. JORDAN. I yield back.

Mr. KRISHNAMOORTHY. Thank you, Mr. Jordan. I now recognize Chairman Cummings—thank you for being with us, sir—for five minutes of questioning.

Mr. CUMMINGS. Thank you very much.

Mr. Monsees, JUUL made a statement that, quote, "We are as committed as ever to combating usage, but don't take our word for it. Look at our actions," end of quote. We are looking at your actions and they are deeply troubling.

In 2017, the city of San Francisco banned flavored tobacco products. Then Big Tobacco company, R.J. Reynolds, tried to reverse

that with a ballot measure. The voters rejected Big Tobacco and upheld the flavor ban by a whopping 68 percent.

Last month, San Francisco banned the sale of e-cigarettes. Just like your fellow Big Tobacco company, JUUL is trying to overturn it with a ballot measure. But your ballot measure is even bolder than R.J. Reynolds'. Beyond overturning the e-cigarette ban, is it true that it would also repeal the flavor ban, 68 percent of San Franciscans already approved?

Mr. MONSEES. I am sorry, Chairman. If there is a provision in that—I may be unfamiliar with this, but are you suggesting that there is a provision in that legislation that would repeal flavor ban on cigarettes—

Mr. CUMMINGS. Yes.

Mr. MONSEES [continuing]. on combustible cigarettes? I am not aware of that. I personally would not support that.

Mr. CUMMINGS. Kids are essentially, especially attracted to flavored tobacco products, and you know that, right?

Mr. MONSEES. We have taken direct action against those concerns.

Mr. CUMMINGS. Well, let me—I said but would you agree with that? I just asked you one sentence. Young people are attracted to flavored tobacco products—yes or no?

Mr. MONSEES. We have certainly heard that concern and we have taken action against it.

Mr. CUMMINGS. The National Institute on Drug Abuse found that 66 percent—and this is very interesting—66 percent of teenage e-cigarette users believe the product only contains flavoring. They do not realize there is nicotine. So it is shameful to fight cities that find flavors too dangerous for kids.

Mr. MONSEES. So—

Mr. CUMMINGS. Do you agree?

Mr. MONSEES. So, unfortunately, that was quite a flawed study. I agree with you, right, that if underage consumers are being attracted to flavored products and getting access to it, then we need to do something about it.

Mr. CUMMINGS. Okay.

Mr. MONSEES. Those are the actions we wanted to allude to when we pulled those flavors, proactively, off of the market.

Mr. CUMMINGS. But your ballot measure goes even further. It would preempt local public health laws, effectively barring local bodies from protecting their communities. Do you believe that JUUL knows what is best for local communities better than the communities themselves?

Mr. MONSEES. Congressman, I am not nearly familiar enough with the details of that law to comment on it, but I can tell you, you have piqued my interest and I am certainly going to investigate this with my team afterwards.

Mr. CUMMINGS. How long have you been in your position?

Mr. MONSEES. Well, the company, in some form or another, was started out of graduate school back in 2007, so for a long time.

Mr. CUMMINGS. Thousands of retailers have been caught selling your products to children. Your ballot measure also seeks to insulate those peddlers from liability by raising the standard to, quote, “knowingly,” end of quote, selling to minors. If you wanted to keep

your products away from kids, you would support holding bad businesses accountable for illegal sales, not adding loopholes.

How does making it harder to hold retailers accountable for selling your product to children help keep your products out of children's hands?

Mr. MONSEES. Again, Mr. Cummings—I am sorry, Congressman—I can't really—I can't—I don't know the details of that. But you have very much piqued my interest. I hear your concerns and I thank you very much for asking these questions in a way that we can go investigate and take some proactive steps to get back to you. We certainly will do that.

Mr. CUMMINGS. Well, what I will do is I will prepare a series of questions for you, and I would like to have the answers, and then I am going to encourage the chairman to perhaps bring you back so you can answer all the questions, because I think this is a very urgent issue.

Thank you very much, Mr. Chairman.

Mr. KRISHNAMOORTHY. Thank you, Chairman Cummings, for being with us.

I now recognize Ranking Member Cloud for five minutes of questioning. Mr. Cloud?

Mr. CLOUD. Thank you, Chairman. Thank you for being here.

What is your current role at JUUL?

Mr. MONSEES. It is Chief Product Officer.

Mr. CLOUD. What was it back in 2015?

Mr. MONSEES. At the first half of 2015 I was still the CEO of what was called PAX Labs at the time, before the JUUL—it gets a little bit confusing.

Mr. CLOUD. Right. Right.

Mr. MONSEES. I stepped down as CEO in, I believe, September 2015.

Mr. CLOUD. Okay. Who handles the marketing decisions in your company?

Mr. MONSEES. Who does now?

Mr. CLOUD. Yes.

Mr. MONSEES. We have a Chief Marketing Officer now named Craig Brommers.

Mr. CLOUD. Okay, versus 2015?

Mr. MONSEES. In 2015 we had a different CMO. Funny enough you are asking about these two bookended CMOs. We had a long gap where we just had no CMO and effectively no marketing department. But those were the two CMOs we have ever had.

Mr. CLOUD. Can you touch on how your management structure has changed? You have grown a lot, I guess, from 2015 until current. Can you speak to that?

Mr. MONSEES. The company has grown dramatically since then. So the—let's see. When we first launched JUUL—

Mr. CLOUD. Quickly.

Mr. MONSEES [continuing]. I am just going to have to kind of estimate. We have probably had about 70 people in my company in total.

Mr. CLOUD. Back then?

