

Edgar Filing: VECTOR GROUP LTD - Form 10-K

VECTOR GROUP LTD

Form 10-K

March 01, 2019

false--12-31FY20182018-12-310000059440falseLarge Accelerated

Filerfalsefalse850008500014491000062720001321200003687000137500000600001.401.471.540.100.1025000000025000000

0000059440 2018-01-01 2018-12-31 0000059440 2018-06-30 0000059440 2019-03-01 0000059440 2018-12-31

0000059440 2017-12-31 0000059440 2017-01-01 2017-12-31 0000059440 2016-01-01 2016-12-31 0000059440

vgr:RealEstateSegmentMember 2017-01-01 2017-12-31 0000059440 us-gaap:CorporateAndOtherMember

2016-01-01 2016-12-31 0000059440 vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440

us-gaap:CorporateAndOtherMember 2018-01-01 2018-12-31 0000059440 vgr:TobaccoSegmentMember 2018-01-01

2018-12-31 0000059440 vgr:TobaccoSegmentMember 2017-01-01 2017-12-31 0000059440

us-gaap:CorporateAndOtherMember 2017-01-01 2017-12-31 0000059440 vgr:RealEstateSegmentMember

2016-01-01 2016-12-31 0000059440 vgr:TobaccoSegmentMember 2016-01-01 2016-12-31 0000059440

us-gaap:CommonStockMember 2018-12-31 0000059440 us-gaap:RetainedEarningsMember 2017-01-01 2017-12-31

0000059440 us-gaap:AdditionalPaidInCapitalMember 2015-12-31 0000059440 us-gaap:CommonStockMember

2016-01-01 2016-12-31 0000059440 us-gaap:CommonStockMember 2018-01-01 2018-12-31 0000059440

us-gaap:CommonStockMember 2017-01-01 2017-12-31 0000059440 us-gaap:NoncontrollingInterestMember

2018-01-01 2018-12-31 0000059440 us-gaap:AdditionalPaidInCapitalMember 2018-01-01 2018-12-31 0000059440

us-gaap:NoncontrollingInterestMember 2018-01-01 0000059440 us-gaap:AdditionalPaidInCapitalMember

2017-01-01 2017-12-31 0000059440 us-gaap:NoncontrollingInterestMember 2016-01-01 2016-12-31 0000059440

2016-12-31 0000059440 2015-12-31 0000059440 us-gaap:RetainedEarningsMember 2018-01-01 2018-12-31

0000059440 us-gaap:CommonStockMember 2017-12-31 0000059440 us-gaap:AdditionalPaidInCapitalMember

2016-01-01 2016-12-31 0000059440 us-gaap:CommonStockMember 2016-12-31 0000059440

us-gaap:CommonStockMember 2015-12-31 0000059440 2018-01-01 0000059440

us-gaap:AdditionalPaidInCapitalMember 2018-12-31 0000059440 us-gaap:RetainedEarningsMember 2016-12-31

0000059440 us-gaap:NoncontrollingInterestMember 2017-01-01 2017-12-31 0000059440

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2016-12-31 0000059440

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2016-01-01 2016-12-31 0000059440

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0000059440

us-gaap:RetainedEarningsMember 2018-01-01 0000059440 us-gaap:AdditionalPaidInCapitalMember 2017-12-31

0000059440 us-gaap:NoncontrollingInterestMember 2015-12-31 0000059440 us-gaap:RetainedEarningsMember

2016-01-01 2016-12-31 0000059440 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-01-01

2017-12-31 0000059440 us-gaap:RetainedEarningsMember 2015-12-31 0000059440

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 2018-12-31 0000059440

us-gaap:AccumulatedOtherComprehensiveIncomeMember 2015-12-31 0000059440

us-gaap:NoncontrollingInterestMember 2017-12-31 0000059440 us-gaap:NoncontrollingInterestMember 2018-12-31

0000059440 us-gaap:RetainedEarningsMember 2017-12-31 0000059440 us-gaap:NoncontrollingInterestMember

2016-12-31 0000059440 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-12-31 0000059440

us-gaap:RetainedEarningsMember 2018-12-31 0000059440 us-gaap:AdditionalPaidInCapitalMember 2016-12-31

0000059440 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-01-01 0000059440

srt:ScenarioPreviouslyReportedMember 2017-01-01 2017-12-31 0000059440

srt:ScenarioPreviouslyReportedMember 2016-01-01 2016-12-31 0000059440 srt:RestatementAdjustmentMember

us-gaap:AccountingStandardsUpdate201618Member 2016-01-01 2016-12-31 0000059440

srt:RestatementAdjustmentMember us-gaap:AccountingStandardsUpdate201618Member 2015-12-31 0000059440

srt:RestatementAdjustmentMember us-gaap:AccountingStandardsUpdate201618Member 2017-01-01 2017-12-31

0000059440 srt:RestatementAdjustmentMember us-gaap:AccountingStandardsUpdate201618Member 2017-12-31

0000059440 srt:RestatementAdjustmentMember us-gaap:AccountingStandardsUpdate201618Member 2016-12-31

0000059440 srt:ScenarioPreviouslyReportedMember 2016-12-31 0000059440

srt:ScenarioPreviouslyReportedMember 2015-12-31 0000059440 srt:ScenarioPreviouslyReportedMember

2017-12-31 0000059440 vgr:FirstLargestCustomerMember us-gaap:AccountsReivableMember

us-gaap:CustomerConcentrationRiskMember 2018-01-01 2018-12-31 0000059440 srt:MaximumMember

Edgar Filing: VECTOR GROUP LTD - Form 10-K

us-gaap:MachineryAndEquipmentMember 2018-01-01 2018-12-31 0000059440 vgr:FirstLargestCustomerMember  
us-gaap:SalesRevenueNetMember us-gaap:CustomerConcentrationRiskMember 2018-01-01 2018-12-31 0000059440  
srt:MaximumMember 2018-12-31 0000059440 us-gaap:ShippingAndHandlingMember 2016-01-01 2016-12-31  
0000059440 srt:MinimumMember 2018-12-31 0000059440 vgr:TobaccoandECigarettesMember 2018-01-01  
2018-12-31 0000059440 vgr:SecondLargestCustomerMember us-gaap:SalesRevenueNetMember  
us-gaap:CustomerConcentrationRiskMember 2017-01-01 2017-12-31 0000059440 vgr:FirstLargestCustomerMember  
us-gaap:AccountsReceivableMember us-gaap:CustomerConcentrationRiskMember 2017-01-01 2017-12-31  
0000059440 srt:MinimumMember us-gaap:MachineryAndEquipmentMember 2018-01-01 2018-12-31 0000059440  
srt:MaximumMember 2017-12-31 0000059440 vgr:SecondLargestCustomerMember  
us-gaap:AccountsReceivableMember us-gaap:CustomerConcentrationRiskMember 2017-01-01 2017-12-31  
0000059440 vgr:TobaccoandECigarettesMember 2016-01-01 2016-12-31 0000059440  
vgr:SecondLargestCustomerMember us-gaap:SalesRevenueNetMember us-gaap:CustomerConcentrationRiskMember  
2018-01-01 2018-12-31 0000059440 srt:MinimumMember 2017-12-31 0000059440  
us-gaap:AccountingStandardsUpdate201601Member 2018-01-01 0000059440 vgr:SecondLargestCustomerMember  
us-gaap:SalesRevenueNetMember us-gaap:CustomerConcentrationRiskMember 2016-01-01 2016-12-31 0000059440  
us-gaap:AccountingStandardsUpdate201601Member us-gaap:RetainedEarningsMember 2018-01-01 0000059440  
srt:MaximumMember us-gaap:BuildingMember 2018-01-01 2018-12-31 0000059440 srt:MinimumMember  
us-gaap:AccountingStandardsUpdate201602Member us-gaap:ScenarioForecastMember 2019-01-01 0000059440  
srt:RestatementAdjustmentMember 2016-01-01 2016-12-31 0000059440  
us-gaap:AccountingStandardsUpdate201601Member us-gaap:AccumulatedOtherComprehensiveIncomeMember  
2018-01-01 0000059440 vgr:FirstLargestCustomerMember us-gaap:SalesRevenueNetMember  
us-gaap:CustomerConcentrationRiskMember 2016-01-01 2016-12-31 0000059440  
srt:RestatementAdjustmentMember 2017-01-01 2017-12-31 0000059440 vgr:TobaccoandECigarettesMember  
2017-01-01 2017-12-31 0000059440 us-gaap:ShippingAndHandlingMember 2017-01-01 2017-12-31 0000059440  
vgr:FirstLargestCustomerMember us-gaap:SalesRevenueNetMember us-gaap:CustomerConcentrationRiskMember  
2017-01-01 2017-12-31 0000059440 vgr:SecondLargestCustomerMember us-gaap:AccountsReceivableMember  
us-gaap:CustomerConcentrationRiskMember 2018-01-01 2018-12-31 0000059440 srt:MaximumMember  
us-gaap:AccountingStandardsUpdate201602Member us-gaap:ScenarioForecastMember 2019-01-01 0000059440  
us-gaap:ShippingAndHandlingMember 2018-01-01 2018-12-31 0000059440 srt:MinimumMember  
us-gaap:BuildingMember 2018-01-01 2018-12-31 0000059440 srt:RestatementAdjustmentMember  
us-gaap:AccountingStandardsUpdate201707Member 2017-01-01 2017-12-31 0000059440  
srt:RestatementAdjustmentMember us-gaap:AccountingStandardsUpdate201707Member 2016-01-01 2016-12-31  
0000059440 us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2018-12-31  
0000059440 us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2016-12-31 0000059440  
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2018-12-31 0000059440  
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2017-12-31 0000059440  
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2016-12-31 0000059440  
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2018-12-31 0000059440  
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2017-12-31 0000059440  
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2016-12-31 0000059440  
us-gaap:AccumulatedNetGainLossFromDesignatedOrQualifyingCashFlowHedgesMember 2017-12-31 0000059440  
vgr:OtherRealEstateRevenuesMember vgr:SoutheastMember vgr:RealEstateSegmentMember 2016-01-01 2016-12-31  
0000059440 vgr:CommissionandOtherBrokerageIncomeMember vgr:NortheastMember  
vgr:RealEstateSegmentMember 2016-01-01 2016-12-31 0000059440 vgr:TitleFeesMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember vgr:RealEstateSegmentMember 2016-01-01  
2016-12-31 0000059440 vgr:CommissionandOtherBrokerageIncomeMember vgr:RealEstateSegmentMember  
2016-01-01 2016-12-31 0000059440 vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
vgr:RealEstateSegmentMember 2016-01-01 2016-12-31 0000059440 vgr:TitleFeesMember vgr:WestMember  
vgr:RealEstateSegmentMember 2016-01-01 2016-12-31 0000059440 vgr:PropertyManagementIncomeMember  
vgr:SoutheastMember vgr:RealEstateSegmentMember 2016-01-01 2016-12-31 0000059440  
vgr:CommissionandOtherBrokerageIncomeMember vgr:SoutheastMember vgr:RealEstateSegmentMember

Edgar Filing: VECTOR GROUP LTD - Form 10-K

2016-01-01 2016-12-31 0000059440 vgr:DevelopmentMarketingMember vgr:RealEstateSegmentMember  
2016-01-01 2016-12-31 0000059440 vgr:NortheastMember vgr:RealEstateSegmentMember 2016-01-01 2016-12-31  
0000059440 vgr:TotalDouglasEllimanRealityRevenueMember vgr:WestMember vgr:RealEstateSegmentMember  
2016-01-01 2016-12-31 0000059440 vgr:CommissionandOtherBrokerageIncomeMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember vgr:RealEstateSegmentMember 2016-01-01  
2016-12-31 0000059440 vgr:DevelopmentMarketingMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember vgr:RealEstateSegmentMember 2016-01-01  
2016-12-31 0000059440 vgr:TitleFeesMember vgr:SoutheastMember vgr:RealEstateSegmentMember 2016-01-01  
2016-12-31 0000059440 vgr:OtherRealEstateRevenuesMember vgr:RealEstateSegmentMember 2016-01-01  
2016-12-31 0000059440 vgr:PropertyManagementIncomeMember vgr:RealEstateSegmentMember 2016-01-01  
2016-12-31 0000059440 vgr:DevelopmentMarketingMember vgr:WestMember vgr:RealEstateSegmentMember  
2016-01-01 2016-12-31 0000059440 vgr:DevelopmentMarketingMember vgr:SoutheastMember  
vgr:RealEstateSegmentMember 2016-01-01 2016-12-31 0000059440  
vgr:CommissionandOtherBrokerageIncomeMember vgr:WestMember vgr:RealEstateSegmentMember 2016-01-01  
2016-12-31 0000059440 vgr:OtherRealEstateRevenuesMember vgr:WestMember vgr:RealEstateSegmentMember  
2016-01-01 2016-12-31 0000059440 vgr:TotalDouglasEllimanRealityRevenueMember vgr:NortheastMember  
vgr:RealEstateSegmentMember 2016-01-01 2016-12-31 0000059440  
vgr:TotalDouglasEllimanRealityRevenueMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
vgr:RealEstateSegmentMember 2016-01-01 2016-12-31 0000059440 vgr:TitleFeesMember vgr:NortheastMember  
vgr:RealEstateSegmentMember 2016-01-01 2016-12-31 0000059440 vgr:TitleFeesMember  
vgr:RealEstateSegmentMember 2016-01-01 2016-12-31 0000059440 vgr:DevelopmentMarketingMember  
vgr:NortheastMember vgr:RealEstateSegmentMember 2016-01-01 2016-12-31 0000059440  
vgr:OtherRealEstateRevenuesMember vgr:NortheastMember vgr:RealEstateSegmentMember 2016-01-01 2016-12-31  
0000059440 vgr:PropertyManagementIncomeMember vgr:WestMember vgr:RealEstateSegmentMember 2016-01-01  
2016-12-31 0000059440 vgr:TotalDouglasEllimanRealityRevenueMember vgr:RealEstateSegmentMember  
2016-01-01 2016-12-31 0000059440 vgr:TotalDouglasEllimanRealityRevenueMember vgr:SoutheastMember  
vgr:RealEstateSegmentMember 2016-01-01 2016-12-31 0000059440 vgr:PropertyManagementIncomeMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember vgr:RealEstateSegmentMember 2016-01-01  
2016-12-31 0000059440 vgr:OtherRealEstateRevenuesMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember vgr:RealEstateSegmentMember 2016-01-01  
2016-12-31 0000059440 vgr:SoutheastMember vgr:RealEstateSegmentMember 2016-01-01 2016-12-31 0000059440  
vgr:PropertyManagementIncomeMember vgr:NortheastMember vgr:RealEstateSegmentMember 2016-01-01  
2016-12-31 0000059440 vgr:WestMember vgr:RealEstateSegmentMember 2016-01-01 2016-12-31 0000059440  
vgr:TotalDouglasEllimanRealityRevenueMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
vgr:RealEstateSegmentMember 2017-01-01 2017-12-31 0000059440 vgr:OtherRealEstateRevenuesMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember vgr:RealEstateSegmentMember 2017-01-01  
2017-12-31 0000059440 vgr:PropertyManagementIncomeMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember vgr:RealEstateSegmentMember 2017-01-01  
2017-12-31 0000059440 vgr:TitleFeesMember vgr:SoutheastMember vgr:RealEstateSegmentMember 2017-01-01  
2017-12-31 0000059440 vgr:CommissionandOtherBrokerageIncomeMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember vgr:RealEstateSegmentMember 2017-01-01  
2017-12-31 0000059440 vgr:TitleFeesMember vgr:WestMember vgr:RealEstateSegmentMember 2017-01-01  
2017-12-31 0000059440 vgr:DevelopmentMarketingMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember vgr:RealEstateSegmentMember 2017-01-01  
2017-12-31 0000059440 vgr:OtherRealEstateRevenuesMember vgr:WestMember vgr:RealEstateSegmentMember  
2017-01-01 2017-12-31 0000059440 vgr:CommissionandOtherBrokerageIncomeMember  
vgr:RealEstateSegmentMember 2017-01-01 2017-12-31 0000059440  
vgr:TotalDouglasEllimanRealityRevenueMember vgr:NortheastMember vgr:RealEstateSegmentMember 2017-01-01  
2017-12-31 0000059440 vgr:PropertyManagementIncomeMember vgr:NortheastMember  
vgr:RealEstateSegmentMember 2017-01-01 2017-12-31 0000059440 vgr:OtherRealEstateRevenuesMember  
vgr:RealEstateSegmentMember 2017-01-01 2017-12-31 0000059440 vgr:WestMember

Edgar Filing: VECTOR GROUP LTD - Form 10-K

vgr:RealEstateSegmentMember 2017-01-01 2017-12-31 0000059440  
vgr:TotalDouglasEllimanRealtyRevenueMember vgr:RealEstateSegmentMember 2017-01-01 2017-12-31  
0000059440 vgr:TotalDouglasEllimanRealtyRevenueMember vgr:WestMember vgr:RealEstateSegmentMember  
2017-01-01 2017-12-31 0000059440 vgr:TitleFeesMember vgr:RealEstateSegmentMember 2017-01-01 2017-12-31  
0000059440 vgr:PropertyManagementIncomeMember vgr:WestMember vgr:RealEstateSegmentMember 2017-01-01  
2017-12-31 0000059440 vgr:SoutheastMember vgr:RealEstateSegmentMember 2017-01-01 2017-12-31 0000059440  
vgr:OtherRealEstateRevenuesMember vgr:SoutheastMember vgr:RealEstateSegmentMember 2017-01-01 2017-12-31  
0000059440 vgr:PropertyManagementIncomeMember vgr:SoutheastMember vgr:RealEstateSegmentMember  
2017-01-01 2017-12-31 0000059440 vgr:TotalDouglasEllimanRealtyRevenueMember vgr:SoutheastMember  
vgr:RealEstateSegmentMember 2017-01-01 2017-12-31 0000059440  
vgr:CommissionandOtherBrokerageIncomeMember vgr:NortheastMember vgr:RealEstateSegmentMember  
2017-01-01 2017-12-31 0000059440 vgr:TitleFeesMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember vgr:RealEstateSegmentMember 2017-01-01  
2017-12-31 0000059440 vgr:OtherRealEstateRevenuesMember vgr:NortheastMember  
vgr:RealEstateSegmentMember 2017-01-01 2017-12-31 0000059440 vgr:NortheastMember  
vgr:RealEstateSegmentMember 2017-01-01 2017-12-31 0000059440 vgr:DevelopmentMarketingMember  
vgr:NortheastMember vgr:RealEstateSegmentMember 2017-01-01 2017-12-31 0000059440  
vgr:CommissionandOtherBrokerageIncomeMember vgr:SoutheastMember vgr:RealEstateSegmentMember  
2017-01-01 2017-12-31 0000059440 vgr:TitleFeesMember vgr:NortheastMember vgr:RealEstateSegmentMember  
2017-01-01 2017-12-31 0000059440 vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
vgr:RealEstateSegmentMember 2017-01-01 2017-12-31 0000059440  
vgr:CommissionandOtherBrokerageIncomeMember vgr:WestMember vgr:RealEstateSegmentMember 2017-01-01  
2017-12-31 0000059440 vgr:PropertyManagementIncomeMember vgr:RealEstateSegmentMember 2017-01-01  
2017-12-31 0000059440 vgr:DevelopmentMarketingMember vgr:WestMember vgr:RealEstateSegmentMember  
2017-01-01 2017-12-31 0000059440 vgr:DevelopmentMarketingMember vgr:RealEstateSegmentMember  
2017-01-01 2017-12-31 0000059440 vgr:DevelopmentMarketingMember vgr:SoutheastMember  
vgr:RealEstateSegmentMember 2017-01-01 2017-12-31 0000059440 vgr:TitleFeesMember vgr:NortheastMember  
vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440 vgr:DevelopmentMarketingMember  
vgr:SoutheastMember vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440  
vgr:DevelopmentMarketingMember vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440  
vgr:TitleFeesMember vgr:SoutheastMember vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440  
vgr:SoutheastMember vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440  
vgr:OtherRealEstateRevenuesMember vgr:SoutheastMember vgr:RealEstateSegmentMember 2018-01-01 2018-12-31  
0000059440 vgr:CommissionandOtherBrokerageIncomeMember vgr:SoutheastMember  
vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440  
vgr:TotalDouglasEllimanRealtyRevenueMember vgr:WestMember vgr:RealEstateSegmentMember 2018-01-01  
2018-12-31 0000059440 vgr:PropertyManagementIncomeMember vgr:RealEstateSegmentMember 2018-01-01  
2018-12-31 0000059440 vgr:TotalDouglasEllimanRealtyRevenueMember vgr:SoutheastMember  
vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440 vgr:TitleFeesMember vgr:WestMember  
vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440 vgr:TitleFeesMember  
vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440 vgr:PropertyManagementIncomeMember  
vgr:SoutheastMember vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440  
vgr:OtherRealEstateRevenuesMember vgr:WestMember vgr:RealEstateSegmentMember 2018-01-01 2018-12-31  
0000059440 vgr:CommissionandOtherBrokerageIncomeMember vgr:RealEstateSegmentMember 2018-01-01  
2018-12-31 0000059440 vgr:WestMember vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440  
vgr:PropertyManagementIncomeMember vgr:WestMember vgr:RealEstateSegmentMember 2018-01-01 2018-12-31  
0000059440 vgr:DevelopmentMarketingMember vgr:WestMember vgr:RealEstateSegmentMember 2018-01-01  
2018-12-31 0000059440 vgr:PropertyManagementIncomeMember vgr:NortheastMember  
vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440  
vgr:TotalDouglasEllimanRealtyRevenueMember vgr:RealEstateSegmentMember 2018-01-01 2018-12-31  
0000059440 vgr:OtherRealEstateRevenuesMember vgr:NortheastMember vgr:RealEstateSegmentMember