Mr. MONSEES. Back then, yes.

Mr. CLOUD. Okay. So from 17 to—

Mr. MONSEES. Seventy. About 7-0, I think.

Mr. CLOUD. Okay. And the management team would have been about how many people?

Mr. MONSEES. Five? Four?

Mr. CLOUD. Versus now is—

Mr. MONSEES. The management team is, I believe, 28 people right now.

Mr. CLOUD. Okay. Who has the final say, I guess, on what the company is doing now, operationally, related to marketing?

Mr. MONSEES. You know, it is a combination between Kevin Burns, our CEO, and then our board, of which I am a member.

Mr. CLOUD. Okay. My understanding is that the CEO offered and asked to testify before this committee. Is that your understanding?

Mr. MONSEES. Yes.

Mr. CLOUD. Was he denied? Permitted? Why is he not here today?

Mr. MONSEES. I can't—I am not exactly sure of why he was denied nor—we were told that Ashley and I were also going to testify together. A lot of things have changed that I am just not familiar with.

Mr. CLOUD. Would it have been helpful to have him here, to question?

Mr. MONSEES. Kevin—Kevin is amazing at keeping his pulse on a lot of things at one time. I think Kevin could have certainly helped answer some of these questions more definitively, or with some more clarity.

Mr. CLOUD. I would to switch to flavors for a moment. Could you talk about what has happened in flavors offered in 2015 versus now?

Mr. MONSEES. Sure. Initially—

Mr. CLOUD. And flavors were offered in 2015, I guess?

Mr. MONSEES. Yes. We had flavors on the market in 2015, yes.

Mr. CLOUD. And what have you done since then?

Mr. MONSEES. The flavors have increased a little bit. There is eight flavors now, that sort of slowly happened a little bit over time. We also have introduced three percent strength pods as well.

Mr. CLOUD. And you have changed the names dramatically too, is my understanding?

Mr. MONSEES. We have also done that, yes. So we have been—again, with an excess of caution, every time we hear any concern about what we can do better, we are trying to be as responsive to that as possible. We would love to do that in a more, you know, open dialog sort of setting.

Mr. CLOUD. I have seen the original flavor names. I wasn't all that familiar with the product before this. But I could understand the concern. Could you explain a little bit of the thinking that went into the original marketing ideas?

Mr. MONSEES. Sure. What we saw, first of all, when we were launching JUUL was there was a market for e-cigarettes already, and, in fact, within that market, 16 percent of underage consumers were already using e-cigarette products. Unfortunately, those same e-cigarette products were not resonating with adult consumers. Sixty percent of all adult smokers, before we even launched JUUL,

had tried e-cigarettes, but only a few percent actually repeat-purchased those products.

What we saw was an industry that was failing, and failing at a promise that it could hold to actually dramatically improve——

Mr. CLOUD. I just have one more question to get in.

Mr. MONSEES. I am sorry.

Mr. CLOUD. You can finish explaining this one if you want, as well. Could you also speak to why do you think Altria has invested so heavily in your company?

Mr. MONSEES. Altria has invested heavily in our company because we represent something of an inevitability, I hope. Obviously we are facing a lot of pressure and scrutiny here, but the hope is that we can, in collaboration with Altria, accelerate the decline and basically the alteration of their business to one that just doesn't kill people anymore. That is a sustainable business.

Mr. CLOUD. I yield back.

Mr. KRISHNAMOORTHY. Thank you, Mr. Cloud. Congressman DeSaulnier, you are recognized for five minutes.

Mr. DESAULNIER. Thank you, Mr. Chairman. It has come to the committee's attention that JUUL falsely claimed it partnered with Stanford University to create a vaping prevention curriculum. In reality, you took a Stanford researcher's work without their permission and changed it to suit your needs.

Mr. Monsees, isn't it true that Stanford issued JUUL a cease and desist letter demanding that you stop using the misappropriated content?

Mr. MONSEES. I am sorry but I am not aware of anything along those lines.

Mr. DESAULNIER. Exhibit 30 in your book is a timeline in which the author of that research details her correspondence, demanding that JUUL stop working—stop using her work. She says, and she publicly stated, that your curriculum, quote—this is Dr. Halpern-Felsher of Stanford—her quote is “does not meet standards to be an evidence-based curriculum to fully educate youth and prevent their use of JUULs.” She also says, of the assessment of JUUL's curriculum shows a company with attentions to mislead and misrepresent its dangers to youth. She believe your behavior is typical of Big Tobacco and comes from Big Tobacco's playbook.

Mr. Monsees, I would like to turn to something different. JUUL claims that one JUUL pod delivers about an equivalent amount of nicotine as one pack of cigarettes. Is that correct?

Mr. MONSEES. That is the reference point that we refer to, yes.

Mr. DESAULNIER. So that is correct.

A single JUUL pod is several dollars cheaper than a pack of cigarettes. Correct?

Mr. MONSEES. Depending state-to-state, but it can be, yes.

Mr. DESAULNIER. On an average it is. Correct?

Mr. MONSEES. That sounds about right.

Mr. DESAULNIER. All right. Is it true that a retailer makes a higher profit margin selling JUUL than they do selling cigarettes?

Mr. MONSEES. I don't know if I can answer definitively.

Mr. DESAULNIER. We will be happy to help you.

Exhibit 27 is a JUUL Retailer Education Flyer, highlighting that retailers make a 36 percent profit margin selling JUUL. Your docu-

ments show why. Exhibit 28 shows that a cigarette manufacturer pays \$3.57, on average, in the United States in taxes, on each pack of cigarettes, compared to JUUL's \$0.07. It seems like a very nice competitive advantage.

That has allowed JUUL to sell its products cheaper than cigarettes and give retailers the higher profit margins for selling it.

So my question to you, retailers have more incentive, obviously, to sell your product because they make a lot more money selling your product than cigarettes. Given how many retailers have sold your products to children, do you believe that incentive has contributed to selling to minors?

Mr. MONSEES. Absolutely not. No.

Mr. DESAULNIER. You went to Stanford. It is not a difficult question. You have made more money, so the retailers are not motivated to sell to children. They made more money. I will tell you—

Mr. MONSEES. I am sorry. The—would you like me to answer?

Mr. DESAULNIER. Mm-hmm.

Mr. MONSEES. Okay. The incentive structure there is to beat cigarettes, right, for adult smokers. To throw—I am not sure I understand where the—

Mr. DESAULNIER. They are making more money. The retailer is making more money, irrespective of who they are selling it to. You have been marketing to younger people, ergo you make more money.

Mr. MONSEES. So we have been marketing—the intent, certainly, and, look, I believe—I don't want to sound—come across as defensive here—we have certainly made missteps. I understand the criticism of some of our past action, but we moved on very quickly. Our earlier marketing efforts were targeted to 25-to 34-year-old adult smokers. We would never want any of our retailers to sell to underage consumers. If you are asking whether the—

Mr. DESAULNIER. I am sorry. I am going to have to—

Mr. MONSEES [continuing]. the financial—

Mr. DESAULNIER [continuing]. because I have got a limited amount of time and I am trying to control my anger, to be perfectly honest.

Mr. MONSEES. Yes.

Mr. DESAULNIER. Tax treatment aside, would you consider raising your prices so it was more equivalent to cigarettes? We heard Senator Durbin talk yesterday about how cost has affected whether young people buy cigarettes or not. If you raise your prices it would lower the sale to young people. You say you want to lower the sales to young people.

Mr. MONSEES. So that is an interesting question, and one that I think deserves debate, absolutely. Now we are focused on a number of different efforts that we believe to be potentially more efficacious than that particular one that you are mentioning. It is certainly not off the table, though.

The challenge here is that it is, in large part, that differential pricing that also makes the product appealing to smokers who would otherwise have a 50 percent chance of dying if they don't move off of cigarettes.

Mr. DESAULNIER. Let's look at Exhibit 29. "Long-term pricing"—I am quoting—this is to investors, in June 2018, to prospective in-

vestors, you said, “Long-term pricing is two times plus potential to bring JUUL’s retail price in line with premium cigarettes and reclaim excess margins.” In that same investor page you said that your product is, quote, “insulated from pricing shocks by demand profile.”

I just—I want to tell you, I have been involved with public health for a long time in the Bay Area. You, sir, are an example to me of the worst of the Bay Area. You ask for permission. You don’t ask for permission—you ask for forgiveness. You are nothing but a marketer of a poison, and your target has been young people.

I yield back.

Mr. KRISHNAMOORTHY. Okay. That will conclude this first panel with Mr. Monsees. We will take a very short, two-minute break to bring the next panelists up. If the audience would remain seated we will then expeditiously begin the second panel.

Thank you, Mr. Monsees.

[Pause.]

Mr. KRISHNAMOORTHY. Thank you, everybody. We are going to commence the second panel with our two panelists, Matthew Myers, President of the Campaign for Tobacco-Free Kids, and Ashley Gould, the Chief Administrative Officer of JUUL Labs. Thank you both for coming. If you would please rise, and if you would both please raise your right hand I will begin by swearing you in.

[Witnesses sworn.]

Mr. KRISHNAMOORTHY. Thank you. Let the record show that the witnesses both answered in the affirmative. Thank you and please be seated.

I am informed that votes are about to be called on the main House floor. We will try to complete our opening statements and then we will go as long as we can until the votes are called, and then we will return and resume.

Without objection, both Mr. Myers and Ms. Gould’s statements will be made part of the record.

With that, Mr. Myers, you are recognized, but before I begin I just want to tell you about the lighting system. I mentioned this before, but there is a lighting system in front of you. The green light means go, the yellow light means speed up, and the red light means stop.

So with that, Mr. Myers, you are now recognized for five minutes.

#### **STATEMENT OF MATTHEW MYERS, PRESIDENT, CAMPAIGN FOR TOBACCO-FREE KIDS**

Mr. MYERS. Thank you, Mr. Chairman, Mr. Cloud, members of the committee. My name is Matthew Myers. I am the President of the Campaign for Tobacco-Free Kids. It is an honor and a pleasure to be here, and I want to thank you because this is a fundamentally important issue.

As we have heard repeatedly, youth e-cigarette use is at epidemic proportions. Before I go through, what I would like to do is correct a few things that I heard yesterday that I think are really quite important. First is do we have data that shows youth e-cigarette use increases the likelihood someone becomes a smoker? The an-

swer to that today is quite definitively yes, we do. The data shows it is roughly three to four times more likely.

The second question that there was a debate about is are we just getting kids who would otherwise have smoked to use cigarettes? Here, too, we now have a growing body of consistent evidence and that is that the kids who are using e-cigarettes are not the kids who would have smoked. It is a whole different population. It is one of the reasons that we are really concerned, because what has happened is it is not that e-cigarettes are replacing cigarettes. E-cigarettes are drawing a whole new body of kids in. You saw that from the examples yesterday, which are typical. Forty-two percent of kids who use e-cigarettes use no other product, and never have.