Edgar Filing: VECTOR GROUP LTD - Form 10-K

2018-01-01 2018-12-31 0000059440 vgr:CommissionandOtherBrokerageIncomeMember vgr:WestMember  
vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440  
vgr:CommissionandOtherBrokerageIncomeMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440  
vgr:TotalDouglasEllimanRealtyRevenueMember vgr:NortheastMember vgr:RealEstateSegmentMember 2018-01-01  
2018-12-31 0000059440 vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440 vgr:DevelopmentMarketingMember  
vgr:NortheastMember vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440  
vgr:TotalDouglasEllimanRealtyRevenueMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440 vgr:PropertyManagementIncomeMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember vgr:RealEstateSegmentMember 2018-01-01  
2018-12-31 0000059440 vgr:NortheastMember vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440  
vgr:OtherRealEstateRevenuesMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440  
vgr:CommissionandOtherBrokerageIncomeMember vgr:NortheastMember vgr:RealEstateSegmentMember  
2018-01-01 2018-12-31 0000059440 vgr:DevelopmentMarketingMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember vgr:RealEstateSegmentMember 2018-01-01  
2018-12-31 0000059440 vgr:TitleFeesMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440 vgr:OtherRealEstateRevenuesMember  
vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440  
us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2018-12-31 0000059440  
us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-12-31 0000059440  
us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2018-01-01 2018-12-31 0000059440  
us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member  
vgr:TobaccoSegmentMember 2018-01-01 2018-12-31 0000059440  
us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 2018-12-31  
0000059440 us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member  
vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440  
us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member vgr:TobaccoSegmentMember  
2018-01-01 2018-12-31 0000059440 us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member  
vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440  
us-gaap:AccountingStandardsUpdate201409Member 2018-12-31 0000059440  
us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member  
vgr:RealEstateSegmentMember 2018-12-31 0000059440 vgr:PreviouslyDeferredContractCostsMember  
us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 2018-12-31  
0000059440 srt:ScenarioPreviouslyReportedMember us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member  
vgr:RealEstateSegmentMember 2018-01-01 0000059440 us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member  
vgr:RealEstateSegmentMember 2018-01-01 0000059440 vgr:RealEstateDevelopmentMarketingMember  
us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 2018-12-31  
0000059440 vgr:TobaccoSalesReturnsMember us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 2018-12-31  
0000059440 us-gaap:AccountingStandardsUpdate201409Member

Edgar Filing: VECTOR GROUP LTD - Form 10-K

us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member  
vgr:TobaccoSegmentMember 2018-01-01 0000059440 vgr:RealEstateDevelopmentMarketingMember  
us-gaap:AccountingStandardsUpdate201409Member vgr:RealEstateSegmentMember 2018-01-01 0000059440  
us-gaap:AccountingStandardsUpdate201409Member vgr:RealEstateSegmentMember  
us-gaap:RetainedEarningsMember 2018-01-01 0000059440 vgr:RealEstateCommercialLeasingMember  
us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-12-31 0000059440  
vgr:RealEstateCommercialLeasingCommissionsMember us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 2018-12-31  
0000059440 us-gaap:AccountingStandardsUpdate201409Member 2018-01-01 2018-01-01 0000059440 2018-01-01  
2018-01-01 0000059440 srt:ScenarioPreviouslyReportedMember  
us-gaap:AccountingStandardsUpdate201409Member vgr:RealEstateSegmentMember  
us-gaap:RetainedEarningsMember 2018-01-01 0000059440 us-gaap:AccountingStandardsUpdate201409Member  
vgr:RealEstateSegmentMember 2018-01-01 0000059440 vgr:RealEstateCommercialLeasingMember  
us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 2018-12-31  
0000059440 vgr:TobaccoSalesReturnsMember us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-12-31 0000059440  
vgr:RealEstateCommercialLeasingMember us-gaap:AccountingStandardsUpdate201409Member  
vgr:RealEstateSegmentMember 2018-01-01 0000059440 vgr:IncentivePaymentsMember  
us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 2018-12-31  
0000059440 vgr:RealEstateBusinessMember us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 2018-12-31  
0000059440 vgr:TobaccoShippingandHandlingCostsMember us-gaap:AccountingStandardsUpdate201409Member  
us-gaap:DifferenceBetweenRevenueGuidanceInEffectBeforeAndAfterTopic606Member 2018-01-01 2018-12-31  
0000059440 srt:ScenarioPreviouslyReportedMember  
us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member 2017-12-31 0000059440  
vgr:OtherBrandsMember vgr:TobaccoMember 2018-01-01 2018-12-31 0000059440  
vgr:CoreDiscountBrandsPyramidGrandPrixLiggettSelectEveandEAGLE20sMember vgr:TobaccoMember  
2016-01-01 2016-12-31 0000059440  
vgr:CoreDiscountBrandsPyramidGrandPrixLiggettSelectEveandEAGLE20sMember vgr:TobaccoMember  
2017-01-01 2017-12-31 0000059440 vgr:TobaccoMember 2018-01-01 2018-12-31 0000059440  
vgr:OtherBrandsMember vgr:TobaccoMember 2016-01-01 2016-12-31 0000059440  
vgr:CoreDiscountBrandsPyramidGrandPrixLiggettSelectEveandEAGLE20sMember vgr:TobaccoMember  
2018-01-01 2018-12-31 0000059440 vgr:OtherBrandsMember vgr:TobaccoMember 2017-01-01 2017-12-31  
0000059440 vgr:TobaccoMember 2016-01-01 2016-12-31 0000059440 vgr:TobaccoMember 2017-01-01 2017-12-31  
0000059440 2023-01-01 2018-12-31 0000059440 2018-09-27 0000059440  
us-gaap:ConvertibleDebtSecuritiesMember 2018-01-01 2018-12-31 0000059440  
us-gaap:ConvertibleDebtSecuritiesMember 2016-01-01 2016-12-31 0000059440  
us-gaap:ConvertibleDebtSecuritiesMember 2017-01-01 2017-12-31 0000059440 2016-09-29 0000059440  
2017-09-28 0000059440 us-gaap:EquitySecuritiesMember 2017-12-31 0000059440  
us-gaap:FixedIncomeFundsMember 2017-12-31 0000059440 us-gaap:DebtSecuritiesMember 2017-12-31  
0000059440 us-gaap:FairValueInputsLevel1Member vgr:MarketableEquitySecuritiesMember 2018-12-31  
0000059440 us-gaap:FairValueInputsLevel1Member us-gaap:FixedIncomeFundsMember 2018-12-31 0000059440  
vgr:MarketableDebtSecuritiesMember 2018-12-31 0000059440  
vgr:CorporateSecuritiesandU.S.GovernmentSecuritiesMember 2018-01-01 2018-12-31 0000059440  
vgr:CorporateSecuritiesandU.S.GovernmentSecuritiesMember 2017-01-01 2017-12-31 0000059440  
vgr:CorporateSecuritiesandU.S.GovernmentSecuritiesMember 2016-01-01 2016-12-31 0000059440  
us-gaap:CommercialMortgageBackedSecuritiesMember 2018-12-31 0000059440 us-gaap:DebtSecuritiesMember  
2018-12-31 0000059440 us-gaap:CorporateDebtSecuritiesMember 2018-12-31 0000059440

Edgar Filing: VECTOR GROUP LTD - Form 10-K

us-gaap:USTreasurySecuritiesMember 2018-12-31 0000059440 vgr:ForeignFixedIncomeSecuritiesMember 2018-12-31 0000059440 us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2018-12-31 0000059440 us-gaap:CommercialPaperNotIncludedWithCashAndCashEquivalentsMember 2018-12-31 0000059440 us-gaap:USGovernmentAgenciesDebtSecuritiesMember 2018-12-31 0000059440 vgr:OtherRawMaterialsMember 2018-12-31 0000059440 vgr:WorkinProcessMember 2018-12-31 0000059440 vgr:OtherRawMaterialsMember 2017-12-31 0000059440 vgr:FinishedGoodsMember 2018-12-31 0000059440 vgr:WorkinProcessMember 2017-12-31 0000059440 us-gaap:InventoriesMember 2018-12-31 0000059440 us-gaap:CostOfGoodsTotalMember 2018-01-01 2018-12-31 0000059440 us-gaap:InventoriesMember 2017-12-31 0000059440 us-gaap:CostOfGoodsTotalMember 2017-01-01 2017-12-31 0000059440 vgr:LiggettMember us-gaap:InventoriesMember 2018-01-01 2018-12-31 0000059440 vgr:LeafTobaccoMember 2018-12-31 0000059440 vgr:LeafTobaccoMember 2017-12-31 0000059440 vgr:FinishedGoodsMember 2017-12-31 0000059440 vgr:LiggettMember us-gaap:CapitalAdditionsMember 2018-01-01 2018-12-31 0000059440 us-gaap:LandAndLandImprovementsMember 2017-12-31 0000059440 us-gaap:BuildingMember 2017-12-31 0000059440 us-gaap:LandAndLandImprovementsMember 2018-12-31 0000059440 us-gaap:LeaseholdImprovementsMember 2017-12-31 0000059440 us-gaap:LeaseholdImprovementsMember 2018-12-31 0000059440 us-gaap:MachineryAndEquipmentMember 2018-12-31 0000059440 us-gaap:MachineryAndEquipmentMember 2017-12-31 0000059440 us-gaap:BuildingMember 2018-12-31 0000059440 vgr:CastleBrandsMember 2017-09-30 0000059440 vgr:CastleBrandsMember 2018-09-30 0000059440 vgr:IndianCreekandBoyarValueFundMember 2017-12-31 0000059440 vgr:IndianCreekandBoyarValueFundMember 2018-12-31 0000059440 vgr:LadenburgThalmannFinancialServicesMember 2018-09-30 0000059440 vgr:LadenburgThalmannFinancialServicesMember 2017-09-30 0000059440 us-gaap:SecuritiesInvestmentMember 2017-12-31 0000059440 vgr:CastleBrandsMember 2015-10-01 2016-09-30 0000059440 vgr:CastleBrandsMember 2016-10-01 2017-09-30 0000059440 vgr:CastleBrandsMember 2017-10-01 2018-09-30 0000059440 vgr:BoyarValueFundMember 2018-12-31 0000059440 vgr:LadenburgThalmannFinancialServicesInc.Member 2018-12-31 0000059440 vgr:LadenburgThalmannFinancialServicesInc.Member 2017-12-31 0000059440 vgr:BoyarValueFundMember 2017-12-31 0000059440 vgr:CastleBrandsMember 2018-12-31 0000059440 vgr:IndianCreekInvestorsLPMember 2018-12-31 0000059440 vgr:IndianCreekInvestorsLPMember 2017-12-31 0000059440 vgr:CastleBrandsMember 2017-12-31 0000059440 vgr:FiveNewInvestmentFundsMember us-gaap:SecuritiesInvestmentMember 2017-01-01 2017-12-31 0000059440 srt:MaximumMember 2018-01-01 2018-12-31 0000059440 us-gaap:OtherAssetsMember 2018-12-31 0000059440 vgr:IndianCreekInvestorsLPMember 2018-01-01 2018-12-31 0000059440 2018-10-01 2018-12-31 0000059440 srt:MinimumMember 2018-01-01 2018-12-31 0000059440 vgr:OneExistingInvestmentMember us-gaap:SecuritiesInvestmentMember 2017-01-01 2017-12-31 0000059440 vgr:LadenburgThalmannFinancialServicesMember 2018-12-31 0000059440 vgr:IndianCreekandBoyarValueFundMember 2017-01-01 2017-12-31 0000059440 vgr:IndianCreekandBoyarValueFundMember 2018-01-01 2018-12-31 0000059440 vgr:IndianCreekandBoyarValueFundMember 2016-01-01 2016-12-31 0000059440 vgr:LadenburgThalmannFinancialServicesMember 2016-10-01 2017-09-30 0000059440 vgr:LadenburgThalmannFinancialServicesMember 2015-10-01 2016-09-30 0000059440 vgr:LadenburgThalmannFinancialServicesMember 2017-10-01 2018-09-30 0000059440 vgr:NewValleyLlcMember vgr:ApartmentandOfficeBuildingsMember 2016-01-01 2016-12-31 0000059440 vgr:NewValleyLlcMember vgr:ApartmentandOfficeBuildingsMember 2018-01-01 2018-12-31 0000059440 vgr:NewValleyLlcMember vgr:ApartmentandOfficeBuildingsMember 2017-01-01 2017-12-31 0000059440 vgr:NewValleyLlcMember srt:OtherPropertyMember 2018-01-01 2018-12-31 0000059440 vgr:NewValleyLlcMember srt:OtherPropertyMember 2017-01-01 2017-12-31 0000059440 vgr:NewValleyLlcMember srt:OtherPropertyMember 2016-01-01 2016-12-31 0000059440 vgr:NewValleyLlcMember vgr:A10MadisonSquareWestMember 2017-12-31 0000059440 vgr:NewValleyLlcMember vgr:GreenwichMember 2017-01-01 2017-12-31 0000059440 vgr:NewValleyLlcMember vgr:GreenwichMember 2018-01-01 2018-12-31 0000059440 vgr:NewValleyLlcMember vgr:GreenwichMember 2016-01-01 2016-12-31 0000059440 vgr:NewValleyLlcMember srt:RetailSiteMember 2018-12-31 0000059440 vgr:NewValleyLlcMember srt:HotelMember us-gaap:NonUsMember 2018-12-31 0000059440 vgr:NewValleyLlcMember srt:MultifamilyMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2018-12-31 0000059440

Edgar Filing: VECTOR GROUP LTD - Form 10-K

vgr:NewValleyLlcMember srt:OtherPropertyMember 2018-12-31 0000059440 vgr:NewValleyLlcMember  
srt:RetailSiteMember vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember  
2018-12-31 0000059440 vgr:NewValleyLlcMember srt:HotelMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2018-12-31 0000059440 vgr:NewValleyLlcMember  
srt:MultifamilyMember vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember  
2018-12-31 0000059440 vgr:NewValleyLlcMember srt:HotelMember 2018-12-31 0000059440  
vgr:NewValleyLlcMember srt:RetailSiteMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
2018-12-31 0000059440 vgr:NewValleyLlcMember 2018-12-31 0000059440 vgr:NewValleyLlcMember  
srt:MultifamilyMember 2018-12-31 0000059440 vgr:NewValleyLlcMember 2018-01-01 2018-12-31 0000059440  
vgr:DouglasEllimanMember 2018-01-01 2018-12-31 0000059440 vgr:NewValleyLlcMember  
srt:OtherPropertyMember vgr:OneNewYorkSMSAVentureMember 2018-12-31 0000059440  
vgr:NewValleyLlcMember 2017-01-01 2017-12-31 0000059440 vgr:DouglasEllimanMember 2016-01-01  
2016-12-31 0000059440 vgr:NewValleyLlcMember us-gaap:VariableInterestEntityPrimaryBeneficiaryMember  
2018-12-31 0000059440 vgr:DouglasEllimanRealtyLlcMember 2018-01-01 2018-12-31 0000059440  
vgr:DouglasEllimanRealtyLlcMember 2017-01-01 2017-12-31 0000059440 vgr:NewValleyLlcMember  
srt:MultifamilyMember vgr:NewYorkCitySMSACondominiumandMixedUsedDevelopmentMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2016-01-01 2016-12-31 0000059440  
vgr:NewValleyLlcMember srt:HotelMember vgr:OneNewYorkSMSAVentureMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2018-12-31 0000059440 vgr:NewValleyLlcMember  
vgr:EscenaMember 2017-01-01 2017-12-31 0000059440 vgr:NewValleyLlcMember vgr:SagaponackMember  
2018-12-31 0000059440 vgr:NewValleyLlcMember srt:OtherPropertyMember  
vgr:OneNewYorkSMSAVentureMember 2018-01-01 2018-12-31 0000059440 vgr:NewValleyLlcMember  
vgr:AnotherProjectMember us-gaap:PaymentGuaranteeMember 2018-12-31 0000059440 vgr:NewValleyLlcMember  
srt:OtherPropertyMember vgr:OneNewYorkSMSAVentureMember 2017-01-01 2017-12-31 0000059440  
vgr:NewValleyLlcMember vgr:SagaponackMember 2015-04-01 2015-04-30 0000059440 vgr:NewValleyLlcMember  
vgr:MonadTerraceMember 2016-12-31 0000059440 vgr:NewValleyLlcMember srt:OtherPropertyMember  
vgr:WitkoffEB5CapitalPartnersMember 2018-12-31 0000059440 vgr:NewValleyLlcMember srt:MultifamilyMember  
vgr:NewYorkCitySMSACondominiumandMixedUsedDevelopmentMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2018-01-01 2018-12-31 0000059440  
vgr:NewValleyLlcMember us-gaap:VariableInterestEntityPrimaryBeneficiaryMember 2017-12-31 0000059440  
vgr:DouglasEllimanRealtyLlcMember 2016-01-01 2016-12-31 0000059440 vgr:NewValleyLlcMember  
vgr:EscenaMember 2009-04-30 0000059440 vgr:NewValleyLlcMember vgr:OneProjectMember  
us-gaap:PaymentGuaranteeMember 2018-12-31 0000059440 us-gaap:FairValueInputsLevel3Member 2018-12-31  
0000059440 vgr:DouglasEllimanMember 2017-01-01 2017-12-31 0000059440 vgr:NewValleyLlcMember  
vgr:EscenaMember 2018-01-01 2018-12-31 0000059440 vgr:NewValleyLlcMember vgr:MonadTerraceMember  
2018-12-31 0000059440 vgr:NewValleyLlcMember srt:OtherPropertyMember  
vgr:OneNewYorkSMSAVentureMember 2016-01-01 2016-12-31 0000059440 vgr:DouglasEllimanMember  
2018-12-31 0000059440 vgr:DouglasEllimanMember 2018-12-31 2018-12-31 0000059440  
vgr:DouglasEllimanMember 2018-01-01 2018-12-31 0000059440 vgr:NewValleyLlcMember vgr:EscenaMember  
2016-01-01 2016-12-31 0000059440 vgr:NewValleyLlcMember vgr:EscenaMember 2008-03-31 0000059440  
vgr:NewValleyLlcMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2017-01-01 2017-12-31  
0000059440 vgr:DouglasEllimanMember 2017-01-01 2017-12-31 0000059440 vgr:NewValleyLlcMember  
srt:OtherPropertyMember vgr:WitkoffEB5CapitalPartnersMember 2018-09-30 0000059440 srt:MultifamilyMember  
vgr:NewYorkCitySMSACondominiumandMixedUsedDevelopmentMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2018-01-01 2018-12-31 0000059440  
vgr:NewValleyLlcMember srt:MultifamilyMember  
vgr:NewYorkCitySMSACondominiumandMixedUsedDevelopmentMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2018-12-31 0000059440 vgr:NewValleyLlcMember  
srt:MultifamilyMember vgr:NewYorkCitySMSACondominiumandMixedUsedDevelopmentMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2017-01-01 2017-12-31 0000059440  
vgr:NewValleyLlcMember vgr:MonadTerraceMember 2017-12-31 0000059440 vgr:DouglasEllimanMember