Third, are kids just experimenting or are they becoming addicted? The data since the introduction of JUUL shows a dramatic rise in the number of kids who move from experimentation to very frequent use, the kind of use that is representative of addiction. In fact, the percentage of kids who go from being past-30-day users to frequent users is higher today for e-cigarettes than it is for cigarettes. We have a problem. That is not the issue that we should be debating.

Second, let me talk a little bit about what you have just heard. You know, you just heard that they were shocked that young people are using e-cigarettes and that they have done nothing to prompt that. The trouble is when you actually look at how this product was marketed, to whom it was marketed, the tools they used, they are inconsistent with much of what you just heard.

This product is a sleek, sweet-flavored, high-nicotine product delivering nicotine more powerful to our youth than any product that we have seen in the past. JUUL responded, but the sad truth is when you look at the dates and the numbers they only responded to when they got caught, and the measures they have taken to date track the kind of measures we have seen from the tobacco industry—loud pleas that this was a mistake and we never intended it, proposing halfway measures that don't go to the heart of the issue, and, frankly, spending more money on lawyers and lobbyists than they spend on doing the kind of science that would allow us to answer the questions that are legitimately being asked here today.

You know, first, let me talk about JUUL's marketing. You know, JUUL claims, from day one, that its only target was adults. You saw examples of those yesterday, and we can show them to you. You know, they sponsored rock concerts. They used images that are exactly the kind of images that appeal to youth.

My very first job in this field was conducting an investigation of the cigarette industry's marketing for the Federal Trade Commission. I could take that report from 40 years ago, lay it side-by-side with this, and you will have the same exact example.

Then we were told that they switched after six months. What we have seen is if you compare the marketing after six months to the kind of marketing that Marlboro, Newport, and the other cigarette companies did to appeal to youth for 25 years in this country, it is an exact duplicate about that. So it is one thing to come before you and say, "We care deeply about this issue," but when you look at the marketing, and when you look at how long the marketing was going.

Now there is one difference. JUUL had a different tool than the old cigarette companies had, and that is social media, and they used it brilliantly. They used it with images that are exactly the kind of images that we know, from study after study after study, appeal directly to kids.

You know, here are a couple of the kind of influencer images that we saw in 2018, not 2015. I could show you multiples of these sorts of things. The difficulty is that the nice-sounding words and the pleas of sincerity that we just heard are inconsistent with the kind of marketing that we have seen before.

The second issue to talk about, design and flavors. You just heard that JUUL pushed out new flavors and new products in order to beat the FDA regulation deadline. What we have looked for is to see, was there any study of those products, those flavors, to see if they would discourage tobacco use among kids? The answer was no, none. Is it shocking, the sweet flavors? No. We and they both knew for decades that that was the case.

I think the key here is pleas of innocence inconsistent with the actual facts of what happened need to be examined. This is not an issue of kids versus adults. This is an issue of holding companies responsible. That is why FDA has regulations and that is why they should be forced to comply with them.

Thank you.

Mr. KRISHNAMOORTHY. Thank you, Mr. Myers.

Ms. Gould, you are recognized for five minutes.

**STATEMENT OF ASHLEY GOULD, CHIEF ADMINISTRATIVE OFFICER, JUUL LABS, INC.**

Ms. GOULD. Mr. Chairman, Ranking Member, distinguished Members of Congress, my name is Ashley Gould. I joined JUUL Labs in January 2017, and serve as Chief Administrative Officer. I joined JUUL Labs because I believe passionately in its mission—helping adult smokers switch away from combustible cigarettes. I am also a mother, and like parents across the country, I am deeply concerned about underage vaping. I do not want my sons to ever touch JUUL products or any vapor or tobacco products. I have told them that directly, and many times.

The kids in our community are vaping. It is a serious problem that demands a strong response. My responsibility to them, as a JUUL employee and also as a mother, is to do all I can to make sure our company is doing the right thing. That means deploying our resources to combat underage vaping and conducting our business responsibly.

Mr. Chairman, over the past several years our company has taken an escalating series of voluntary actions, all aimed at combating the youth vaping problem. In August 2017, we banned online sales to anyone under the age of 21. In April 2018, we announced our support of Tobacco 21 legislation. At that time, we had already started working with social media platforms to delete inappropriate posts and listings featuring our products.

In November 2018, we announced our plan to step up our efforts to advocate for T21—stop selling non-tobacco and non-menthol-based JUUL pods to traditional retail stores, enhanced our website's industry-leading third-party age verification process,

strengthened our retailer compliance program, shut down our U.S.-based Facebook and Instagram accounts, and committed to developing technology-based solutions. These actions will take time to have an impact but they are steps in the right direction.

We are also pleased to note that in the last six months alone a dozen states have passed T21 laws. As a result, more than half of the American population reside in states that have taken this step, and more must be done.

As JUUL Labs worked to remove our non-tobacco, non-menthol-based products from retail shelves, other companies stepped in offering kid-appealing flavors we never have sold, many of them illegally designed to be used in JUUL devices. We are working to stem the flow of these illegal products and hope that the FDA and others will join us in that effort.

In a similar spirit, we continue to advocate for category-wide action. Today, JUUL Labs is acting unilaterally, but to reduce youth access to e-cigarettes the same restrictions must be applied and enforced on all those who manufacture and sell vapor products.

We are committed to being part of the solution. We are prepared to work with our regulators, Congress, state and local governments, and law enforcement. We also know that parents, educators, and community leaders will play a crucial role.

Mr. Chairman, as this committee is well aware, smoking is by far the leading cause of preventable death in the United States and worldwide. More than 34 million Americans still smoke, and if they persist in doing so, it will kill about half of them. JUUL products have the potential to help millions of them switch and stop smoking entirely. Those who believe that we must choose between that goal and preventing youth from vaping are accepting a false choice. We can and must do both.

That is what the thousands of employees at JUUL Labs are working tirelessly to achieve. We are dedicated to helping the world's smokers switch to an alternative that will improve their lives, and, at the same time, to combating underage vaping. We will continue to do so and are grateful for the opportunity to be here today to discuss these important topics and to answer your questions.

Mr. KRISHNAMOORTHY. Thank you, Mr. Myers and Ms. Gould. I will now recognize myself for five minutes of questioning.

First of all, Mr. Myers, do you believe nicotine causes disease?

Mr. MYERS. I think that we know that nicotine is harmful to the adolescent. It is harmful to the developing brain. Nicotine delivered to a young person, particularly at high levels, increases the likelihood of addiction, and we know that addiction as a young person is far more likely to make it hard for anybody to stop later on in life.

There is also much that we don't know because we have never delivered—

Mr. KRISHNAMOORTHY. Let me stop you. You answered my question.

Ms. Gould, nicotine—is it harmful to you, to a user?

Ms. GOULD. Nicotine is an addictive substance. In the

FDA's own words, nicotine does not directly cause the estimated 480,000 deaths each year from smoking-related disease, and our product was designed to give——

Mr. KRISHNAMOORTHY. So nicotine is not harmful. Is that what you are saying?

Ms. GOULD. I didn't say that.

Mr. KRISHNAMOORTHY. Okay. Is it harmful? Yes or no.

Ms. GOULD. I said what FDA has said.

Mr. KRISHNAMOORTHY. I know what the FDA says. I am asking you. Do you believe nicotine is harmful?

Ms. GOULD. I think FDA is the better source for that answer.

Mr. KRISHNAMOORTHY. Okay. Mr. Myers, are you aware of a clinical trial that proves JUUL's No. 1 claim that JUUL devices help adult smokers quit cigarettes?

Mr. MYERS. Unfortunately, we do not have a clinical trial that accomplishes that goal.

Mr. KRISHNAMOORTHY. Okay. Thank you. Ms. Gould, why has JUUL never conducted a clinical trial to prove the No. 1 claim that it makes, that its devices help adult smokers quit cigarettes?

Ms. GOULD. JUUL has undertaken a number of studies and will continue to do that. We have—there are a number of studies that have been conducted, randomized controlled trials. There was a study published this year in the New England Journal, not with JUUL but using e-cigarettes compared to nicotine replacement therapy.

Mr. KRISHNAMOORTHY. Okay. But why has JUUL never conducted a clinical trial to prove your No. 1 claim that JUUL devices help adult smokers quit cigarettes?

Ms. GOULD. JUUL says that our product is intended to help smokers stop smoking combustible cigarettes, and we have conducted——

Mr. KRISHNAMOORTHY. Have you applied to the FDA for JUUL to be considered a smoking cessation device, by prescription?

Ms. GOULD. No, we have not.

Mr. KRISHNAMOORTHY. Okay. So JUUL has not done that.

Now I want to go to another topic, which is this, and it is clear that JUUL has not conducted a clinical trial to prove its No. 1 claim.

Yesterday we heard from two kids, Phillip and Caleb, who I believe are right there in the front row, two high school students from New York City. JUUL went into their school and presented a seminar, and called JUUL, quote/unquote, "totally safe" multiple times. How that could happen is much clearer when you consider how the JUUL curriculum came to be. That program was based on Stanford's acclaimed Youth Vaping Prevention Curriculum, wasn't it, Ms. Gould?

Ms. GOULD. That is not my understanding.

Mr. KRISHNAMOORTHY. So it has nothing to do with Stanford's Youth Vaping Prevention Curriculum?

Ms. GOULD. So when started seeing major reports of youth using JUUL products, in 2017, we engaged with educational experts, including several retired superintendents and principals, and they advised us and helped us to create a curriculum and advised reach-

ing out to schools, and we take the criticism that that was not well received, and we——

Mr. KRISHNAMOORTHY. Let me just—let me just interrupt. Sorry. I am losing my time here. Stanford sent JUUL a cease and desist letter, demanding that JUUL stop using their acclaimed Youth Vaping Prevention Curriculum because it was misappropriating it. JUUL had taken the materials of Dr. Bonnie Halpern-Felsher, without her consent, removed key portions including the role of industry and marketing in promoting nicotine use, and misrepresented an affiliation with Stanford. JUUL's key deletions downplayed the health effects of JUUL, and that context helps explain the presentation Phillip and Caleb heard.

Now we have received evidence from JUUL that it is now—it has a school program where it actually pays schools \$10,000 or more to implement JUUL curriculum. Is that correct?

Ms. GOULD. That is not currently the case. We ended that program in the fall of 2018, and as I was saying before, we had hired educational experts to help us come up with a program that we felt would be helpful to stop kids using JUUL. We then received feedback that that was not well perceived, and, in addition, received input from a public health expert telling us what tobacco companies had previously done, which we were not aware of. As a result of all of that information we stopped that program.

Mr. KRISHNAMOORTHY. But, Ms. Gould, you don't deny that JUUL had paid schools such as Agua Fria Union School District in Arizona \$10,000 to conduct those programs in those schools. Correct?

Ms. GOULD. My understanding is that there were six schools that received funding from JUUL to implement programming to prevent teen vaping. We changed those agreements to make sure that they would not be using JUUL curriculum. I would have to check which schools actually used that curriculum.