Edgar Filing: VECTOR GROUP LTD - Form 10-K

2016-01-01 2016-12-31 0000059440 vgr:NewValleyLlcMember vgr:ApartmentandOfficeBuildingsMember  
2018-12-31 0000059440 vgr:NewValleyLlcMember vgr:ApartmentandOfficeBuildingsMember 2017-12-31  
0000059440 vgr:NewValleyLlcMember vgr:A1QPSTowerMember 2017-12-31 0000059440  
vgr:NewValleyLlcMember vgr:A1QPSTowerMember 2018-12-31 0000059440 vgr:NewValleyLlcMember  
srt:MultifamilyMember 2017-12-31 0000059440 vgr:NewValleyLlcMember srt:HotelMember 2017-12-31  
0000059440 vgr:NewValleyLlcMember srt:MultifamilyMember  
vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember 2017-01-01 2017-12-31  
0000059440 vgr:NewValleyLlcMember srt:RetailSiteMember  
vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember 2018-01-01 2018-12-31  
0000059440 vgr:NewValleyLlcMember srt:RetailSiteMember 2017-01-01 2017-12-31 0000059440  
vgr:NewValleyLlcMember srt:ApartmentBuildingMember 2018-01-01 2018-12-31 0000059440  
vgr:NewValleyLlcMember srt:ApartmentBuildingMember 2017-01-01 2017-12-31 0000059440  
vgr:NewValleyLlcMember srt:HotelMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
2018-01-01 2018-12-31 0000059440 vgr:NewValleyLlcMember srt:HotelMember 2018-01-01 2018-12-31  
0000059440 vgr:NewValleyLlcMember srt:MultifamilyMember 2017-01-01 2017-12-31 0000059440  
vgr:NewValleyLlcMember srt:HotelMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
2017-01-01 2017-12-31 0000059440 vgr:NewValleyLlcMember srt:HotelMember 2017-01-01 2017-12-31  
0000059440 vgr:NewValleyLlcMember srt:MultifamilyMember 2018-01-01 2018-12-31 0000059440  
vgr:NewValleyLlcMember srt:MultifamilyMember  
vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember 2018-01-01 2018-12-31  
0000059440 vgr:NewValleyLlcMember srt:RetailSiteMember 2018-01-01 2018-12-31 0000059440  
vgr:NewValleyLlcMember srt:RetailSiteMember  
vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember 2017-01-01 2017-12-31  
0000059440 vgr:NewValleyLlcMember srt:MultifamilyMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2018-01-01 2018-12-31 0000059440  
vgr:NewValleyLlcMember srt:MultifamilyMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
2017-01-01 2017-12-31 0000059440 vgr:NewValleyLlcMember vgr:GreenwichMember 2018-12-31 0000059440  
vgr:NewValleyLlcMember vgr:GreenwichMember 2017-12-31 0000059440 vgr:NewValleyLlcMember  
srt:ApartmentBuildingMember  
vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember 2017-01-01 2017-12-31  
0000059440 vgr:NewValleyLlcMember srt:RetailSiteMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2018-01-01 2018-12-31 0000059440  
vgr:NewValleyLlcMember srt:ApartmentBuildingMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2018-01-01 2018-12-31 0000059440  
vgr:NewValleyLlcMember srt:RetailSiteMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
2017-01-01 2017-12-31 0000059440 vgr:NewValleyLlcMember srt:ApartmentBuildingMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2017-01-01 2017-12-31 0000059440  
vgr:NewValleyLlcMember srt:HotelMember us-gaap:NonUsMember 2018-01-01 2018-12-31 0000059440  
vgr:NewValleyLlcMember srt:ApartmentBuildingMember  
vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember 2018-01-01 2018-12-31  
0000059440 vgr:NewValleyLlcMember srt:HotelMember us-gaap:NonUsMember 2017-01-01 2017-12-31  
0000059440 vgr:NewValleyLlcMember vgr:A1QPSTowerMember 2017-01-01 2017-12-31 0000059440  
vgr:NewValleyLlcMember vgr:A1QPSTowerMember 2018-01-01 2018-12-31 0000059440  
vgr:NewValleyLlcMember vgr:A1QPSTowerMember 2016-01-01 2016-12-31 0000059440  
vgr:NewValleyLlcMember srt:MultifamilyMember  
vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember 2017-12-31 0000059440  
vgr:NewValleyLlcMember srt:HotelMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
2017-12-31 0000059440 vgr:NewValleyLlcMember 2017-12-31 0000059440 vgr:NewValleyLlcMember  
srt:OtherPropertyMember 2017-12-31 0000059440 vgr:NewValleyLlcMember srt:HotelMember  
us-gaap:NonUsMember 2017-12-31 0000059440 vgr:NewValleyLlcMember srt:ApartmentBuildingMember  
vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember 2017-12-31 0000059440

Edgar Filing: VECTOR GROUP LTD - Form 10-K

vgr:NewValleyLlcMember srt:RetailSiteMember 2017-12-31 0000059440 vgr:NewValleyLlcMember  
srt:ApartmentBuildingMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2018-12-31  
0000059440 vgr:NewValleyLlcMember srt:ApartmentBuildingMember 2018-12-31 0000059440  
vgr:NewValleyLlcMember srt:RetailSiteMember  
vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember 2017-12-31 0000059440  
vgr:NewValleyLlcMember srt:RetailSiteMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
2017-12-31 0000059440 vgr:NewValleyLlcMember srt:ApartmentBuildingMember  
vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember 2018-12-31 0000059440  
vgr:NewValleyLlcMember srt:ApartmentBuildingMember 2017-12-31 0000059440 vgr:NewValleyLlcMember  
srt:ApartmentBuildingMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2017-12-31  
0000059440 vgr:NewValleyLlcMember srt:MultifamilyMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2017-12-31 0000059440 vgr:NewValleyLlcMember  
vgr:EscenaMember 2018-12-31 0000059440 vgr:NewValleyLlcMember vgr:EscenaMember 2017-12-31 0000059440  
vgr:NewValleyLlcMember vgr:A10MadisonSquareWestMember 2016-01-01 2016-12-31 0000059440  
vgr:NewValleyLlcMember vgr:A10MadisonSquareWestMember 2017-01-01 2017-12-31 0000059440  
vgr:NewValleyLlcMember vgr:A10MadisonSquareWestMember 2018-01-01 2018-12-31 0000059440  
vgr:NewValleyLlcMember vgr:SagaponackMember 2017-12-31 0000059440 vgr:NewValleyLlcMember  
srt:HotelMember 2016-01-01 2016-12-31 0000059440 vgr:NewValleyLlcMember srt:MultifamilyMember  
2016-01-01 2016-12-31 0000059440 vgr:NewValleyLlcMember srt:HotelMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2016-01-01 2016-12-31 0000059440  
vgr:NewValleyLlcMember srt:MultifamilyMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
2016-01-01 2016-12-31 0000059440 vgr:NewValleyLlcMember srt:RetailSiteMember  
vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember 2016-01-01 2016-12-31  
0000059440 vgr:NewValleyLlcMember srt:RetailSiteMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2016-01-01 2016-12-31 0000059440  
vgr:NewValleyLlcMember srt:ApartmentBuildingMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2016-01-01 2016-12-31 0000059440  
vgr:NewValleyLlcMember srt:HotelMember us-gaap:NonUsMember 2016-01-01 2016-12-31 0000059440  
vgr:NewValleyLlcMember 2016-01-01 2016-12-31 0000059440 vgr:NewValleyLlcMember  
srt:ApartmentBuildingMember  
vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember 2016-01-01 2016-12-31  
0000059440 vgr:NewValleyLlcMember srt:RetailSiteMember 2016-01-01 2016-12-31 0000059440  
vgr:NewValleyLlcMember srt:ApartmentBuildingMember 2016-01-01 2016-12-31 0000059440  
vgr:NewValleyLlcMember srt:MultifamilyMember  
vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember 2016-01-01 2016-12-31  
0000059440 vgr:NewValleyLlcMember srt:ApartmentBuildingMember srt:MaximumMember  
vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember 2018-12-31 0000059440  
vgr:NewValleyLlcMember srt:MaximumMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
2018-12-31 0000059440 vgr:NewValleyLlcMember srt:OtherPropertyMember srt:MinimumMember 2018-12-31  
0000059440 vgr:NewValleyLlcMember srt:ApartmentBuildingMember srt:MinimumMember  
vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember 2018-12-31 0000059440  
vgr:NewValleyLlcMember srt:MultifamilyMember srt:MaximumMember  
vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember 2018-12-31 0000059440  
vgr:NewValleyLlcMember srt:HotelMember srt:MinimumMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2018-12-31 0000059440 vgr:NewValleyLlcMember  
srt:MultifamilyMember srt:MinimumMember  
vgr:AllOtherU.S.AreasExcludingNewYorkCityStandardMetropolitanStatisticalAreaMember 2018-12-31 0000059440  
vgr:NewValleyLlcMember srt:OtherPropertyMember srt:MaximumMember 2018-12-31 0000059440  
vgr:NewValleyLlcMember srt:MinimumMember vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember  
2018-12-31 0000059440 vgr:NewValleyLlcMember srt:HotelMember srt:MaximumMember  
vgr:NewYorkCityStandardMetropolitanStatisticalAreaMember 2018-12-31 0000059440

Edgar Filing: VECTOR GROUP LTD - Form 10-K

vgr:MasterSettlementAgreementIntangibleAssetMember 2017-12-31 0000059440 us-gaap:TrademarksMember 2017-12-31 0000059440 us-gaap:TrademarksMember 2018-12-31 0000059440  
vgr:MasterSettlementAgreementIntangibleAssetMember 2018-12-31 0000059440 us-gaap:TrademarksMember 2018-01-01 2018-12-31 0000059440 us-gaap:OffMarketFavorableLeaseMember 2017-01-01 2017-12-31 0000059440 vgr:MasterSettlementAgreementIntangibleAssetMember 2018-01-01 2018-12-31 0000059440 us-gaap:OffMarketFavorableLeaseMember 2018-01-01 2018-12-31 0000059440  
us-gaap:OtherIntangibleAssetsMember 2018-12-31 0000059440 us-gaap:OffMarketFavorableLeaseMember 2018-12-31 0000059440 us-gaap:OffMarketFavorableLeaseMember 2017-12-31 0000059440  
us-gaap:OtherIntangibleAssetsMember 2017-12-31 0000059440 srt:MaximumMember  
us-gaap:OffMarketFavorableLeaseMember 2018-01-01 2018-12-31 0000059440 srt:MinimumMember  
us-gaap:OffMarketFavorableLeaseMember 2018-01-01 2018-12-31 0000059440 srt:MinimumMember  
vgr:OffMarketUnfavorableLeaseMember 2018-01-01 2018-12-31 0000059440 srt:MaximumMember  
vgr:OffMarketUnfavorableLeaseMember 2018-01-01 2018-12-31 0000059440 srt:MinimumMember  
us-gaap:OtherIntangibleAssetsMember 2018-01-01 2018-12-31 0000059440 srt:MaximumMember  
us-gaap:OtherIntangibleAssetsMember 2018-01-01 2018-12-31 0000059440  
vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member us-gaap:ConvertibleDebtMember 2018-12-31 0000059440 vgr:A10.5SeniorNotesdue2026Member us-gaap:SeniorNotesMember 2018-11-02 2018-11-02 0000059440 vgr:LiggettMember us-gaap:MediumTermNotesMember 2015-01-14 0000059440  
vgr:A6.125SeniorSecuredNotesdue2025Member us-gaap:SeniorNotesMember 2018-12-31 0000059440  
vgr:A10.5SeniorNotesdue2026Member us-gaap:SeniorNotesMember 2018-11-02 0000059440  
vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member us-gaap:ConvertibleDebtMember 2018-12-01 2018-12-31 0000059440 vgr:A7.75SeniorSecuredNotesdue2021Member us-gaap:SeniorNotesMember 2013-02-01 2013-02-28 0000059440 vgr:A6.125SeniorSecuredNotesdue2025Member us-gaap:SeniorNotesMember 2017-01-27 0000059440 vgr:A7.75SeniorSecuredNotesdue2021Member us-gaap:SeniorNotesMember 2017-01-27 0000059440  
vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member us-gaap:ConvertibleDebtMember 2014-03-24 2014-03-24 0000059440 2017-01-27 2017-01-27 0000059440 vgr:A7.75SeniorSecuredNotesdue2021Member us-gaap:SeniorNotesMember 2014-04-15 0000059440 vgr:A7.75SeniorSecuredNotesdue2021Member us-gaap:SeniorNotesMember 2013-02-28 0000059440  
vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member us-gaap:ConvertibleDebtMember 2017-12-31 0000059440 vgr:JefferiesCompanyMember vgr:ShareLendingAgreementMember 2012-11-01 2012-11-30 0000059440 vgr:LiggettMember us-gaap:MediumTermNotesMember 2018-12-31 0000059440  
vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member us-gaap:ConvertibleDebtMember 2017-12-31 0000059440 vgr:JefferiesCompanyMember vgr:ShareLendingAgreementMember 2018-12-31 0000059440  
vgr:LiggettMember us-gaap:LineOfCreditMember 2018-12-31 0000059440  
vgr:A7.75SeniorSecuredNotesdue2021Member us-gaap:SeniorNotesMember 2016-05-09 0000059440  
vgr:LiggettMember us-gaap:LineOfCreditMember 2015-01-14 0000059440 vgr:LiggettMember us-gaap:MediumTermNotesMember 2015-01-14 2015-01-14 0000059440 vgr:LiggettMember us-gaap:LineOfCreditMember us-gaap:LondonInterbankOfferedRateLIBORMember 2015-01-14 2015-01-14 0000059440 vgr:JefferiesCompanyMember vgr:ShareLendingAgreementMember 2018-01-01 2018-12-31 0000059440 vgr:LiggettMember us-gaap:LineOfCreditMember 2015-01-14 2015-01-14 0000059440  
vgr:A7.75SeniorSecuredNotesdue2021Member us-gaap:SeniorNotesMember 2018-12-31 0000059440  
vgr:JefferiesCompanyMember vgr:ShareLendingAgreementMember 2012-11-30 0000059440  
vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member us-gaap:ConvertibleDebtMember 2018-12-31 0000059440 vgr:A6.125SeniorSecuredNotesdue2025Member us-gaap:SeniorNotesMember 2018-01-01 2018-12-31 0000059440 vgr:JefferiesCompanyMember vgr:ShareLendingAgreementMember 2017-01-01 2017-12-31 0000059440 vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member us-gaap:ConvertibleDebtMember 2012-11-30 0000059440 vgr:LiggettMember us-gaap:LineOfCreditMember 2017-12-31 0000059440  
vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member us-gaap:ConvertibleDebtMember 2014-03-24 0000059440 us-gaap:ConvertibleDebtMember 2018-12-31 0000059440  
vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member us-gaap:ConvertibleDebtMember us-gaap:SubsequentEventMember 2019-01-15 2019-01-15 0000059440

Edgar Filing: VECTOR GROUP LTD - Form 10-K

vgr:A6.125SeniorSecuredNotesdue2025Member us-gaap:SeniorNotesMember 2017-01-27 2017-01-27 0000059440  
vgr:LiggettMember 2018-12-31 0000059440 vgr:DouglasEllimanRealtyLlcMember  
vgr:A10.5SeniorNotesdue2026Member us-gaap:SeniorNotesMember 2018-11-02 0000059440  
vgr:A7.75SeniorSecuredNotesdue2021Member us-gaap:SeniorNotesMember 2016-05-09 2016-05-09 0000059440  
vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member us-gaap:ConvertibleDebtMember 2012-11-01  
2012-11-30 0000059440 vgr:LiggettMember 2018-01-01 2018-12-31 0000059440 vgr:JefferiesCompanyMember  
vgr:ShareLendingAgreementMember 2017-12-31 0000059440 vgr:A7.75SeniorSecuredNotesdue2021Member  
us-gaap:SeniorNotesMember 2014-04-15 2014-04-15 0000059440  
vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member us-gaap:ConvertibleDebtMember  
us-gaap:SubsequentEventMember 2019-01-15 0000059440 vgr:LiggettMember  
vgr:TermLoanUnderCreditFacilityMember us-gaap:LineOfCreditMember 2018-12-31 0000059440  
vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member us-gaap:ConvertibleDebtMember 2018-01-01  
2018-12-31 0000059440 vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member  
us-gaap:ConvertibleDebtMember 2017-01-01 2017-12-31 0000059440  
vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member us-gaap:ConvertibleDebtMember 2016-01-01  
2016-12-31 0000059440 vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member  
us-gaap:ConvertibleDebtMember 2017-01-01 2017-12-31 0000059440  
vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member us-gaap:ConvertibleDebtMember 2018-01-01  
2018-12-31 0000059440 vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member  
us-gaap:ConvertibleDebtMember 2016-01-01 2016-12-31 0000059440  
vgr:A6.125SeniorSecuredNotesdue2025Member us-gaap:SeniorNotesMember 2017-12-31 0000059440  
vgr:LiggettMember us-gaap:SecuredDebtMember 2017-12-31 0000059440 vgr:LiggettMember  
us-gaap:RevolvingCreditFacilityMember us-gaap:LineOfCreditMember 2017-12-31 0000059440  
us-gaap:NotesPayableOtherPayablesMember 2017-12-31 0000059440 vgr:LiggettMember  
us-gaap:RevolvingCreditFacilityMember us-gaap:LineOfCreditMember 2018-12-31 0000059440 vgr:LiggettMember  
us-gaap:SecuredDebtMember 2018-12-31 0000059440 us-gaap:NotesPayableOtherPayablesMember 2018-12-31  
0000059440 vgr:A10.5SeniorNotesdue2026Member us-gaap:ConvertibleDebtMember 2018-12-31 0000059440  
vgr:LiggettMember vgr:TermLoanUnderCreditFacilityMember us-gaap:LineOfCreditMember 2017-12-31  
0000059440 vgr:A10.5SeniorNotesdue2026Member us-gaap:ConvertibleDebtMember 2017-12-31 0000059440  
us-gaap:CarryingReportedAmountFairValueDisclosureMember 2018-12-31 0000059440  
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:OtherDebtSecuritiesMember 2017-12-31  
0000059440 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SeniorNotesMember  
2018-12-31 0000059440 us-gaap:OtherDebtSecuritiesMember 2018-12-31 0000059440  
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SeniorNotesMember 2017-12-31  
0000059440 us-gaap:SeniorNotesMember 2018-12-31 0000059440 us-gaap:OtherDebtSecuritiesMember 2017-12-31  
0000059440 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:ConvertibleDebtMember  
2018-12-31 0000059440 us-gaap:SeniorNotesMember 2017-12-31 0000059440  
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:OtherDebtSecuritiesMember 2018-12-31  
0000059440 us-gaap:ConvertibleDebtMember 2017-12-31 0000059440  
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:ConvertibleDebtMember 2017-12-31  
0000059440 us-gaap:CarryingReportedAmountFairValueDisclosureMember 2017-12-31 0000059440  
vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member  
us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember 2018-01-01 2018-12-31  
0000059440 vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member  
us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember 2016-01-01 2016-12-31  
0000059440 us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember  
2015-12-31 0000059440 us-gaap:EmbeddedDerivativeFinancialInstrumentsMember  
us-gaap:ConvertibleDebtMember 2017-12-31 0000059440  
vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member  
us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember 2017-01-01 2017-12-31  
0000059440 us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember

Edgar Filing: VECTOR GROUP LTD - Form 10-K

2016-12-31 0000059440 vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member  
us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember 2017-12-31  
0000059440 vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member  
us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember 2015-12-31  
0000059440 vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member  
us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember 2017-12-31  
0000059440 vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member  
us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember 2017-01-01 2017-12-31  
0000059440 vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member  
us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember 2018-12-31  
0000059440 us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember  
2018-01-01 2018-12-31 0000059440 vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member  
us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember 2016-12-31  
0000059440 us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember  
2017-01-01 2017-12-31 0000059440 vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member  
us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember 2016-12-31  
0000059440 us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember  
2018-12-31 0000059440 vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member  
us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember 2018-01-01 2018-12-31  
0000059440 us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember  
2016-01-01 2016-12-31 0000059440 vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member  
us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember 2018-12-31  
0000059440 vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member  
us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember 2016-01-01 2016-12-31  
0000059440 vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member  
us-gaap:EmbeddedDerivativeFinancialInstrumentsMember us-gaap:ConvertibleDebtMember 2015-12-31  
0000059440 us-gaap:ConvertibleDebtMember 2018-01-01 2018-12-31 0000059440 us-gaap:ConvertibleDebtMember  
2015-12-31 0000059440 vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member  
us-gaap:InterestRateRiskMember us-gaap:ConvertibleDebtMember 2018-01-01 2018-12-31 0000059440  
vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member us-gaap:ConvertibleDebtMember 2015-12-31  
0000059440 vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member  
us-gaap:ConvertibleDebtMember 2016-12-31 0000059440  
vgr:A5.5VariableInterestSeniorConvertibleDebenturesdue2020Member us-gaap:ConvertibleDebtMember 2015-12-31  
0000059440 vgr:A7.5VariableInterestSeniorConvertibleNotesdue2019Member us-gaap:ConvertibleDebtMember  
2016-12-31 0000059440 us-gaap:ConvertibleDebtMember 2016-01-01 2016-12-31 0000059440  
us-gaap:ConvertibleDebtMember 2017-01-01 2017-12-31 0000059440 us-gaap:ConvertibleDebtMember 2016-12-31  
0000059440 us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
us-gaap:PensionPlansDefinedBenefitMember 2017-01-01 2017-12-31 0000059440  
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2017-12-31 0000059440  
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2017-01-01 2017-12-31 0000059440  
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2016-12-31 0000059440  
us-gaap:PensionPlansDefinedBenefitMember 2016-12-31 0000059440 us-gaap:PensionPlansDefinedBenefitMember  
2018-01-01 2018-12-31 0000059440 us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2018-12-31  
0000059440 us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2018-01-01 2018-12-31 0000059440  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440 us-gaap:EquitySecuritiesMember 2017-12-31  
0000059440 vgr:FixedIncomeSecuritiesInvestmentGradeMember 2018-12-31 0000059440  
us-gaap:EquitySecuritiesMember 2018-12-31 0000059440 vgr:FixedIncomeSecuritiesHighYieldMember 2018-12-31  
0000059440 vgr:FixedIncomeSecuritiesHighYieldMember 2017-12-31 0000059440  
vgr:FixedIncomeSecuritiesInvestmentGradeMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member 2018-01-01 2018-12-31 0000059440 us-gaap:FairValueInputsLevel3Member  
2017-12-31 0000059440 us-gaap:FairValueInputsLevel3Member 2016-12-31 0000059440

Edgar Filing: VECTOR GROUP LTD - Form 10-K

us-gaap:FairValueInputsLevel3Member 2017-01-01 2017-12-31 0000059440 us-gaap:EquitySecuritiesMember  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440  
us-gaap:DefinedBenefitPlanCommonCollectiveTrustMember us-gaap:FairValueInputsLevel3Member  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440  
vgr:DefinedBenefitPlanCommonCollectiveTrustsatNAVMember us-gaap:FairValueInputsLevel2Member  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440  
vgr:DefinedBenefitPlanCommonCollectiveTrustsatNAVMember us-gaap:FairValueInputsLevel3Member  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440  
us-gaap:DefinedBenefitPlanCommonCollectiveTrustMember us-gaap:FairValueInputsLevel1Member  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440 vgr:InsuranceContractsMember  
us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440  
vgr:CashMutualFundsandCommonStockMember us-gaap:PensionPlansDefinedBenefitMember 2018-12-31  
0000059440 us-gaap:MutualFundMember us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440  
us-gaap:EquitySecuritiesMember us-gaap:FairValueInputsLevel3Member  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440 us-gaap:EquitySecuritiesMember  
us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440  
us-gaap:MutualFundMember us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember  
2018-12-31 0000059440 us-gaap:FairValueInputsLevel1Member us-gaap:PensionPlansDefinedBenefitMember  
2018-12-31 0000059440 vgr:CashMutualFundsandCommonStockMember us-gaap:FairValueInputsLevel2Member  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440 us-gaap:FairValueInputsLevel3Member  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440  
us-gaap:DefinedBenefitPlanCommonCollectiveTrustMember us-gaap:FairValueInputsLevel2Member  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440  
vgr:CashMutualFundsandCommonStockMember us-gaap:FairValueInputsLevel3Member  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440 vgr:InsuranceContractsMember  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440  
vgr:DefinedBenefitPlanCommonCollectiveTrustsatNAVMember us-gaap:PensionPlansDefinedBenefitMember  
2018-12-31 0000059440 vgr:InsuranceContractsMember us-gaap:FairValueInputsLevel1Member  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440 vgr:InsuranceContractsMember  
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440  
us-gaap:MutualFundMember us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember  
2018-12-31 0000059440 us-gaap:EquitySecuritiesMember us-gaap:FairValueInputsLevel1Member  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440  
us-gaap:DefinedBenefitPlanCommonCollectiveTrustMember us-gaap:PensionPlansDefinedBenefitMember  
2018-12-31 0000059440 us-gaap:MutualFundMember us-gaap:FairValueInputsLevel1Member  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440  
vgr:CashMutualFundsandCommonStockMember us-gaap:FairValueInputsLevel1Member  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440 us-gaap:PensionPlansDefinedBenefitMember  
2016-01-01 2016-12-31 0000059440 us-gaap:SupplementalEmployeeRetirementPlanDefinedBenefitMember  
2018-12-31 0000059440 us-gaap:DefinedBenefitPostretirementHealthCoverageMember 2018-12-31 0000059440  
us-gaap:DefinedBenefitPostretirementLifeInsuranceMember 2018-12-31 0000059440 us-gaap:QualifiedPlanMember  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440 us-gaap:NonqualifiedPlanMember  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440 srt:MaximumMember 2017-01-01 2017-12-31  
0000059440 us-gaap:SupplementalEmployeeRetirementPlanDefinedBenefitMember  
us-gaap:ChiefExecutiveOfficerMember 2018-01-01 2018-12-31 0000059440 vgr:SalariedPensionPlanMember  
2018-01-01 2018-12-31 0000059440 us-gaap:SupplementalEmployeeRetirementPlanDefinedBenefitMember  
2018-01-01 2018-12-31 0000059440 srt:MinimumMember 2017-01-01 2017-12-31 0000059440  
us-gaap:DefinedBenefitPostretirementHealthCoverageMember 2018-01-01 2018-12-31 0000059440  
vgr:HourlyPensionPlanMember 2018-01-01 2018-12-31 0000059440  
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2016-01-01 2016-12-31 0000059440

Edgar Filing: VECTOR GROUP LTD - Form 10-K

us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
vgr:CashMutualFundsandCommonStockMember us-gaap:FairValueInputsLevel2Member  
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440 vgr:InvestmentPartnershipMember  
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
us-gaap:DefinedBenefitPlanCommonCollectiveTrustMember us-gaap:FairValueInputsLevel2Member  
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
vgr:CashMutualFundsandCommonStockMember us-gaap:FairValueInputsLevel3Member  
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440 us-gaap:EquitySecuritiesMember  
us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
vgr:InsuranceContractsMember us-gaap:FairValueInputsLevel2Member  
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440 vgr:InsuranceContractsMember  
us-gaap:FairValueInputsLevel3Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel1Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
vgr:InvestmentPartnershipMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
vgr:InvestmentPartnershipMember us-gaap:FairValueInputsLevel1Member  
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
vgr:DefinedBenefitPlanCommonCollectiveTrustsatNAVMember us-gaap:FairValueInputsLevel3Member  
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
vgr:CashMutualFundsandCommonStockMember us-gaap:FairValueInputsLevel1Member  
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
us-gaap:DefinedBenefitPlanCommonCollectiveTrustMember us-gaap:PensionPlansDefinedBenefitMember  
2017-12-31 0000059440 us-gaap:EquitySecuritiesMember us-gaap:FairValueInputsLevel1Member  
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
vgr:DefinedBenefitPlanCommonCollectiveTrustsatNAVMember us-gaap:FairValueInputsLevel1Member  
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440 vgr:InsuranceContractsMember  
us-gaap:FairValueInputsLevel1Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
vgr:CashMutualFundsandCommonStockMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31  
0000059440 us-gaap:EquitySecuritiesMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
us-gaap:EquitySecuritiesMember us-gaap:FairValueInputsLevel3Member  
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
vgr:DefinedBenefitPlanCommonCollectiveTrustsatNAVMember us-gaap:FairValueInputsLevel2Member  
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
us-gaap:DefinedBenefitPlanCommonCollectiveTrustMember us-gaap:FairValueInputsLevel3Member  
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440 vgr:InsuranceContractsMember  
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440 vgr:InvestmentPartnershipMember  
us-gaap:FairValueInputsLevel2Member us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440  
vgr:DefinedBenefitPlanCommonCollectiveTrustsatNAVMember us-gaap:PensionPlansDefinedBenefitMember  
2017-12-31 0000059440 srt:MinimumMember us-gaap:PensionPlansDefinedBenefitMember 2017-01-01 2017-12-31  
0000059440 srt:MinimumMember us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440  
srt:MaximumMember us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440 srt:MaximumMember  
us-gaap:PensionPlansDefinedBenefitMember 2017-01-01 2017-12-31 0000059440 srt:MinimumMember  
us-gaap:PensionPlansDefinedBenefitMember 2016-12-31 0000059440 srt:MinimumMember  
us-gaap:PensionPlansDefinedBenefitMember 2018-01-01 2018-12-31 0000059440 srt:MaximumMember  
us-gaap:PensionPlansDefinedBenefitMember 2016-01-01 2016-12-31 0000059440 srt:MaximumMember  
us-gaap:PensionPlansDefinedBenefitMember 2016-12-31 0000059440 srt:MinimumMember  
us-gaap:PensionPlansDefinedBenefitMember 2017-12-31 0000059440 srt:MinimumMember  
us-gaap:PensionPlansDefinedBenefitMember 2016-01-01 2016-12-31 0000059440 srt:MaximumMember  
us-gaap:PensionPlansDefinedBenefitMember 2018-01-01 2018-12-31 0000059440 srt:MaximumMember  
us-gaap:PensionPlansDefinedBenefitMember 2018-12-31 0000059440 2017-12-31 2017-12-31 0000059440  
vgr:ExercisePriceRangeTwoMember 2018-12-31 0000059440 vgr:ExercisePriceRangeFiveMember 2018-01-01

Edgar Filing: VECTOR GROUP LTD - Form 10-K

2018-12-31 0000059440 vgr:ExercisePriceRangeOneMember 2018-01-01 2018-12-31 0000059440  
vgr:ExercisePriceRangeFourMember 2018-01-01 2018-12-31 0000059440 vgr:ExercisePriceRangeThreeMember  
2018-01-01 2018-12-31 0000059440 vgr:ExercisePriceRangeFiveMember 2018-12-31 0000059440  
vgr:ExercisePriceRangeOneMember 2018-12-31 0000059440 vgr:ExercisePriceRangeThreeMember 2018-12-31  
0000059440 vgr:ExercisePriceRangeFourMember 2018-12-31 0000059440 vgr:ExercisePriceRangeTwoMember  
2018-01-01 2018-12-31 0000059440 vgr:ExercisePriceRangeSixMember 2018-12-31 0000059440  
vgr:ExercisePriceRangeSixMember 2018-01-01 2018-12-31 0000059440 2015-01-01 2015-12-31 0000059440  
us-gaap:EmployeeStockOptionMember 2017-01-01 2017-12-31 0000059440 us-gaap:EmployeeStockOptionMember  
2018-01-01 2018-12-31 0000059440 vgr:May292018Member us-gaap:RestrictedStockMember  
us-gaap:DirectorMember 2018-05-29 0000059440 vgr:November102015Member us-gaap:RestrictedStockMember  
2016-01-01 2016-12-31 0000059440 vgr:May2013Member us-gaap:RestrictedStockMember 2013-05-01 2013-05-31  
0000059440 vgr:November102015Member us-gaap:RestrictedStockMember 2017-01-01 2017-12-31 0000059440  
vgr:April2016Member us-gaap:RestrictedStockMember 2018-01-01 2018-12-31 0000059440  
vgr:October2013Member us-gaap:RestrictedStockMember 2018-01-01 2018-12-31 0000059440  
us-gaap:EmployeeStockOptionMember 2016-01-01 2016-12-31 0000059440 vgr:May292018Member  
us-gaap:RestrictedStockMember 2018-05-29 2018-05-29 0000059440 vgr:July232014Member  
us-gaap:RestrictedStockMember 2018-01-01 2018-12-31 0000059440 vgr:May292018Member  
us-gaap:RestrictedStockMember 2018-01-01 2018-12-31 0000059440 us-gaap:RestrictedStockMember 2017-12-31  
0000059440 vgr:May292018Member us-gaap:RestrictedStockMember us-gaap:DirectorMember 2018-05-29  
2018-05-29 0000059440 vgr:November102015Member us-gaap:RestrictedStockMember 2015-11-10 0000059440  
us-gaap:RestrictedStockMember 2018-01-01 2018-12-31 0000059440 vgr:April2016Member  
us-gaap:RestrictedStockMember 2016-01-01 2016-12-31 0000059440 vgr:July232014Member  
us-gaap:RestrictedStockMember 2017-01-01 2017-12-31 0000059440 vgr:November102015Member  
us-gaap:RestrictedStockMember 2018-01-01 2018-12-31 0000059440 vgr:April2016Member  
us-gaap:RestrictedStockMember 2016-04-01 2016-04-01 0000059440 vgr:July232014Member  
us-gaap:RestrictedStockMember 2016-01-01 2016-12-31 0000059440 vgr:May2013Member  
us-gaap:RestrictedStockMember 2016-01-01 2016-12-31 0000059440 srt:MaximumMember  
us-gaap:EmployeeStockOptionMember 2018-01-01 2018-12-31 0000059440 vgr:July232014Member  
us-gaap:RestrictedStockMember 2014-07-23 2014-07-23 0000059440 vgr:A2014ManagementIncentivePlanMember  
2018-12-31 0000059440 vgr:July232014Member us-gaap:RestrictedStockMember 2014-07-23 0000059440  
vgr:April2016Member us-gaap:RestrictedStockMember 2017-01-01 2017-12-31 0000059440  
vgr:October2013Member us-gaap:RestrictedStockMember 2013-10-31 0000059440 vgr:April2016Member  
us-gaap:RestrictedStockMember 2016-04-30 0000059440 vgr:May292018Member us-gaap:RestrictedStockMember  
2018-05-29 0000059440 vgr:November102015Member us-gaap:RestrictedStockMember 2015-11-10 2015-11-10  
0000059440 vgr:October2013Member us-gaap:RestrictedStockMember 2013-10-01 2013-10-31 0000059440  
vgr:May292018Member us-gaap:RestrictedStockMember us-gaap:DirectorMember 2018-01-01 2018-12-31  
0000059440 vgr:May2013Member us-gaap:RestrictedStockMember 2013-05-31 0000059440  
us-gaap:RestrictedStockMember 2018-12-31 0000059440 vgr:November102015Member  
us-gaap:RestrictedStockMember 2015-10-10 2015-10-10 0000059440 vgr:July232014Member  
us-gaap:RestrictedStockMember 2015-10-10 2015-10-10 0000059440 vgr:October2013Member  
us-gaap:RestrictedStockMember 2017-01-01 2017-12-31 0000059440 vgr:October2013Member  
us-gaap:RestrictedStockMember 2016-01-01 2016-12-31 0000059440 srt:MinimumMember  
us-gaap:EmployeeStockOptionMember 2018-01-01 2018-12-31 0000059440  
vgr:A2014ManagementIncentivePlanMember 2014-05-16 2014-05-16 0000059440 srt:MaximumMember  
us-gaap:EmployeeStockOptionMember 2016-01-01 2016-12-31 0000059440 srt:MinimumMember  
us-gaap:EmployeeStockOptionMember 2017-01-01 2017-12-31 0000059440 srt:MinimumMember  
us-gaap:EmployeeStockOptionMember 2016-01-01 2016-12-31 0000059440 srt:MaximumMember  
us-gaap:EmployeeStockOptionMember 2017-01-01 2017-12-31 0000059440 us-gaap:SettledLitigationMember  
2018-01-01 2018-12-31 0000059440 us-gaap:PendingLitigationMember 2017-01-01 2017-12-31 0000059440  
us-gaap:PendingLitigationMember 2017-12-31 0000059440 us-gaap:PendingLitigationMember 2018-01-01  
2018-12-31 0000059440 us-gaap:PendingLitigationMember 2015-12-31 0000059440