Mr. KRISHNAMOORTHY. We would ask that you come back to us with that information.

Finally, we have an April 16, 2018, email about setting up a booth at a school health fair. Julie Henderson was the head of JUUL Youth Outreach. Later on she said—she expressed concern about the optics of us, meaning JUUL, attending a student health fair, given our new understanding of how much our efforts seem to duplicate those of Big Tobacco.

On May 18, 2018, we then see an email from you—that is Exhibit 17—in which you say “here is the paper that ended the Think, Don't Smoke campaign undertaken by Philip Morris,” and attaching an article. Top officials appeared to be aware that you folks are employing programs that are almost identical to what Philip Morris and other tobacco companies used in, quote/unquote, “youth prevention programs in schools.” Do you deny that you had written this email in May 2018?

Ms. GOULD. I was just stating, it was a public health official who shared this article with me, which I then shared internally to say we need to understand what came before us, and that is why we ended the program.

Mr. KRISHNAMOORTHY. I now recognize Ranking Member Cloud for five minutes of questioning. We will try to get your questions in.

Okay, Mr. Cloud. Five minutes.

Mr. CLOUD. Thank you, Chairman. Thank you for being here.

When JUUL began, Ms. Gould—when JUUL began a marketing campaign in 2015, shortly after it was founded, it did depict, as has been much talked about, rather young-looking models in social situations and parties and such. Can you explain the thinking behind that?

Ms. GOULD. I wasn't at the company at the time but my understanding, from discussions and documents that I have seen, is that that marketing campaign was targeting adults age 25 to 34—adult smokers, age 25 to 34. Now we take and heard the criticism about that campaign, and it was cut short as a result of that.

Mr. CLOUD. Okay. Mr. Monsees has acknowledged missteps. Would you acknowledge that as well?

Ms. GOULD. Absolutely. We are a company that is still young and growing quickly, and we try to learn quickly and change things as quickly as we can.

Mr. CLOUD. What are you doing to help solve the epidemic of it reaching teens, as a company?

Ms. GOULD. We have taken a number of escalating steps. We, as I noted, went to 21 on our website in 2017. We have supported T21. In November 2018, we removed all non-tobacco and non-menthol flavors from retail, and now adult smokers only have access to the remaining flavors on our robust age verification system, which we think is an important step in the balancing act.

We have undertaken a secret shopper program which we started in 2017, and expanded in 2018, and have escalating steps for retailers who are non-compliant. We are also working on technology-based solutions and really think that category-wide action is going to be critically important to continuing to make progress in keeping youth away from vaping products.

Mr. CLOUD. What would you say is the company's investment? Have you all calculated that in targeting—

Ms. GOULD. I don't think that there is a particular—

Mr. CLOUD [continuing]. not targeting teens?

Ms. GOULD. Right. I would say that we have really reoriented the company to be incredibly focused on youth prevention. So we are spending an enormous amount of internal resources on research and development for technologies that could be useful. At the time that we removed the non-tobacco and non-menthol flavors from retail, that represented over 50 percent of our revenue at the time. So our focus is on making concrete steps forward to make progress against youth access.

Mr. CLOUD. Now you mentioned the school programs. I mean, I can tell you, as a parent—I have three kids in school—I would be concerned to find out that they went to an education seminar that was sponsored by any company, frankly. You have acknowledged that, even as a misstep, and that has been corrected.

Is there anything that JUUL is doing to make investments in educating teens that does not have the JUUL brand attached to it?

Ms. GOULD. So I just want to acknowledge that there are, to my knowledge, only two events at schools where we presented, and we stopped that programming.

So this is a very difficult topic because we feel like education is incredibly important and yet we have received the feedback that we are not the ones—it is not appropriate for us to be doing that, and even some feedback that it may not be appropriate for us to be funding directly educational programming.

So this is an area where, honestly, I think Mr. Myers could be quite helpful. He has done a lot in the past in education, as have others in the public health industry, and we would love to be part of that.

Mr. CLOUD. Thank you. That is a segue. My next question was going to be for Mr. Myers. What would you suggest as one of the top ways we can make sure teens do not get their hands on this?

Mr. MYERS. Well, I think we have to deal with the flavored issue, to start with. You know, as much as we have heard, at the time they took the action, over 50 percent of kids used menthol. In addition, while they made a great announcement, JUUL-branded menthol—excuse me—JUUL-branded mango and other flavors continued to be involved.

I visited a store a block from where my kids went to high school just a month ago and was able to find them. Equally, at the same time that JUUL announced they weren't going to sell those flavors because of concerns about America's kids, they announced they were going to sell them in Canada. In the few months right after JUUL entered the Canadian market we saw skyrocketing—

Mr. CLOUD. I only have 10 more seconds, if you could finish—conclude this.

Mr. MYERS. Sure.

Mr. CLOUD. Do we have data on—I know there are knockoff products coming from China—what the current use is of JUUL products versus—I mean, how much of this—

Mr. MYERS. Well, we—

Mr. CLOUD. I am trying to figure out, do we—can we help this with trade policy? You know, the point is, how do we—

Mr. MYERS. Well, the way we could—

Mr. CLOUD [continuing]. we have got to get in the weeds of the policy as much we—

Mr. MYERS. Great question.

Mr. CLOUD. We have to get in the weeds to really get to a solution.