Edgar Filing: VECTOR GROUP LTD - Form 10-K

us-gaap:SettledLitigationMember 2016-01-01 2016-12-31 0000059440 us-gaap:SettledLitigationMember 2017-01-01  
2017-12-31 0000059440 us-gaap:PendingLitigationMember 2016-01-01 2016-12-31 0000059440  
us-gaap:SettledLitigationMember 2015-12-31 0000059440 us-gaap:PendingLitigationMember 2016-12-31  
0000059440 us-gaap:PendingLitigationMember 2018-12-31 0000059440 us-gaap:SettledLitigationMember  
2016-12-31 0000059440 us-gaap:SettledLitigationMember 2018-12-31 0000059440  
us-gaap:SettledLitigationMember 2017-12-31 0000059440 vgr:LiggettMember vgr:EngleProgenyCasesMember  
2016-12-01 2016-12-31 0000059440 vgr:TobaccoLitigationPersonalInjuryCasesMember stpr:WV 2013-05-01  
2013-05-31 0000059440 vgr:LiggettMember vgr:EngleProgenyCasesMember 2018-12-31 0000059440  
vgr:LiggettMember vgr:EngleProgenyCasesMember 2016-10-01 2016-12-31 0000059440  
vgr:LiggettAndVectorTobaccoMember vgr:HealthCareCostRecoveryActionsNPMAAdjustmentMember  
us-gaap:CostOfSalesMember 2018-01-01 2018-12-31 0000059440 vgr:LiggettMember  
vgr:HealthCareCostRecoveryActionsMember stpr:MN 2003-01-01 2003-12-31 0000059440 vgr:LiggettMember  
vgr:LukacsCampbellDouglasClayTulloWardRizzutoLambertandBuchananMember 2018-01-01 2018-12-31  
0000059440 vgr:LiggettMember vgr:TobaccoLitigationPersonalInjuryCasesMember stpr:WV 2018-12-31  
0000059440 vgr:LiggettAndVectorTobaccoMember vgr:HealthCareCostRecoveryActionsNPMAAdjustmentMember  
us-gaap:CostOfSalesMember 2013-01-01 2017-12-31 0000059440 vgr:LiggettMember  
vgr:CrowCreekSiouxTribev.AmericanTobaccoCompanyMember 2018-12-31 0000059440  
vgr:LiggettAndVectorTobaccoMember vgr:EngleProgenyCasesMember 2018-01-01 2018-12-31 0000059440  
vgr:LiggettAndVectorTobaccoMember vgr:HealthCareCostRecoveryActionsMember 2017-12-28 2017-12-28  
0000059440 vgr:LiggettMember vgr:HealthCareCostRecoveryActions20112015NPMAAdjustmentMember 2018-12-31  
0000059440 vgr:LiggettMember vgr:HealthCareCostRecoveryActionsMember stpr:FL 2010-01-01 2010-12-31  
0000059440 vgr:LiggettMember vgr:EngleProgenyCasesMember 2013-10-31 0000059440 vgr:LiggettMember  
vgr:Santorov.R.J.ReynoldsMember us-gaap:SuretyBondMember 2017-12-31 0000059440 vgr:LiggettMember  
2017-01-01 2017-12-31 0000059440 vgr:ParsonsVAcSIncMember 2018-01-01 2018-12-31 0000059440  
vgr:LiggettMember vgr:EngleProgenyCasesMember 2017-06-01 2017-06-30 0000059440  
vgr:TobaccoLitigationPersonalInjuryCasesMember stpr:WV 2001-12-31 0000059440 vgr:LiggettMember  
vgr:EngleProgenyCasesMember us-gaap:MeasurementInputDiscountRateMember 2013-10-31 0000059440  
vgr:HealthCareCostRecoveryActions2003NPMAAdjustmentMember 2018-01-01 2018-12-31 0000059440  
vgr:LiggettMember vgr:EngleProgenyCasesMember stpr:FL 2009-06-30 0000059440 vgr:LiggettMember  
vgr:ClassActionsMember 2018-12-31 0000059440 vgr:IndividualActionsCasesMember 2018-12-31 0000059440  
vgr:LiggettAndVectorTobaccoMember vgr:EngleProgenyCasesMember 2018-12-31 0000059440 vgr:LiggettMember  
vgr:EngleProgenyCasesMember 2015-02-01 2015-02-28 0000059440 vgr:LiggettMember  
vgr:HealthCareCostRecoveryActionsMember 2018-12-31 0000059440  
vgr:TobaccoLitigationPersonalInjuryCasesMember stpr:WV 2015-07-01 2015-07-31 0000059440 vgr:LiggettMember  
vgr:EngleProgenyCasesMember 2016-12-07 0000059440 vgr:LiggettMember  
vgr:HealthCareCostRecoveryActionsMember stpr:MS 2016-01-12 2016-01-12 0000059440 vgr:LiggettMember  
vgr:EngleProgenyCasesMember 2013-10-01 2013-10-31 0000059440  
vgr:HealthCareCostRecoveryActions2003NPMAAdjustmentMember 2018-12-31 0000059440  
vgr:HealthCareCostRecoveryActionsMember 2018-01-01 2018-12-31 0000059440  
vgr:LiggettAndVectorTobaccoMember srt:MaximumMember us-gaap:SuretyBondMember 2018-12-31 0000059440  
vgr:HealthCareCostRecoveryActionsMember 1996-03-01 1998-03-31 0000059440 vgr:VectorTobaccoMember  
vgr:HealthCareCostRecoveryActionsMember 2018-12-31 0000059440 vgr:LiggettMember 2016-01-01 2016-12-31  
0000059440 vgr:LiggettAndVectorTobaccoMember vgr:HealthCareCostRecoveryActionsMember 2018-12-31  
0000059440 vgr:LiggettMember 1996-03-01 1998-03-31 0000059440 vgr:LiggettMember  
vgr:HealthCareCostRecoveryActionsMember 1996-03-01 1998-03-31 0000059440 vgr:LiggettMember  
vgr:EngleProgenyCasesMember 2017-09-01 2017-09-30 0000059440 vgr:LiggettAndVectorTobaccoMember  
vgr:HealthCareCostRecoveryActions20042010NPMAAdjustmentMember 2018-12-31 0000059440  
vgr:ParsonsVAcSIncMember 2018-12-31 0000059440 vgr:LiggettMember 1996-11-21 1996-11-21 0000059440  
vgr:LiggettAndVectorTobaccoMember us-gaap:SalesRevenueNetMember us-gaap:ProductConcentrationRiskMember  
2018-01-01 2018-12-31 0000059440 1996-11-21 1996-11-21 0000059440 vgr:LiggettMember  
vgr:IndividualActionsCasesMember stpr:MD 2018-12-31 0000059440 vgr:EngleProgenyCasesMember 2018-12-31

Edgar Filing: VECTOR GROUP LTD - Form 10-K

0000059440 vgr:LiggettMember vgr:IndividualActionsCasesMember stpr:NY 2018-12-31 0000059440  
vgr:LiggettMember vgr:IndividualActionsCasesMember stpr:WV 2018-12-31 0000059440 vgr:LiggettMember  
vgr:IndividualActionsCasesMember stpr:IL 2018-12-31 0000059440 vgr:LiggettMember  
vgr:IndividualActionsCasesMember stpr:LA 2018-12-31 0000059440 vgr:LiggettMember  
vgr:IndividualActionsCasesMember stpr:FL 2018-12-31 0000059440 vgr:LiggettMember  
vgr:IndividualActionsCasesMember stpr:OH 2018-12-31 0000059440  
vgr:LadenburgThalmanFinancialServicesInc.Member vgr:DirectorFeesPaidtoViceChairmanofLTSMember  
us-gaap:ChiefExecutiveOfficerMember 2017-01-01 2017-12-31 0000059440  
vgr:LadenburgThalmanFinancialServicesInc.Member vgr:LTSPreferredMember  
us-gaap:EquityMethodInvesteeMember us-gaap:RedeemablePreferredStockMember 2018-12-31 0000059440  
vgr:LadenburgThalmanFinancialServicesInc.Member vgr:CompensationPaidtoViceChairmanofLTSMember  
us-gaap:ChiefExecutiveOfficerMember 2016-01-01 2016-12-31 0000059440  
vgr:FrostRealEstateHoldingsLLCMember srt:AffiliatedEntityMember 2018-12-31 0000059440  
vgr:CastleBrandsInc.Member us-gaap:ConvertibleDebtMember us-gaap:EquityMethodInvesteeMember 2013-12-31  
0000059440 vgr:CastleBrandsInc.Member us-gaap:EquityMethodInvesteeMember 2018-01-01 2018-12-31  
0000059440 vgr:LadenburgThalmanFinancialServicesInc.Member  
vgr:CompensationPaidtoViceChairmanofLTSMember us-gaap:ChiefExecutiveOfficerMember 2018-01-01  
2018-12-31 0000059440 vgr:LadenburgThalmanFinancialServicesInc.Member  
us-gaap:EquityMethodInvesteeMember vgr:LTSLoanDueNov2016Member 2011-11-04 0000059440  
vgr:DouglasEllimanRealtyLlcMember us-gaap:ImmediateFamilyMemberOfManagementOrPrincipalOwnerMember  
2016-01-01 2016-12-31 0000059440 vgr:CastleBrandsInc.Member 2018-12-31 0000059440  
vgr:DouglasEllimanRealtyLlcMember us-gaap:ImmediateFamilyMemberOfManagementOrPrincipalOwnerMember  
2017-01-01 2017-12-31 0000059440 vgr:CastleBrandsInc.Member us-gaap:EquityMethodInvesteeMember  
us-gaap:ScenarioForecastMember 2019-01-01 2019-12-31 0000059440  
vgr:LadenburgThalmanFinancialServicesInc.Member vgr:CompensationPaidtoPresidentandCEOofLTSMember  
us-gaap:ExecutiveVicePresidentMember 2017-01-01 2017-12-31 0000059440 vgr:Dr.PhillipFrostMember  
us-gaap:BeneficialOwnerMember 2018-02-21 0000059440 vgr:InsuranceCommissionsMember  
us-gaap:ChiefExecutiveOfficerMember 2018-01-01 2018-12-31 0000059440  
vgr:FrostRealEstateHoldingsLLCMember srt:AffiliatedEntityMember 2018-01-01 2018-12-31 0000059440  
vgr:LadenburgThalmanFinancialServicesInc.Member us-gaap:EquityMethodInvesteeMember  
vgr:LTSLoanDueNov2016Member 2011-11-04 2011-11-04 0000059440 vgr:MorgansHotelGroupCo.Member  
us-gaap:InvesteeMember 2016-01-01 2016-03-31 0000059440 vgr:LadenburgThalmanFinancialServicesInc.Member  
vgr:DirectorFeesPaidtoViceChairmanofLTSMember us-gaap:ChiefExecutiveOfficerMember 2016-01-01 2016-12-31  
0000059440 vgr:InsuranceCommissionsMember us-gaap:ChiefExecutiveOfficerMember 2017-01-01 2017-12-31  
0000059440 vgr:LadenburgThalmanFinancialServicesInc.Member us-gaap:EquityMethodInvesteeMember  
2018-01-01 2018-12-31 0000059440 vgr:InsuranceCommissionsMember us-gaap:ChiefExecutiveOfficerMember  
2016-01-01 2016-12-31 0000059440 vgr:Dr.PhillipFrostMember us-gaap:BeneficialOwnerMember 2006-01-01  
2015-12-31 0000059440 vgr:CastleBrandsInc.Member vgr:CompensationPaidtoPresidentandCEOofCastleMember  
us-gaap:ChiefExecutiveOfficerMember 2018-01-01 2018-12-31 0000059440 vgr:MorgansHotelGroupCo.Member  
2016-11-30 0000059440 vgr:LadenburgThalmanFinancialServicesInc.Member  
vgr:DirectorFeesPaidtoViceChairmanofLTSMember us-gaap:ChiefExecutiveOfficerMember 2018-01-01 2018-12-31  
0000059440 vgr:FrostRealEstateHoldingsLLCMember srt:AffiliatedEntityMember 2017-01-01 2017-12-31  
0000059440 vgr:LadenburgThalmanFinancialServicesInc.Member vgr:LTSPreferredMember  
us-gaap:EquityMethodInvesteeMember us-gaap:RedeemablePreferredStockMember 2018-01-01 2018-12-31  
0000059440 vgr:DouglasEllimanRealtyLlcMember  
us-gaap:ImmediateFamilyMemberOfManagementOrPrincipalOwnerMember 2018-01-01 2018-12-31 0000059440  
vgr:LadenburgThalmanFinancialServicesInc.Member us-gaap:EquityMethodInvesteeMember  
vgr:LTSLoanDueNov2016Member 2016-10-26 2016-10-26 0000059440  
vgr:LadenburgThalmanFinancialServicesInc.Member vgr:CompensationPaidtoViceChairmanofLTSMember  
us-gaap:ChiefExecutiveOfficerMember 2017-01-01 2017-12-31 0000059440  
vgr:LadenburgThalmanFinancialServicesInc.Member vgr:CompensationPaidtoPresidentandCEOofLTSMember

Edgar Filing: VECTOR GROUP LTD - Form 10-K

us-gaap:ExecutiveVicePresidentMember 2018-01-01 2018-12-31 0000059440  
vgr:LadenburgThalmannFinancialServicesInc.Member vgr:CompensationPaidtoPresidentandCEOofLTSMember  
us-gaap:ExecutiveVicePresidentMember 2016-01-01 2016-12-31 0000059440 vgr:MorgansHotelGroupCo.Member  
us-gaap:InvesteeMember 2016-12-01 0000059440 vgr:LadenburgThalmannFinancialServicesInc.Member  
us-gaap:EquityMethodInvesteeMember us-gaap:ScenarioForecastMember 2019-01-01 2019-12-31 0000059440  
vgr:LadenburgThalmannFinancialServicesInc.Member us-gaap:EquityMethodInvesteeMember  
vgr:LTSLoanDueNov2016Member 2016-01-01 2016-12-31 0000059440 vgr:FrostRealEstateHoldingsLLCMember  
srt:AffiliatedEntityMember 2016-01-01 2016-12-31 0000059440 vgr:ReservedUnitinRealEstateVentureMember  
us-gaap:ChiefExecutiveOfficerMember 2018-01-01 2018-12-31 0000059440 vgr:CastleBrandsInc.Member  
vgr:CompensationPaidtoPresidentandCEOofCastleMember us-gaap:ChiefExecutiveOfficerMember 2017-01-01  
2017-12-31 0000059440 vgr:LadenburgThalmannFinancialServicesInc.Member vgr:LTSWarrantsMember  
us-gaap:EquityMethodInvesteeMember 2016-10-26 0000059440 vgr:FrostRealEstateHoldingsLLCMember  
srt:AffiliatedEntityMember 2012-09-30 0000059440 vgr:CastleBrandsInc.Member  
us-gaap:EquityMethodInvesteeMember 2016-01-01 2016-12-31 0000059440  
vgr:LadenburgThalmannFinancialServicesInc.Member vgr:LTSPreferredMember  
us-gaap:EquityMethodInvesteeMember us-gaap:RedeemablePreferredStockMember 2016-01-01 2016-12-31  
0000059440 vgr:LadenburgThalmannFinancialServicesInc.Member us-gaap:EquityMethodInvesteeMember  
2017-01-01 2017-12-31 0000059440 vgr:LadenburgThalmannFinancialServicesInc.Member  
vgr:LTSPreferredMember us-gaap:EquityMethodInvesteeMember us-gaap:RedeemablePreferredStockMember  
2017-01-01 2017-12-31 0000059440 vgr:CastleBrandsInc.Member us-gaap:EquityMethodInvesteeMember  
2017-01-01 2017-12-31 0000059440 vgr:LadenburgThalmannFinancialServicesInc.Member  
us-gaap:EquityMethodInvesteeMember 2016-01-01 2016-12-31 0000059440 us-gaap:FairValueInputsLevel3Member  
us-gaap:ValuationTechniqueDiscountedCashFlowMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:MeasurementInputPriceVolatilityMember  
us-gaap:ValuationTechniqueDiscountedCashFlowMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:MeasurementInputSharePriceMember  
us-gaap:ValuationTechniqueDiscountedCashFlowMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:MeasurementInputExpectedDividendRateMember  
us-gaap:ValuationTechniqueDiscountedCashFlowMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:MeasurementInputConversionPriceMember  
us-gaap:ValuationTechniqueDiscountedCashFlowMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:MeasurementInputExpectedDividendPaymentMember  
us-gaap:ValuationTechniqueDiscountedCashFlowMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:MeasurementInputExpectedDividendRateMember  
us-gaap:ValuationTechniqueDiscountedCashFlowMember 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:MeasurementInputRiskFreeInterestRateMember  
vgr:MonteCarloSimulationModelMember 2018-12-31 0000059440 us-gaap:FairValueInputsLevel3Member  
us-gaap:ValuationTechniqueDiscountedCashFlowMember 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:MeasurementInputPriceVolatilityMember  
us-gaap:ValuationTechniqueDiscountedCashFlowMember 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member  
vgr:MeasurementInputLeverageAdjustedEquityandVolatilityofPeerFirmsMember  
vgr:MonteCarloSimulationModelMember 2018-12-31 0000059440 us-gaap:FairValueInputsLevel3Member  
us-gaap:MeasurementInputSharePriceMember us-gaap:ValuationTechniqueDiscountedCashFlowMember 2018-12-31  
0000059440 us-gaap:FairValueInputsLevel3Member us-gaap:MeasurementInputConversionPriceMember  
us-gaap:ValuationTechniqueDiscountedCashFlowMember 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:MeasurementInputExpectedDividendPaymentMember  
us-gaap:ValuationTechniqueDiscountedCashFlowMember 2018-12-31 0000059440  
us-gaap:MoneyMarketFundsMember us-gaap:FairValueInputsLevel1Member 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel1Member  
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2018-12-31 0000059440

Edgar Filing: VECTOR GROUP LTD - Form 10-K

us-gaap:FixedIncomeSecuritiesMember 2018-12-31 0000059440 us-gaap:FairValueInputsLevel1Member  
us-gaap:CommercialPaperNotIncludedWithCashAndCashEquivalentsMember 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel2Member us-gaap:CommercialMortgageBackedSecuritiesMember 2018-12-31  
0000059440 us-gaap:FairValueInputsLevel1Member 2018-12-31 0000059440 us-gaap:CertificatesOfDepositMember  
us-gaap:FairValueInputsLevel2Member 2018-12-31 0000059440 us-gaap:FairValueInputsLevel1Member  
us-gaap:EquitySecuritiesMember 2018-12-31 0000059440 us-gaap:MoneyMarketFundsMember  
us-gaap:FairValueInputsLevel3Member 2018-12-31 0000059440 us-gaap:MoneyMarketFundsMember  
us-gaap:FairValueInputsLevel2Member 2018-12-31 0000059440 us-gaap:FairValueInputsLevel2Member  
us-gaap:FixedIncomeSecuritiesMember 2018-12-31 0000059440 us-gaap:FairValueInputsLevel2Member  
us-gaap:USTreasurySecuritiesMember 2018-12-31 0000059440 us-gaap:MoneyMarketFundsMember 2018-12-31  
0000059440 us-gaap:FairValueInputsLevel3Member  
us-gaap:CommercialPaperNotIncludedWithCashAndCashEquivalentsMember 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:CorporateDebtSecuritiesMember 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel2Member  
us-gaap:CommercialPaperNotIncludedWithCashAndCashEquivalentsMember 2018-12-31 0000059440  
us-gaap:CommercialPaperMember us-gaap:FairValueInputsLevel3Member 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel2Member 2018-12-31 0000059440 us-gaap:FairValueInputsLevel3Member  
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel2Member us-gaap:FixedIncomeFundsMember 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:FixedIncomeSecuritiesMember 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel1Member us-gaap:USGovernmentAgenciesDebtSecuritiesMember 2018-12-31  
0000059440 us-gaap:SuretyBondMember us-gaap:FairValueInputsLevel1Member 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member vgr:MarketableEquitySecuritiesMember 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel1Member us-gaap:USTreasurySecuritiesMember 2018-12-31 0000059440  
us-gaap:CertificatesOfDepositMember 2018-12-31 0000059440 us-gaap:CommercialPaperMember  
us-gaap:FairValueInputsLevel1Member 2018-12-31 0000059440 us-gaap:SuretyBondMember  
us-gaap:FairValueInputsLevel3Member 2018-12-31 0000059440 us-gaap:FairValueInputsLevel3Member  
vgr:ForeignFixedIncomeSecuritiesMember 2018-12-31 0000059440 us-gaap:FairValueInputsLevel1Member  
us-gaap:FixedIncomeSecuritiesMember 2018-12-31 0000059440 us-gaap:CommercialPaperMember 2018-12-31  
0000059440 us-gaap:FairValueInputsLevel1Member vgr:ForeignFixedIncomeSecuritiesMember 2018-12-31  
0000059440 us-gaap:FairValueInputsLevel3Member us-gaap:EquitySecuritiesMember 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:CommercialMortgageBackedSecuritiesMember 2018-12-31  
0000059440 us-gaap:CertificatesOfDepositMember us-gaap:FairValueInputsLevel3Member 2018-12-31 0000059440  
us-gaap:CommercialPaperMember us-gaap:FairValueInputsLevel2Member 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel2Member  
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2018-12-31 0000059440  
us-gaap:CertificatesOfDepositMember us-gaap:FairValueInputsLevel1Member 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel1Member us-gaap:CorporateDebtSecuritiesMember 2018-12-31 0000059440  
us-gaap:EquitySecuritiesMember 2018-12-31 0000059440 us-gaap:FairValueInputsLevel3Member  
us-gaap:USGovernmentAgenciesDebtSecuritiesMember 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel2Member us-gaap:USGovernmentAgenciesDebtSecuritiesMember 2018-12-31  
0000059440 us-gaap:SuretyBondMember us-gaap:FairValueInputsLevel2Member 2018-12-31 0000059440  
us-gaap:SuretyBondMember 2018-12-31 0000059440 us-gaap:FairValueInputsLevel2Member  
vgr:ForeignFixedIncomeSecuritiesMember 2018-12-31 0000059440 us-gaap:FairValueInputsLevel3Member  
us-gaap:FixedIncomeFundsMember 2018-12-31 0000059440 us-gaap:FairValueInputsLevel2Member  
us-gaap:EquitySecuritiesMember 2018-12-31 0000059440 us-gaap:FixedIncomeFundsMember 2018-12-31  
0000059440 us-gaap:FairValueInputsLevel2Member vgr:MarketableEquitySecuritiesMember 2018-12-31  
0000059440 us-gaap:FairValueInputsLevel2Member us-gaap:CorporateDebtSecuritiesMember 2018-12-31  
0000059440 us-gaap:FairValueInputsLevel3Member us-gaap:USTreasurySecuritiesMember 2018-12-31 0000059440  
vgr:MarketableEquitySecuritiesMember 2018-12-31 0000059440 us-gaap:FairValueInputsLevel1Member  
us-gaap:CommercialMortgageBackedSecuritiesMember 2018-12-31 0000059440

Edgar Filing: VECTOR GROUP LTD - Form 10-K

us-gaap:FairValueMeasurementsNonrecurringMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:CommercialMortgageBackedSecuritiesMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:EquitySecuritiesMember 2017-12-31 0000059440 us-gaap:CommercialPaperMember  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:CommercialPaperNotIncludedWithCashAndCashEquivalentsMember 2017-12-31 0000059440  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:CorporateDebtSecuritiesMember 2017-12-31  
0000059440 us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
vgr:ForeignFixedIncomeSecuritiesMember 2017-12-31 0000059440 us-gaap:CertificatesOfDepositMember  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:FixedIncomeFundsMember 2017-12-31 0000059440 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsNonrecurringMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USTreasurySecuritiesMember 2017-12-31 0000059440 us-gaap:FairValueMeasurementsRecurringMember  
2017-12-31 0000059440 us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:FixedIncomeFundsMember 2017-12-31 0000059440 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:CorporateDebtSecuritiesMember 2017-12-31  
0000059440 us-gaap:SuretyBondMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000059440  
us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:CommercialPaperNotIncludedWithCashAndCashEquivalentsMember 2017-12-31 0000059440  
us-gaap:CommercialPaperMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000059440 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:CommercialPaperNotIncludedWithCashAndCashEquivalentsMember 2017-12-31 0000059440  
us-gaap:FairValueMeasurementsRecurringMember vgr:ForeignFixedIncomeSecuritiesMember 2017-12-31  
0000059440 us-gaap:SuretyBondMember us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000059440 us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:USTreasurySecuritiesMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USGovernmentAgenciesDebtSecuritiesMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:FixedIncomeFundsMember 2017-12-31 0000059440 us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:CorporateDebtSecuritiesMember 2017-12-31  
0000059440 us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31  
0000059440 us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2017-12-31 0000059440  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:CommercialMortgageBackedSecuritiesMember  
2017-12-31 0000059440 us-gaap:MoneyMarketFundsMember us-gaap:FairValueMeasurementsRecurringMember  
2017-12-31 0000059440 us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
vgr:ForeignFixedIncomeSecuritiesMember 2017-12-31 0000059440  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:USGovernmentAgenciesDebtSecuritiesMember

Edgar Filing: VECTOR GROUP LTD - Form 10-K

2017-12-31 0000059440 us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USGovernmentAgenciesDebtSecuritiesMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USTreasurySecuritiesMember 2017-12-31 0000059440 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:FixedIncomeSecuritiesMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:CorporateDebtSecuritiesMember 2017-12-31 0000059440 us-gaap:CommercialPaperMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000059440  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:USTreasurySecuritiesMember 2017-12-31 0000059440  
us-gaap:MoneyMarketFundsMember us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000059440 us-gaap:CertificatesOfDepositMember  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000059440  
us-gaap:CertificatesOfDepositMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000059440  
us-gaap:FairValueMeasurementsNonrecurringMember 2017-01-01 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:CommercialMortgageBackedSecuritiesMember 2017-12-31 0000059440  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:EquitySecuritiesMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:CommercialMortgageBackedSecuritiesMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:FixedIncomeSecuritiesMember 2017-12-31 0000059440 us-gaap:FairValueInputsLevel1Member  
us-gaap:FairValueMeasurementsRecurringMember vgr:ForeignFixedIncomeSecuritiesMember 2017-12-31  
0000059440 us-gaap:FairValueMeasurementsRecurringMember us-gaap:FixedIncomeSecuritiesMember 2017-12-31  
0000059440 us-gaap:MoneyMarketFundsMember us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000059440 us-gaap:FairValueInputsLevel3Member  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:EquitySecuritiesMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:USGovernmentAgenciesDebtSecuritiesMember 2017-12-31 0000059440 us-gaap:SuretyBondMember  
us-gaap:FairValueInputsLevel3Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:FixedIncomeSecuritiesMember 2017-12-31 0000059440 us-gaap:MoneyMarketFundsMember  
us-gaap:FairValueInputsLevel1Member us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000059440  
us-gaap:SuretyBondMember us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel2Member us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:EquitySecuritiesMember 2017-12-31 0000059440 us-gaap:CommercialPaperMember  
us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000059440 us-gaap:FairValueInputsLevel2Member  
us-gaap:FairValueMeasurementsRecurringMember  
us-gaap:CommercialPaperNotIncludedWithCashAndCashEquivalentsMember 2017-12-31 0000059440  
us-gaap:CertificatesOfDepositMember us-gaap:FairValueMeasurementsRecurringMember 2017-12-31 0000059440  
us-gaap:FairValueMeasurementsRecurringMember us-gaap:FixedIncomeFundsMember 2017-12-31 0000059440  
vgr:RestrictedAssetsMember us-gaap:CommercialPaperMember us-gaap:FairValueMeasurementsRecurringMember  
2018-12-31 0000059440 vgr:CurrentRestrictedAssetsMember us-gaap:CommercialPaperMember  
us-gaap:FairValueMeasurementsRecurringMember 2018-12-31 0000059440 srt:MaximumMember  
us-gaap:FairValueInputsLevel3Member us-gaap:MeasurementInputCreditSpreadMember  
us-gaap:ValuationTechniqueDiscountedCashFlowMember 2017-12-31 0000059440 srt:MinimumMember  
us-gaap:FairValueInputsLevel3Member us-gaap:MeasurementInputCreditSpreadMember  
us-gaap:ValuationTechniqueDiscountedCashFlowMember 2017-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:MeasurementInputCreditSpreadMember

Edgar Filing: VECTOR GROUP LTD - Form 10-K

us-gaap:ValuationTechniqueDiscountedCashFlowMember 2018-12-31 0000059440 srt:MinimumMember  
us-gaap:FairValueInputsLevel3Member us-gaap:MeasurementInputCreditSpreadMember  
us-gaap:ValuationTechniqueDiscountedCashFlowMember 2018-12-31 0000059440  
us-gaap:FairValueInputsLevel3Member us-gaap:MeasurementInputCreditSpreadMember  
us-gaap:ValuationTechniqueDiscountedCashFlowMember 2017-12-31 0000059440 srt:MaximumMember  
us-gaap:FairValueInputsLevel3Member us-gaap:MeasurementInputCreditSpreadMember  
us-gaap:ValuationTechniqueDiscountedCashFlowMember 2018-12-31 0000059440  
us-gaap:CorporateNonSegmentMember 2017-12-31 0000059440 us-gaap:CorporateNonSegmentMember 2016-12-31  
0000059440 us-gaap:CorporateNonSegmentMember 2018-12-31 0000059440 us-gaap:OperatingSegmentsMember  
vgr:TobaccoSegmentMember 2016-01-01 2016-12-31 0000059440 us-gaap:OperatingSegmentsMember  
vgr:RealEstateSegmentMember 2018-12-31 0000059440 us-gaap:CorporateNonSegmentMember 2017-01-01  
2017-12-31 0000059440 us-gaap:CorporateNonSegmentMember 2016-01-01 2016-12-31 0000059440  
us-gaap:OperatingSegmentsMember vgr:TobaccoSegmentMember 2018-01-01 2018-12-31 0000059440  
us-gaap:OperatingSegmentsMember vgr:RealEstateSegmentMember 2018-01-01 2018-12-31 0000059440  
us-gaap:OperatingSegmentsMember vgr:RealEstateSegmentMember 2016-01-01 2016-12-31 0000059440  
us-gaap:OperatingSegmentsMember vgr:TobaccoSegmentMember 2018-12-31 0000059440  
us-gaap:CorporateNonSegmentMember 2018-01-01 2018-12-31 0000059440 us-gaap:OperatingSegmentsMember  
vgr:RealEstateSegmentMember 2017-01-01 2017-12-31 0000059440 us-gaap:OperatingSegmentsMember  
vgr:RealEstateSegmentMember 2017-12-31 0000059440 us-gaap:OperatingSegmentsMember  
vgr:TobaccoSegmentMember 2017-01-01 2017-12-31 0000059440 us-gaap:OperatingSegmentsMember  
vgr:TobaccoSegmentMember 2017-12-31 0000059440 us-gaap:OperatingSegmentsMember  
vgr:TobaccoSegmentMember 2016-12-31 0000059440 us-gaap:OperatingSegmentsMember  
vgr:RealEstateSegmentMember 2016-12-31 0000059440 2017-04-01 2017-06-30 0000059440 2017-10-01  
2017-12-31 0000059440 2017-07-01 2017-09-30 0000059440 2017-01-01 2017-03-31 0000059440 2018-04-01  
2018-06-30 0000059440 2018-01-01 2018-03-31 0000059440 2018-07-01 2018-09-30 0000059440  
srt:ParentCompanyMember srt:ReportableLegalEntitiesMember 2017-12-31 0000059440  
srt:ConsolidationEliminationsMember 2017-12-31 0000059440 srt:GuarantorSubsidiariesMember  
srt:ReportableLegalEntitiesMember 2017-12-31 0000059440 srt:NonGuarantorSubsidiariesMember  
srt:ReportableLegalEntitiesMember 2017-12-31 0000059440 srt:NonGuarantorSubsidiariesMember  
srt:ReportableLegalEntitiesMember 2018-12-31 0000059440 srt:ParentCompanyMember  
srt:ReportableLegalEntitiesMember 2018-12-31 0000059440 srt:GuarantorSubsidiariesMember  
srt:ReportableLegalEntitiesMember 2018-12-31 0000059440 srt:ConsolidationEliminationsMember 2018-12-31  
0000059440 srt:ParentCompanyMember srt:ReportableLegalEntitiesMember 2016-01-01 2016-12-31 0000059440  
srt:GuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2016-01-01 2016-12-31 0000059440  
srt:ConsolidationEliminationsMember 2016-01-01 2016-12-31 0000059440 srt:NonGuarantorSubsidiariesMember  
srt:ReportableLegalEntitiesMember 2016-01-01 2016-12-31 0000059440 srt:GuarantorSubsidiariesMember  
srt:ReportableLegalEntitiesMember 2018-01-01 2018-12-31 0000059440 srt:NonGuarantorSubsidiariesMember  
srt:ReportableLegalEntitiesMember 2018-01-01 2018-12-31 0000059440 srt:ParentCompanyMember  
srt:ReportableLegalEntitiesMember 2018-01-01 2018-12-31 0000059440 srt:ConsolidationEliminationsMember  
2018-01-01 2018-12-31 0000059440 srt:NonGuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember  
2017-01-01 2017-12-31 0000059440 srt:ParentCompanyMember srt:ReportableLegalEntitiesMember 2017-01-01  
2017-12-31 0000059440 srt:ConsolidationEliminationsMember 2017-01-01 2017-12-31 0000059440  
srt:GuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2017-01-01 2017-12-31 0000059440  
srt:NonGuarantorSubsidiariesMember 2017-01-01 2017-12-31 0000059440 srt:ConsolidationEliminationsMember  
2016-12-31 0000059440 srt:ParentCompanyMember srt:ReportableLegalEntitiesMember 2016-12-31 0000059440  
srt:NonGuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2016-12-31 0000059440  
srt:GuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2016-12-31 0000059440  
srt:GuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2015-12-31 0000059440  
srt:ParentCompanyMember srt:ReportableLegalEntitiesMember 2015-12-31 0000059440  
srt:NonGuarantorSubsidiariesMember srt:ReportableLegalEntitiesMember 2015-12-31 0000059440  
srt:ConsolidationEliminationsMember 2015-12-31 0000059440 vgr:SECSchedule1209ReserveCashDiscountsMember

2017-01-01 2017-12-31 0000059440 vgr:SECSchedule1209ReserveCashDiscountsMember 2018-01-01 2018-12-31 0000059440 vgr:SECSchedule1209AllowanceSalesReturnsMember 2016-12-31 0000059440 vgr:SECSchedule1209AllowanceSalesReturnsMember 2017-01-01 2017-12-31 0000059440 us-gaap:AllowanceForCreditLossMember 2018-12-31 0000059440 us-gaap:AllowanceForCreditLossMember 2017-12-31 0000059440 us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2015-12-31 0000059440 vgr:SECSchedule1209AllowanceSalesReturnsMember 2017-12-31 0000059440 us-gaap:AllowanceForCreditLossMember 2018-01-01 2018-12-31 0000059440 us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2017-12-31 0000059440 us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2017-01-01 2017-12-31 0000059440 us-gaap:AllowanceForCreditLossMember 2015-12-31 0000059440 us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2016-12-31 0000059440 us-gaap:AllowanceForCreditLossMember 2017-01-01 2017-12-31 0000059440 us-gaap:AllowanceForCreditLossMember 2016-12-31 0000059440 vgr:SECSchedule1209ReserveCashDiscountsMember 2016-12-31 0000059440 vgr:SECSchedule1209ReserveCashDiscountsMember 2015-12-31 0000059440 us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2018-01-01 2018-12-31 0000059440 vgr:SECSchedule1209AllowanceSalesReturnsMember 2016-01-01 2016-12-31 0000059440 vgr:SECSchedule1209AllowanceSalesReturnsMember 2018-01-01 2018-12-31 0000059440 vgr:SECSchedule1209ReserveCashDiscountsMember 2017-12-31 0000059440 us-gaap:AllowanceForCreditLossMember 2016-01-01 2016-12-31 0000059440 vgr:SECSchedule1209ReserveCashDiscountsMember 2016-01-01 2016-12-31 0000059440 vgr:SECSchedule1209AllowanceSalesReturnsMember 2015-12-31 0000059440 us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2016-01-01 2016-12-31 0000059440 vgr:SECSchedule1209AllowanceSalesReturnsMember 2018-12-31 0000059440 us-gaap:ValuationAllowanceOfDeferredTaxAssetsMember 2018-12-31 0000059440 vgr:SECSchedule1209ReserveCashDiscountsMember 2018-12-31 0000059440 us-gaap:AccountingStandardsUpdate201409Member vgr:SECSchedule1209AllowanceSalesReturnsMember 2018-01-01 2018-12-31 iso4217:USD xbrli:pure xbrli:shares iso4217:USD xbrli:shares vgr:venture vgr:room vgr:lot vgr:hole utreg:acre vgr:investment vgr:employee vgr:plan vgr:series vgr:defendant vgr:sponsorship vgr:case vgr:state utreg:sqft vgr:director

[Table of Contents](#)

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**Form 10-K**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For The Fiscal Year Ended December 31, 2018

**VECTOR GROUP LTD.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of incorporation  
incorporation or organization)*

**4400 Biscayne Boulevard, Miami, Florida 33137**

*(Address of principal executive offices)*

**1-5759**

*Commission File Number (I.R.S. Employer Identification No.)*

**33137**

*(Zip Code)*

**65-0949535**



(305) 579-8000

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

Title of each class	Name of each exchange on which registered
Common Stock, par value \$.10 per share	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  Yes  No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.  Yes  No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).  Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statement incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Emerging growth company

Indicate by check mark whether the Registrant is a shell company as defined in Rule 12b-2 of the Exchange Act.  Yes  No

The aggregate market value of the common stock held by non-affiliates of Vector Group Ltd. as of June 30, 2018 was approximately \$1.914 billion.

At March 1, 2019, Vector Group Ltd. had 140,914,642 shares of common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE:**

Part III (Items 10, 11, 12, 13 and 14) from the definitive Proxy Statement for the 2019 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission no later than 120 days after the end of the Registrant's fiscal year covered by this report.

**VECTOR GROUP LTD.**  
**FORM 10-K**  
**TABLE OF CONTENTS**

	<b>Page</b>
<b><u>PART I</u></b>	
<u>Item 1. Business</u>	<u>3</u>
<u>Item 1A. Risk Factors</u>	<u>14</u>
<u>Item 1B. Unresolved Staff Comments</u>	<u>28</u>
<u>Item 2. Properties</u>	<u>28</u>
<u>Item 3. Legal Proceedings</u>	<u>29</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>29</u>
<b><u>PART II</u></b>	
<u>Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities; Executive Officers of the Registrant</u>	<u>30</u>
<u>Item 6. Selected Financial Data</u>	<u>33</u>
<u>Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>34</u>
<u>Item 7A. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>57</u>
<u>Item 8. Financial Statements and Supplementary Data</u>	<u>58</u>
<u>Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>58</u>
<u>Item 9A. Controls and Procedures</u>	<u>58</u>
<u>Item 9B. Other Information</u>	<u>60</u>
<b><u>PART III</u></b>	
<u>Item 10. Directors, Executive Officers and Corporate Governance</u>	<u>61</u>
<u>Item 11. Executive Compensation</u>	<u>61</u>
<u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>61</u>
<u>Item 13. Certain Relationships and Related Transactions, and Director Independence</u>	<u>61</u>
<u>Item 14. Principal Accounting Fees and Services</u>	<u>61</u>
<b><u>PART IV</u></b>	
<u>Item 15. Exhibits and Financial Statement Schedules</u>	<u>62</u>
<u>Item 16. Form 10-K Summary</u>	<u>66</u>
<b><u>SIGNATURES</u></b>	<u>67</u>
EX-21	
EX-23.1	
EX-31.1	
EX-31.2	
EX-32.1	
EX-32.2	
EX-99.1	
EX-101 INSTANCE DOCUMENT - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	
EX-101 SCHEMA DOCUMENT	
EX-101 CALCULATION LINKBASE DOCUMENT	
EX-101 LABELS LINKBASE DOCUMENT	
EX-101 PRESENTATION LINKBASE DOCUMENT	
EX-101 DEFINITION LINKBASE DOCUMENT	



Table of Contents

**PART I**

**ITEM 1. BUSINESS**

**Overview**

Vector Group Ltd., a Delaware corporation, is a holding company and is engaged principally in two business segments:

**Tobacco:** the manufacture and sale of cigarettes in the United States through our Liggett Group LLC (“Liggett”) and Vector Tobacco Inc. (“Vector Tobacco”) subsidiaries, and

**Real Estate:** the real estate business through our New Valley LLC (“New Valley”) subsidiary, which is seeking to acquire or invest in additional real estate properties or projects. New Valley owns 100% of Douglas Elliman Realty, LLC (“Douglas Elliman”), which operates the largest residential brokerage company in the New York metropolitan area and also conducts residential real estate brokerage operations in South Florida, Southern California, Connecticut, Massachusetts and Aspen, Colorado.