Mr. MYERS. A great question because what we shouldn't be doing is debating this just outside of—we created a regulatory framework. The Food and Drug Administration has the authority to regulate flavor. They have the authority to evaluate products. Unfortunately, JUUL has resisted that at every stage. Just a month ago, they filed a pleading in court to delay further the time when FDA would be able to review these products.

If we want nationwide rules that apply to everybody, that can get to the problem you are talking about, that don't lead us to this debate about kids versus adults, it is time for JUUL to say, "We are going to comply with FDA regulations. We are not going to throw more roadblocks in the way of FDA regulation," and then we will be able to answer the question, do these products really help adults, and how do we prevent them from getting in the hands of kids. Until JUUL does that, we should be skeptical.

Mr. CLOUD. Mr. Chair, if you could indulge a response from Ms. Gould, as well?

Mr. KRISHNAMOORTHY. Let me—okay, Ms. Gould. Why don't you answer.

Ms. GOULD. Thank you. So just two point, one on the mango pods. We unequivocally ceased distribution to retail establishments in November 2018. So if there are JUUL pods out in retail today, they are one of two reasons. One is that they are counterfeit, and we do take a lot of action against counterfeit product. And the second is that they have been there since November 2018. So I wanted to be clear on that point.

With respect to FDA regulation, we are regulated by FDA currently, and we are actively working toward a PMTA submission. So those are the facts.

Mr. KRISHNAMOORTHY. Thank you. Thank you. Now I would like to recognize Congresswoman Hill for five minutes.

Ms. HILL. Thank you, Mr. Chairman. I know that you have said that these activities have since stopped but I am really disturbed by some of the youth targeting and I think we need to dig into it a little bit more. JUUL has tried to reach youth in settings other than schools, as was briefly touched on, but Exhibit 21 is an agreement for JUUL to find a youth program run by Richmond, California's Police Activities League. JUUL signed an agreement with Richmond PAL, stating that the program includes, quote, "youth aged 12 to 17 who face suspension from schools for using e-cigarettes and/or marijuana," and it specifies that, quote, "all youth will participate in the JUUL Labs' developed program moving beyond."

So, Ms. Gould, JUUL created the tobacco prevention curriculum that would be presented to these kids. Correct?

Ms. GOULD. Congresswoman, as I noted earlier, we did work with experts to create a curriculum that we have since ceased using.

Ms. HILL. Okay. So the contract shows that JUUL paid the Richmond PAL \$89,000. In exchange for that payment, JUUL got to provide its curriculum, controlling the information presented to a group of potential customers, preteens and teens already using e-cigarettes. That is another page out of Big Tobacco's playbook.

So, Ms. Gould, perhaps an odd question for you, JUUL didn't run a summer camp, did it?

Ms. GOULD. So there were a number of—and I believe—I will get—we can followup with the number—there were a number of grants that were made to several programs that were all focused on youth prevention or wellness.

Ms. HILL. So Exhibit 22 is a contract for JUUL to fund a summer camp for students of Baltimore's Freedom and Democracy Charter School. According to this contract it was a five-week summer camp for 80 kids, centering on, quote, "healthy life adventures."

Ms. Gould, this contract says that, quote, "student participants will be recruited from grades 3 through 12." Did JUUL honestly sponsor a summer camp for third-graders?

Ms. GOULD. I would have to check the contracts, but as I stated, whatever grants were made were focused on youth prevention efforts.

Ms. HILL. So JUUL covered the cost for personnel, travel, equipment, and supplies, and Exhibit 23 shows an invoice for \$134,000 to fund this program. Of that, JUUL paid \$76,000 to hire 19 people to run the program.

So, Ms. Gould, in exchange for that large payment, the charter school committed to sharing student data—this is the part that is a particularly disturbing to me—sharing student data from pre and post surveys, journals and activity logs kept by students, and pre and post test scores. Why did you need that data?

Ms. GOULD. I am not aware of the details of that so I would have to get back to you.

Ms. HILL. So paying to access kids' data—data from kids as young as eight is alarming, to say the least, and I can only imagine the possible uses of that data in the hands of a Big Tobacco company like JUUL.

JUUL also tried to reach young people through faith-based organizations. Exhibit 24 is an agreement with Lifeskills, Inc., to partner with JUUL and church groups to provide health education to 1,000 youth in Baltimore.

Ms. Gould, was JUUL aware that Big Tobacco had funded similar Lifeskills programs, beginning in the late 1990's?

Ms. GOULD. As I noted earlier, it was in May 2018, we received information from a public health expert informing us on what tobacco companies had done previously, and we stopped those activities.

Ms. HILL. So Exhibit 25, though, is an email from Julie Henderson, a month before this Lifeskills proposal, about how Big Tobacco promoted Lifeskills training in the 1990's as a PR strategy to deflect attention from its efforts to targeting kids.

So, Ms. Gould, has JUUL ever marketed through cessation programs?

Ms. GOULD. We have never marketed to kids. Anything that we undertook in the educational space was intended to keep youth away from vaping products.

Ms. HILL. You don't think it is weird? You don't think any of this sounds strange, to find a select group of people who are of a specific demographic that is highly vulnerable to marketing, the type of marketing and the type of education that you are providing, to use your products? You don't think that sounds strange at all?

Ms. GOULD. As I noted before, all of these educational efforts were intended to keep youth from using the product. When we understood what had happened before and how these were being perceived, we stopped the program.

Ms. HILL. Okay. Well, one other vulnerable population that I have concerns about is that in Exhibit 26, JUUL hired the Trevino Consulting Group to market smoking cessation programs run by community-based groups, including veterans organizations. It states that, quote, "In order to market its technology, JUUL must form strategic partnerships and develop programs that resonate with adults for prevention and cessation."