In addition, as a result of the reduction in e-cigarette activities, results from our e-cigarette operations are now included in the Corporate and Other Segment and 2016 and 2017 information has been recast to conform to the 2018 presentation.

**Strategy**

Our strategy is to maximize stockholder value by increasing the profitability of our subsidiaries in the following ways:

***Liggett and Vector Tobacco***

• Capitalize on our tobacco subsidiaries’ cost advantage in the United States cigarette market due to the favorable treatment that they receive under the Master Settlement Agreement (“MSA”);

• Focus marketing and selling efforts on the discount segment, continue to build volume and margin in core discount brands (PYRAMID, EAGLE 20’s, GRAND PRIX, LIGGETT SELECT and EVE) and utilize core brand equity to selectively build distribution;

• Continue to provide the best quality products relative to other discount products in the marketplace;

• Increase efficiency by developing and adopting an organizational structure to maximize profit potential;

• Selectively expand the portfolio of partner brands and private label brands utilizing a pricing strategy that offers long-term price stability for customers; and

• Identify, develop and launch relevant new tobacco products to the market in the future.

***New Valley***

• Continue to grow Douglas Elliman’s operations by utilizing its strong brand name recognition and pursuing strategic and financial opportunities, including entry into new markets;

• Continue to leverage our expertise as direct investors by actively pursuing real estate investments in the United States and abroad which we believe will generate above-market returns;

• Acquire operating companies through mergers, asset purchases, stock acquisitions or other means; and

• Invest our excess funds opportunistically in situations that we believe can maximize stockholder value.

**Tobacco Operations**

*General.* Our Tobacco segment operates through our two subsidiaries, Liggett and Vector Tobacco. Liggett is the operating successor to Liggett & Myers Tobacco Company, which was founded in 1873. Vector Tobacco is a discount cigarette manufacturer selling product in the deep discount category. In this report, certain references to “Liggett” refer to our tobacco operations, including the business of Vector Tobacco, unless otherwise specified.

For the year ended December 31, 2018, Liggett was the fourth-largest manufacturer of cigarettes in the United States in terms of unit sales. Liggett’s manufacturing facilities are located in Mebane, North Carolina where it manufactures most of Vector Tobacco’s cigarettes pursuant to a contract manufacturing agreement. At the present time, Liggett and Vector Tobacco have no foreign operations.

Since 2004, Liggett has only produced discount cigarettes and all of Liggett’s units sold in 2018, 2017 and 2016 were in the discount segment. The U.S. cigarette market consists of premium cigarettes, which are generally marketed under well-recognized



Table of Contents

brand names at higher retail prices to adult smokers with a strong preference for branded products, and discount cigarettes, which are marketed at lower retail prices to adult smokers who are more value conscious. In recent years, the discounting of premium cigarettes has become far more significant in the marketplace.

According to data from Management Science Associates, Inc., the discount segment represented 27.7% of the total U.S. cigarette market in 2018 compared to 27.5% in 2017 and 27.4% in 2016. Liggett's domestic shipments of approximately 9.4 billion cigarettes during 2018 accounted for 4.0% of the total cigarettes shipped in the United States during such year. Liggett's market share was 3.7% in 2017 and 3.3% in 2016. According to Management Science Associates, Liggett held a share of approximately 14.3% of the overall discount market segment for 2018 compared to 13.5% for 2017 and 12.0% for 2016.

Liggett produces cigarettes in 109 combinations of length, style and packaging. Liggett's current brand portfolio includes:

**PYRAMID** — the industry's first deep discount product with a brand identity relaunched in the second quarter of 2009; PYRAMID represented 32.5% of Liggett's unit volume in 2018, 39.4% in 2017 and 50.7% in 2016,

**EAGLE 20's** — a brand positioned in the deep discount segment for long-term growth re-launched as a national brand in 2013; EAGLE 20's represented 53.5% of Liggett's unit volume in 2018, 44.4% in 2017 and 29.1% in 2016. EAGLE 20's is now the largest seller in Liggett's family of brands,

**GRAND PRIX** — re-launched as a national brand in 2005,

**LIGGETT SELECT** — a discount category brand originally launched in 1999,

**EVE** — a 120-millimeter cigarette in the branded discount category, and

**USA** and various partner brands and private label brands.

Under the Master Settlement Agreement ("MSA") reached in November 1998 with 46 states and various territories, cigarette manufacturers selling product in the U.S. must make settlement payments to the states and territories based on how many cigarettes they sell annually. Liggett, however, is not required to make any payments unless its market share exceeds its grandfathered market share established under the MSA of approximately 1.65% of the U.S. cigarette market. Additionally, Vector Tobacco has no payment obligation unless its market share exceeds approximately 0.28% of the U.S. cigarette market. We believe our tobacco subsidiaries have gained a sustainable cost advantage over their competitors as a result of the settlement.

Liggett's and Vector Tobacco's payments under the MSA are based on each respective company's incremental market share above the grandfathered market share applicable to each respective company. Thus, if Liggett's total market share is 3%, its MSA payment is based on 1.35%, which is the difference between Liggett's total market share of 3% and its approximate applicable grandfathered market share of 1.65%. We anticipate that both Liggett's and Vector Tobacco's payment exemptions will be fully utilized for the foreseeable future.

The source of industry data in this report is Management Science Associates, Inc., an independent third-party data management organization that collects wholesale and retail shipment data from various cigarette manufacturers and distributors and provides analysis of market share unit sales volume for individual companies and the industry as a whole. Management Science Associates, Inc.'s information relating to unit sales volume and market share of certain smaller, primarily deep discount, cigarette manufacturers is based on estimates developed by Management Science Associates, Inc.

*Business Strategy.* Liggett's business strategy is to capitalize on its cost advantage in the United States cigarette market resulting from the favorable treatment our tobacco subsidiaries receive under settlement agreements with the states and the MSA. Liggett's long-term business strategy is to continue to focus its marketing and selling efforts on the discount segment of the market, to continue to build volume and margin in its core discount brands (PYRAMID, EAGLE 20's, GRAND PRIX, LIGGETT SELECT and EVE) and to utilize its core brand equity to selectively build distribution. Liggett intends to continue its product management efforts to provide the best quality products relative to other discount products in the market place. Liggett will continue to seek increases in efficiency by developing and adapting its organizational structure to maximize profit potential.

*Sales, Marketing and Distribution.* Liggett's products are distributed from a central distribution center in Mebane, North Carolina to 15 public warehouses located throughout the United States by third-party trucking companies. These warehouses serve as local distribution centers for Liggett's customers.

Liggett's customers are primarily wholesalers and distributors of tobacco and convenience products as well as large grocery, drug and convenience store chains. Two customers accounted for 18% and 12% of Liggett's revenues in 2018, 18% and 13% of Liggett's revenues in 2017, and 16% and 14% of Liggett's revenues in 2016. Concentrations of credit risk with respect to trade receivables are generally limited due to Liggett's large number of customers. Liggett's two largest customers, represented approximately 11% and 4%, respectively, of net accounts receivable at December 31, 2018, 7% and 5%, respectively, at December 31, 2017, and 9% and 3%, respectively, at December 31, 2016. Ongoing credit evaluations of customers' financial condition are performed and, generally, no security is required. Liggett maintains reserves for potential credit losses and such losses, in the aggregate, have not exceeded management's expectations.

Table of Contents

*Trademarks.* All of the major trademarks used by Liggett are federally registered or are in the process of being registered in the United States and other markets. Trademark registrations typically have a duration of ten years and can be renewed at Liggett's option prior to their expiration date.

In view of the significance of cigarette brand awareness among consumers, management believes that the protection afforded by these trademarks is material to the conduct of its business. These trademarks are pledged as collateral for certain of our senior secured debt.

*Manufacturing.* Liggett purchases and maintains leaf tobacco inventory to support its cigarette manufacturing requirements. Liggett believes that there is a sufficient supply of tobacco within the worldwide tobacco market to satisfy its current production requirements. Liggett stores its leaf tobacco inventory in warehouses in North Carolina and Virginia. There are several different types of leaf tobacco, including flue-cured, burley, Maryland, oriental, cut stems and reconstituted sheet. Leaf components of American-style cigarettes are generally the flue-cured and burley tobaccos. While premium and discount brands use many of the same tobacco products, input ratios of these products may vary between premium and discount products. Liggett purchases its tobacco requirements from both domestic and foreign leaf dealers, much of it under long-term purchase commitments. As of December 31, 2018, the majority of Liggett's commitments were for the purchase of foreign tobacco.

Liggett's cigarette manufacturing facility was designed for the execution of short production runs in a cost-effective manner, which enables Liggett to manufacture and market 109 different cigarette brand styles. Liggett's facility produced approximately 9.4 billion cigarettes in 2018, but maintains the capacity to produce approximately 17.4 billion cigarettes per year. Vector Tobacco has contracted with Liggett to produce most of its cigarettes at Liggett's manufacturing facility in Mebane.

*Competition.* Liggett's competition is divided into two segments. The first segment consists of the three largest manufacturers of cigarettes in the United States: Philip Morris USA Inc. ("Philip Morris"), which is owned by Altria Group, Inc., RJ Reynolds Tobacco Company ("RJ Reynolds"), which is owned by British American Tobacco Plc, and ITG Brands LLC, which is owned by Imperial Brands Plc. These three manufacturers, while primarily premium cigarette-based companies, also produce and sell discount cigarettes. The second segment of competition is comprised of a group of smaller manufacturers and importers, most of which sell deep discount cigarettes.

Historically, there have been substantial barriers to entry into the cigarette business, including extensive distribution organizations, large capital outlays for sophisticated production equipment, substantial inventory investment, costly promotional spending, regulated advertising and, for premium brands, strong brand loyalty. However, after the MSA was signed, some smaller manufacturers and importers that are not parties to the MSA were able to overcome these competitive barriers due to their cost advantage resulting from the MSA. These smaller manufacturers and importers that are not parties to the MSA were subsequently impacted by the state statutes enacted pursuant to the MSA; however, these companies still have significant market share in the aggregate through competitive discounting in this segment.

In the cigarette business, Liggett competes on dual fronts. The two major manufacturers compete among themselves for premium brand market share based on advertising and promotional activities and trade rebates and incentives and compete with Liggett and others for discount market share, on the basis of cost and brand loyalty. These competitors have substantially greater financial resources than Liggett, and most of their brands have greater sales and consumer recognition than Liggett's products. Liggett's discount brands must also compete in the marketplace with the smaller manufacturers' and importers' deep discount brands.

According to Management Science Associates Inc.'s data, the unit sales of Philip Morris and RJ Reynolds accounted in the aggregate for 76.5% of the domestic cigarette market in 2018. Liggett's domestic shipments of approximately 9.4 billion cigarettes during 2018 accounted for 4.0% of the approximately 236 billion cigarettes shipped in the United States, compared to 9.2 billion cigarettes in 2017 (3.7%) and 8.5 billion cigarettes in 2016 (3.3%).

Industry-wide shipments of cigarettes in the United States have been declining for a number of years, with Management Science Associates Inc.'s data indicating that domestic industry-wide shipments declined by 4.7% (approximately 11.6 billion units) and 4.2% (approximately 10.8 billion units) in 2018 and 2017, respectively.

Liggett's management believes that industry-wide shipments of cigarettes in the United States will continue to decline as a result of numerous factors. These factors include health considerations, diminishing social acceptance of



smoking, and a wide variety of federal, state and local laws limiting smoking in public places, as well as increases in federal and state excise taxes and settlement-related expenses which have contributed to higher cigarette prices in recent years.

Historically, because of their dominant market share, Philip Morris and RJ Reynolds, the two largest cigarette manufacturers, have been able to determine cigarette prices for the various pricing tiers within the industry. Market pressures have historically caused other cigarette manufacturers to bring their prices in line with the levels established by these two major manufacturers. Off-list price discounting and similar promotional activity by manufacturers, however, has substantially affected the average price differential at retail, which can be significantly less than the manufacturers' list price gap. Recent discounting by manufacturers

## Table of Contents

has been far greater than historical levels, and the actual price gap between premium and deep-discount cigarettes has changed accordingly. This has led to shifts in price segment performance depending upon the actual price gaps of products at retail.

Philip Morris and RJ Reynolds dominate the domestic cigarette market, controlling 76.5% of the U.S. cigarette market in 2018, which makes it more difficult for Liggett to compete for shelf space in retail outlets and could impact price competition in the market, either of which could have a material adverse effect on its sales volume, operating income and cash flows.

### **Legislation and Regulation**

In the United States, tobacco products are subject to substantial and increasing legislation, regulation, taxation, and litigation, which have a negative effect on revenue and profitability.

The cigarette industry continues to be challenged on numerous fronts. The industry faced increased pressure from anti-smoking groups and continued smoking and health litigation, the effects of which, at this time, we are unable to quantify. Product liability litigation, particularly in Florida in the *Engle* progeny cases, continues to adversely affect the cigarette industry. See Item 1A. “*Risk Factors*”, Item 3. “*Legal Proceedings*” and Note 15 to our consolidated financial statements, which contain a description of litigation.

Reports with respect to the alleged harmful physical effects of cigarette smoking have been publicized for many years and, in the opinion of Liggett’s management, have had and will continue to have an adverse effect on cigarette sales. Since 1964, the Surgeon General of the United States and the Secretary of Health and Human Services have released a number of reports stating that cigarette smoking is a causative factor with respect to a variety of health hazards, including cancer, heart disease and lung disease, and have recommended various government actions to reduce the incidence of smoking. In 1997, Liggett publicly acknowledged that, as the Surgeon General and respected medical researchers have found, smoking causes health problems, including lung cancer, heart and vascular disease, and emphysema.

On June 22, 2009, the Family Smoking Prevention and Tobacco Control Act (the “TCA”) became law. The law grants the U.S. Food and Drug Administration (“FDA”) broad authority over the manufacture, sale, marketing and packaging of tobacco products, although FDA is prohibited from banning all cigarettes or all smokeless tobacco products. Among other measures, the law (under various deadlines):

- requires FDA to develop graphic warnings for cigarette packages, and grants FDA authority to require new warnings;

- imposes new restrictions on the sale and distribution of tobacco products, including significant new restrictions on tobacco product advertising and promotion, as well as the use of brand and trade names;

- bans the use of “light,” “mild,” “low” or similar descriptors on tobacco products;

- bans the use of “characterizing flavors” in cigarettes other than tobacco or menthol;

- gives FDA the authority to impose tobacco product standards that are appropriate for the protection of the public health (by, for example, requiring reduction or elimination of the use of particular constituents or components, requiring product testing, or addressing other aspects of tobacco product construction, constituents, properties or labeling);

- requires manufacturers to obtain FDA review and authorization for the marketing of certain new or modified tobacco products which could ultimately result in FDA prohibiting Liggett from selling certain of its products;

- requires pre-market approval by FDA for tobacco products represented (through labels, labeling, advertising, or other means) as presenting a lower risk of harm or tobacco-related disease;

requires manufacturers to report ingredients and harmful constituents and requires FDA to disclose certain constituent information to the public;

mandates that manufacturers test and report on ingredients and constituents identified by FDA as requiring such testing to protect the public health, and allows FDA to require the disclosure of testing results to the public;

requires manufacturers to submit to FDA certain information regarding the health, toxicological, behavioral or physiological effects of tobacco products;

## Table of Contents

- requires FDA to establish “good manufacturing practices” to be followed at tobacco manufacturing facilities;
- authorizes FDA to require the reduction of nicotine (although it may not require the reduction of nicotine yields of a tobacco product to zero) and the potential reduction or elimination of other constituents, including menthol;
- imposes (and allows FDA to impose) various recordkeeping and reporting requirements on tobacco product manufacturers; and
- grants FDA broad regulatory authority to impose additional restrictions.

The TCA imposes user fees on certain tobacco product manufacturers in order to fund tobacco-related FDA activities. User fees are allocated among tobacco product classes according to a formula set out in the statute, and then among manufacturers and importers within each class based on market share. FDA user fees for 2018 were \$23,429 for Liggett and Vector Tobacco combined and will likely increase in the future.

The law also required establishment of a Tobacco Products Scientific Advisory Committee (“TPSAC”) to provide advice, information and recommendations with respect to the safety, dependence or health issues related to tobacco products.

### Menthol and Flavorings

TPSAC completed its review of the use of menthol in cigarettes and issued a report with recommendations to FDA in March 2011. The report stated that “removal of menthol cigarettes from the marketplace would benefit public health in the United States,” but did not expressly recommend that FDA ban menthol cigarettes. In July 2013, FDA made available its preliminary scientific evaluation (“PSE”) of public health issues related to the use of menthol in cigarettes, in which it concluded that menthol cigarettes likely pose a public health risk above that seen with non-menthol cigarettes. FDA also issued and accepted public comment on an Advance Notice of Proposed Rulemaking (“ANPR”) seeking input related to potential regulatory options it might consider in determining what future regulatory action, if any, it believes is warranted. A decision by FDA to ban menthol in tobacco products could have a material adverse effect on us. In July 2014, the federal district court for the District of Columbia ruled on cross-motions for summary judgment in a lawsuit brought by several cigarette manufacturers against FDA challenging the composition of the TPSAC. The district court granted, in part, the plaintiffs’ motion for summary judgment, ordering FDA to reconstitute the TPSAC and barring the agency from relying in any manner on the March 2011 TPSAC report on menthol. FDA appealed the decision to the U.S. Court of Appeals for the District of Columbia Circuit. In January 2016, the D.C. Circuit vacated the district court’s decision due to the plaintiffs’ lack of standing and lifted the prohibition on FDA relying on the March 2011 TPSAC report. The D.C. Circuit’s decision does not preclude future challenges if FDA ultimately relies on the March 2011 TPSAC report to restrict or ban menthol in cigarettes.

In July 2017, FDA announced a comprehensive plan for Tobacco and Nicotine Regulation. As part of this comprehensive plan, FDA announced its intent to issue an ANPR requesting public stakeholder input on the impact of flavors (including menthol) in increased initiation among youth and young adults as well as assisting adult smokers to switch to potentially less harmful forms of nicotine delivery. In 2018, approximately 20% of our cigarette unit sales were menthol flavored. FDA issued this ANPR on March 21, 2018, seeking comments, data, research results, or other information about, among other things, how flavors attract youth to initiate tobacco product use and about whether and how certain flavors may help adult cigarette smokers reduce cigarette use and switch to potentially less harmful products. In the ANPR, FDA stated that potential regulatory actions include, but are not limited to, tobacco product standards and restrictions on the sale and distribution of tobacco products with flavors.