Were the veterans and other smokers participating in the cessation programs aware that JUUL was using them as a marketing opportunity?

Ms. GOULD. I would really have to look at the document to be able to—

Ms. HILL. Well, I can't imagine that veterans groups were aware that they were being marketed to, when you are talking about smoking cessation programs. Am I right?

Ms. GOULD. Again, I would really need to look at the document before—

Ms. HILL. I will tell you why that bothers me, in particular, is that when we are working—in my past life we worked with vulnerable veterans, experiencing homelessness, who experienced PTSD, serious challenges. Many of them, throughout that process, became addicted to cigarettes, and they are a particularly vulnerable group of people who are highly tending toward addiction. So for us to— for you all to go into those kinds of groups where people are seeking treatment and care and support and use that as a marketing tool is incredibly disturbing to me, and I think that this is something that we have to investigate further.

Thank you. I yield back.

Mr. KRISHNAMOORTHY. Thank you, Congresswoman Hill. Finally, Congresswoman Tlaib, you are on the clock for five minutes.

Ms. TLAIB. Thank you, Mr. Chairman. Mr. Myers, on the last panel we learned about JUUL's substantial influencer program. JUUL had an entire influencer department, and it reached thousands of influencers. Was the extent of that program previously disclosed by JUUL?

Mr. MYERS. No, it was not.

Ms. TLAIB. Mr. Myers, influencers are a new tool for Big Tobacco companies like JUUL. Can you explain to us any problems created by an influencer-driven campaign and how promoting JUUL through influencers could have contributed to the youth vaping epidemic?

Mr. MYERS. Use of influencers is something that all the cigarette companies are doing, and JUUL did as well, and they did it with great effectiveness, because there is nothing more powerful than having a young person market to a young person. In this case, the young people who are doing so were screened for their popularity with young people, for their attractiveness, and for the size of their following. What that meant was that young people were being misled in the most serious possible way.

Ms. TLAIB. Mr. Myers, did you find any aspect of JUUL's influencer program discussed particularly concerning? Anything specific that was truly concerning?

Mr. MYERS. I think there are two things that are concerning. One is we are dealing with a product that is more addictive than any product we have marketed to kids in decades. Second, it demonstrated that you can operate under the radar screen before government regulators, parents, or teachers even know what is going on with regard to that. Third, despite the claims they have moved away from that, we work outside the United States as well, and we see ongoing efforts of JUUL to hire people for influencers, and are beginning to see the same kind of marketing targeting the same demographic population outside the United States. It calls into the question the credibility when they say that is not what they are about.

Ms. TLAIB. Mm-hmm. Mr. Myers, we also asked JUUL about a settlement with Philip Morris, referenced in JUUL's documents. Exhibit 1 is from August 12, 2016, board meeting minutes stating, quote, "Due to requirements outlined in PMI settlement we removed all JUUL branding that uses triangles and diamond shapes." What does that tell us?

Mr. MYERS. Well, it is impossible to look at the early JUUL product and look at the Marlboro chevron and not see the similarity.

Ms. TLAIB. I agree.

Mr. MYERS. What is incredibly important to understand is the Marlboro chevron is one of the most effective marketing tools ever created for young people. JUUL would have us to believe that a data-driven company that is as smart and as sophisticated as this one just keeps making these mistakes. It defies logic.

Ms. TLAIB. So Marlboro's and Philip Morris' parent company, Altria, now owns 35 percent of JUUL. Altria owned the e-cigarette with the third-largest market share, Mark 10. After buying its stake in JUUL, Altria pulled Mark 10 off the market.

Ms. Gould, will you commit to giving us the Altria contract within two weeks?

Ms. GOULD. I would really have to confer with our—with my team on that. That is not my decision.

Ms. TLAIB. Ms. Gould, was pulling Mark 10 a condition of the Altria deal?

Ms. GOULD. We had nothing to do with that.

Ms. TLAIB. When did JUUL first learn that Altria was considering pulling Mark 10 off the market?

Ms. GOULD. I believe we did when they published that letter to FDA.

Ms. TLAIB. JUUL has 76 percent share of the e-cigarette market. Only a handful of competitors even have a one percent share. Big Tobacco bought you out and folded a main competitor, with the third-largest market share, furthering your dominance of this industry.

JUUL isn't just owned by Big Tobacco, it is Big Tobacco today. Isn't it, Ms. Gould?

Ms. GOULD. No. I don't agree with that at all.

Ms. TLAIB. Yes. We are going to respectively disagree.

Thank you so much, Mr. Chairman. I yield the rest of my time.

Mr. KRISHNAMOORTHY. Thank you. Let me just ask a couple of remaining questions.

Mr. Myers, I wanted to ask you about a statement that Mr. Monsees had made back in a presentation that he put on YouTube. He said, "It is not the nicotine that is really hurting you." Do you agree with him?

Mr. MYERS. Particularly when we are talking about adolescents, there is serious reason to be concerned about the nicotine. Nicotine may not cause the cancer, but it causes high level of addiction, it causes problems with the developing brain, and delivered at the high levels it is currently being delivered long-term, we just don't know.

Mr. KRISHNAMOORTHY. Thank you.

I would like to thank our witnesses for their testimony today. Without objection, all members will have five legislative days with-

in which to submit additional written questions for the witnesses to the chair, which will be forwarded to the witnesses for responses. I ask our witnesses to please respond as promptly as you are able.

This hearing is adjourned.

[Whereupon, at 4:46 p.m., the subcommittee was adjourned.]