### Advertising and Warnings on Packaging

The TCA imposes significant new restrictions on the advertising and promotion of tobacco products. For example, as required under the law, FDA reissued certain regulations previously issued in 1996 (which were struck down by the

Supreme Court in 2000 as beyond FDA's then authority). Subject to limitations imposed by a federal injunction (discussed below), these regulations took effect on June 22, 2010. As written, these regulations significantly limit the ability of manufacturers, distributors and retailers to advertise and promote tobacco products, by, for example, restricting the use of color and graphics in advertising, limiting the use of outdoor advertising, restricting the sale and distribution of non-tobacco items and services, gifts, and sponsorship of events, and imposing restrictions on the use for cigarette or smokeless tobacco products of trade or brand names that are used for nontobacco products. In August 2009, several cigarette manufacturers filed a federal lawsuit against FDA challenging the constitutionality of a number of the restrictions imposed by the TCA, including the ban on color and graphics in advertising, the color graphic and non-graphic warning label requirement, limits on the right to make truthful statements regarding modified risk tobacco products, restrictions on the placement of outdoor advertising, and a ban on the distribution of product samples. In March 2012, a federal

## Table of Contents

appellate court let stand numerous advertising and promotion restrictions, but held that the ban on the use of color and graphics in advertising was unconstitutional.

In April 2010, a number of cigarette manufacturers filed a federal lawsuit challenging the TCA restrictions on trade or brand names based upon First Amendment and other grounds. In May 2010, FDA issued a guidance document indicating that FDA was aware of concerns regarding the trade and brand name restrictions and while the agency was considering the matter, it intended to exercise its enforcement discretion and not commence trade or brand name enforcement actions for the duration of its consideration where: (1) the trade or brand name of the cigarettes or smokeless tobacco product was registered, or the product was marketed, in the United States on or before June 22, 2009; or (2) the first marketing or registration in the United States of the tobacco product occurs before the first marketing or registration in the United States of the non-tobacco product bearing the same name; provided, however, that the tobacco and non-tobacco product are not owned, manufactured, or distributed by the same, related, or affiliated entities (including as a licensee). The lawsuit was stayed by agreement of the parties. In November 2011, FDA issued a proposal to amend its trade name restrictions and the lawsuit was dismissed in November 2013. FDA's proposal remains under consideration. We cannot predict the future impact of the proposed amendment.

In June 2011, FDA issued a final rule that would have modified the required warnings that appear on cigarette packages and in cigarette advertisements. The rule would have required each cigarette package and advertisement to bear one of nine new textual warning statements accompanied by graphic images. The warnings would have had to appear on at least the top 50% of the front and rear panels of cigarette packages and occupy at least 20% of cigarette advertisements. In August 2011, a number of cigarette manufacturers, including Liggett, filed a federal lawsuit against FDA challenging the constitutionality of these new graphic images on First Amendment and other grounds and seeking an injunction staying implementation of the graphic images, and other related labeling requirements. In February 2012, on First Amendment grounds, the court granted the industry's motion for summary judgment permanently enjoining implementation of FDA's graphic warnings regulation. This decision was affirmed on appeal and FDA did not seek United States Supreme Court review. FDA instead decided to undertake research to support a new graphic warnings rule. In October 2016, the American Academy of Pediatrics and other public health groups filed a federal lawsuit claiming that the FDA had unlawfully withheld and unreasonably delayed action on the rule. In September 2018, the District Court for the District of Massachusetts issued an order granting summary judgment to the plaintiffs and ordered FDA to provide an expedited schedule for the issuance of the rule. FDA subsequently proposed a new deadline for the final rule of May 2021. The plaintiffs responded by asking the court to order FDA to publish a final rule by January 31, 2020. The court has not issued its response to either party. Should FDA ultimately issue new graphic warnings that are deemed constitutionally valid, the decision provides that such warnings would go into effect 15 months after they are issued. We cannot predict how the inclusion of new warnings, if ultimately required by FDA in new rulemaking, would impact product sales or whether it would have a material adverse effect on us.

## Product Review

The TCA requires premarket review of "new tobacco products." A "new tobacco product" is one that was not commercially marketed in the United States as of February 15, 2007 or that was modified after that date. In general, before a company may commercially market a "new tobacco product," it must either (a) submit an application and obtain an order from FDA permitting the product to be marketed; or (b) submit an application and receive an FDA order finding the product to be "substantially equivalent" to a "predicate" tobacco product that was commercially marketed in the U.S. as of February 15, 2007. A "substantially equivalent" tobacco product is one that has the "same characteristics" as the predicate or one that has "different characteristics" but does not raise "different questions of public health."

Manufacturers of products first introduced after February 15, 2007 and before March 22, 2011 who submitted a substantial equivalence application to FDA prior to March 23, 2011 may continue to market the tobacco product unless FDA issues an order that the product is not substantially equivalent ("NSE"). Failure to timely submit the application, or FDA's conclusion that such a "new tobacco product" is not substantially equivalent, will cause the product to be deemed misbranded and/or adulterated. After March 22, 2011, a "new tobacco product" may not be

marketed without an FDA substantial equivalence determination. Prior to the deadline, Liggett and Vector Tobacco submitted substantial equivalence applications to FDA for each of their respective cigarette brand styles. To date, Liggett has received NSE orders relating to 20 cigarette brand styles. With respect to the first six NSE orders, Liggett discontinued the cigarette brand styles subject to the orders. Sales of these discontinued cigarette brand styles were *de minimis*. With respect to NSE orders issued in September 2017 relating to 14 cigarette brand styles, Liggett has elected to pursue administrative appeals with FDA. Sales of these 14 cigarette brand styles accounted for approximately 1% of the tobacco segment's annual revenue in 2017. Liggett is continuing to sell the affected cigarette brand styles during the administrative appeal process. Vector Tobacco received NSE orders relating to three cigarette brand styles in November 2017. Sales of these three cigarette brand styles accounted for approximately 0.5% of the tobacco segment's annual revenue in 2017. Vector Tobacco elected to pursue administrative appeals with FDA and is continuing to sell the affected cigarette brand styles during the administrative appeal

Table of Contents

process. There can be no assurance as to the timing or outcome of these appeals and adverse decisions on the appeals could require these cigarettes to be removed from the market.

On April 5, 2018, FDA announced a change in its process for reviewing “provisional” substantial equivalence applications. These are the substantial equivalence applications for the subset of tobacco products introduced into commercial distribution after February 15, 2007 and before March 22, 2011, that have been permitted to remain on the market since 2011 because a substantial equivalence application for them was submitted on or before March 22, 2011. Both Liggett and Vector Tobacco submitted provisional substantial equivalence applications before the deadline for all of their respective cigarette brand styles. FDA announced that it will continue to review the approximately 1,000 pending provisional applications that were determined to have the greatest potential to raise different questions of public health and will remove from review the approximately 1,500 provisional applications that were determined less likely to do so.

As a result, Vector Tobacco received a letter from FDA in April 2018, advising that FDA does not intend to conduct further review of Vector Tobacco’s remaining substantial equivalence applications that have not yet received a substantial equivalence determination unless one of the following occurs: (i) the new tobacco product that is the subject of the provisional application is also the subject of another pending application submitted by the same manufacturer; (ii) FDA receives new information (e.g., from inspectional findings) suggesting that the new tobacco product that is the subject of a provisional application is more likely to have the potential to raise different questions of public health than previously determined; or (iii) FDA has reason to believe that the new tobacco product was not introduced or delivered for introduction into interstate commerce for commercial distribution in the United States after February 15, 2007, and prior to March 22, 2011 ((i), (ii) and (iii) are collectively, the “Conditions”).

Liggett also received a letter from FDA requesting additional information on certain products subject to provisional applications. The letter requested that Liggett certify the date on which each listed product was introduced or delivered for introduction into interstate commerce for commercial distribution in the United States between February 15, 2007 and March 22, 2011. On April 12, 2018, Liggett provided the requested certification for all of the products identified in the FDA letter. On May 21, 2018, FDA sent a letter to Liggett stating that the products identified in the letter would be removed from review unless one of the Conditions occurs.

FDA has not indicated whether the applications relating to Liggett’s other products not covered by that May 2018 letter would proceed through FDA review. We cannot predict whether FDA will deem Liggett’s outstanding applications, including its responses to “Preliminary Finding” letters for pending substantial equivalence applications, to be sufficient to support determinations of substantial equivalence for the products covered by these substantial equivalence reports. It is possible that FDA could determine that some, or all, of these products are “not substantially equivalent” to a preexisting tobacco product, as the agency has already done for 20 of Liggett’s applications. NSE orders for other cigarette styles may require us to stop the sale of the applicable cigarettes and could have a material adverse effect on us.

In April 2015, a number of cigarette manufacturers filed a federal lawsuit challenging FDA’s March 4, 2015 “guidance” document, “Guidance for Industry: Demonstrating the Substantial Equivalence of a New Tobacco Product: Responses to Frequently Asked Questions.” The guidance document would have required FDA’s prior approval for all changes to the label of a tobacco product that would render the product “distinct” and a “new tobacco product,” even though there was no change to the product itself. Similarly, the guidance document would have required prior approval for changes in the quantity of products sold within a package. The complaint alleged, among other things, that FDA’s guidance was contrary to and exceeded FDA’s authority under the Federal Food, Drug, and Cosmetic Act (“FDCA”).

In September 2015, FDA issued a revised version of the same document entitled, “Guidance for Industry: Demonstrating the Substantial Equivalence of a New Tobacco Product: Responses to Frequently Asked Questions (Edition 2).” The revised version did not materially change the requirements set forth in the prior version regarding changes to product labels and changes to the quantity of products sold within a package. Accordingly, in September 2015, certain cigarette manufacturers filed a lawsuit in the federal district court for the District of Columbia challenging FDA’s September 2015 “guidance” document. In August 2016, the court ruled that a modification to an existing product’s label does not result in a “new tobacco product” and therefore such a label change does not give rise to the substantial equivalence review process. Accordingly, the court vacated the revised guidance insofar as it pertains



to label changes, but upheld the guidance in all other respects, including its treatment of product quantity changes as modifications that give rise to a “new tobacco product” requiring substantial equivalence review. The parties did not appeal this decision, concluding the litigation.

In May 2016, FDA issued a final “deeming” regulation that extended the agency’s authority under the TCA to other tobacco products not then regulated by the agency, such as e-cigarettes, cigars, pipe tobacco and hookah. Under the “deeming” rule, manufacturers of the newly-regulated products, including e-cigarettes, are subject to the same TCA provisions and relevant regulatory requirements that already apply to cigarettes.

Table of ContentsNicotine

As part of the comprehensive plan announced in July 2017, FDA said it would focus on nicotine addiction, with the goal of lowering nicotine levels in combustible cigarettes through a product standard developed through notice and comment rulemaking (based upon, among other things, stakeholder comments as well as published literature). On March 16, 2018, FDA issued an ANPR to obtain information for consideration in developing a tobacco product standard to set the maximum nicotine level for cigarettes. FDA stated that it is considering taking this action to reduce the level of nicotine in cigarettes so they are minimally addictive or non-addictive, using the best available science to determine a level that is appropriate for the protection of the public health. In the ANPR, FDA seeks comments on a number of issues regarding the development of a tobacco product standard that would limit the amount of nicotine in cigarettes, including: (i) product categories that should be covered by a tobacco product standard; (ii) the appropriate maximum nicotine level and how the nicotine level should be measured; (iii) whether a standard should be implemented through a gradual stepped-down approach or all at once; (iv) the technical achievability of nicotine reduction; and (v) potential countervailing effects, such as the illicit trade of cigarettes containing nicotine at levels higher than a non-addictive threshold that may be established by the FDA. Under the TCA, FDA may adopt a tobacco product standard for nicotine if the agency concludes that such a standard is appropriate for the protection of the public health. FDA may refer the proposed regulation to the TPSAC for a report and recommendation. FDA may consider a wide range of issues prior to the promulgation of a final rule, including the technical achievability of compliance with the proposed product standard. The rulemaking process could take many months or years and once a final rule is published it ordinarily would not be expected to take effect until at least one year after the date of publication. We cannot predict how a tobacco product standard, if ultimately issued by FDA, would impact product sales, whether it would have a material adverse effect on Liggett or Vector Tobacco, or whether it would impact Liggett and Vector Tobacco to a greater degree than other companies in the industry.

It is possible that our consolidated financial position, results of operations or cash flows could be materially adversely affected by an unfavorable outcome in any tobacco-related litigation or as a result of additional federal or state regulation relating to the manufacture, sale, distribution, advertising or labeling of tobacco products.

Liggett's management believes that it is in compliance in all material respects with the laws regulating cigarette manufacturers in all jurisdictions in which we operate.

**The MSA and Other State Settlement Agreements**

In March 1996, March 1997, and March 1998, Liggett entered into settlements of tobacco-related litigation with 45 states and territories. The settlements released Liggett from all tobacco-related claims within those states and territories, including claims for health care cost reimbursement and claims concerning sales of cigarettes to minors.

In November 1998, Philip Morris, R.J. Reynolds and two other companies (the "Original Participating Manufacturers" or "OPMs") and Liggett (together with any other tobacco product manufacturer that becomes a signatory, the "Subsequent Participating Manufacturers" or "SPMs"), (the OPMs and SPMs are hereinafter referred to jointly as the "Participating Manufacturers") entered into the MSA with 46 states and various territories (collectively, the "Settling States") to settle the asserted and unasserted healthcare cost recovery and certain other claims of those Settling States. The MSA received final judicial approval in each Settling State.

As a result of the MSA, the Settling States released Liggett and Vector Tobacco from:

all claims of the Settling States and their respective political subdivisions and other recipients of state health care funds, relating to: (i) past conduct arising out of the use, sale, distribution, manufacture, development, advertising and marketing of tobacco products; and (ii) the health effects of, the exposure to, or research, statements or warnings about, tobacco products; and

all monetary claims of the Settling States and their respective subdivisions and other recipients of state health care funds, relating to future conduct arising out of the use of, or exposure to, tobacco products that have been manufactured in the ordinary course of business.

The MSA restricts tobacco product advertising and marketing within the Settling States and otherwise restricts the activities of Participating Manufacturers. Among other things, the MSA prohibits the targeting of youth in the advertising, promotion or marketing of tobacco products; bans the use of cartoon characters in all tobacco advertising and promotion; limits each Participating Manufacturer to one tobacco brand name sponsorship during any 12-month

period; bans all outdoor advertising, with certain limited exceptions; prohibits payments for tobacco product placement in various media; bans gift offers based on the purchase of tobacco products without sufficient proof that the intended recipient is an adult; prohibits Participating Manufacturers from licensing third parties to advertise tobacco brand names in any manner prohibited under the MSA; and prohibits Participating Manufacturers from using as a tobacco product brand name any nationally recognized non-tobacco brand or trade name or the names of sports teams, entertainment groups or individual celebrities.

Table of Contents

The MSA also requires Participating Manufacturers to affirm corporate principles to comply with the MSA and to reduce underage usage of tobacco products and imposes restrictions on lobbying activities conducted on behalf of Participating Manufacturers. In addition, the MSA provides for the appointment of an independent auditor to calculate and determine the amounts of payments owed pursuant to the MSA.

Under the payment provisions of the MSA, the Participating Manufacturers are required to make annual payments of \$9.0 billion (subject to applicable adjustments, offsets and reductions). These annual payments are allocated based on unit volume of domestic cigarette shipments. The payment obligations under the MSA are the several, and not joint, obligations of each Participating Manufacturer and are not the responsibility of any parent or affiliate of a Participating Manufacturer.

Liggett has no payment obligations under the MSA except to the extent its market share exceeds a market share exemption of approximately 1.65% of total cigarettes sold in the United States. Vector Tobacco has no payment obligations under the MSA except to the extent its market share exceeds a market share exemption of approximately 0.28% of total cigarettes sold in the United States. Liggett and Vector Tobacco's domestic shipments accounted for 4.0% of the total cigarettes sold in the United States in 2018. If Liggett's or Vector Tobacco's market share exceeds their respective market share exemption in a given year, then on April 15 of the following year, Liggett and/or Vector Tobacco, as the case may be, must pay on each excess unit an amount equal (on a per-unit basis) to that due from the OPMs for that year.

Liggett may have additional payment obligations under the MSA and its other settlement agreements with the states. See Item 1A. "*Risk Factors*" and Note 15 to our consolidated financial statements.

**New Valley**

New Valley, a Delaware limited liability company, is engaged in the real estate business and is seeking to acquire or invest in additional real estate properties and projects.

Prior to December 31, 2018, New Valley owned a 70.59% interest in Douglas Elliman, and on December 31, 2018, New Valley acquired the remaining 29.41% interest for a purchase price of \$40.0 million. The transaction brings New Valley's indirect ownership interest in Douglas Elliman to 100%. Douglas Elliman operates the largest residential brokerage company in the New York City metropolitan area, which is known as Douglas Elliman Real Estate or Douglas Elliman. New Valley also holds investment interests in various real estate projects domestically and internationally.

**Business Strategy**

New Valley's business strategy is to continue to operate its real estate business, to acquire additional real estate properties and to acquire operating companies through merger, purchase of assets, stock acquisition or other means, or to acquire control of operating companies through one of such means. New Valley may also seek from time to time to dispose of such businesses and properties when favorable market conditions exist. New Valley's cash and investments are available for general corporate purposes, including for acquisition purposes.

**Douglas Elliman**

*Real Estate Brokerage Business.* Douglas Elliman is engaged in the real estate brokerage business through nine subsidiaries. The nine brokerage companies have 115 offices with approximately 7,200 real estate agents in the New York metropolitan area as well as South Florida, Southern California, Greenwich, Connecticut, Aspen, Colorado and Boston, Massachusetts. The companies achieved combined sales of approximately \$28.1 billion of real estate in 2018, approximately \$26.1 billion of real estate in 2017 and approximately \$24.6 billion of real estate in 2016. Douglas Elliman was ranked as the third-largest residential brokerage company in the United States in 2018 based on closed sales volume by the *Real Trends* broker survey. Douglas Elliman had revenues of \$754.1 million in 2018, \$722.3 million in 2017, and \$675.3 million in 2016.

The New York City brokerage operation was founded in 1911 and has grown to be one of Manhattan's leading residential brokers by specializing in the highest end of the sales and rental marketplaces. It has 21 New York City offices, with approximately 2,773 real estate agents, 5,979 transactions, representing sales volume of approximately \$12.1 billion of real estate in 2018.

The Long Island brokerage operation is headquartered in Huntington, New York and is the largest residential brokerage company on Long Island with 37 offices and approximately 2,218 real estate agents. It serves

approximately 250 communities in Long Island and Queens, New York. The Westchester brokerage operation operates in a suburban area north of New York City with six offices and approximately 181 real estate agents. The Connecticut brokerage operation operates in Greenwich, Connecticut with one office and approximately 80 real estate agents. During 2018, the three brokerage operations closed approximately 10,695 transactions, representing sales volume of approximately \$7.4 billion of real estate.

The Florida brokerage operates in South Florida with 18 offices located in downtown Miami, Miami Beach, Coconut Grove, Coral Gables, North Miami, Ft. Lauderdale, Boca Raton and Palm Beach. The offices have approximately 1,076 real estate agents and closed approximately 3,577 transactions, representing sales volume of \$4.7 billion of real estate in 2018.

Table of Contents

The California brokerage operation is headquartered in Los Angeles and operates with 24 offices throughout the state. The offices have approximately 813 real estate agents and closed approximately 2,432 transactions, representing sales volume of \$3.4 billion of real estate in 2018.

Douglas Elliman operates as a broker in residential real estate transactions. In performing these services, the company has historically represented the seller or buyer, either as the listing broker for the seller, or as a co-broker for the buyer side of the transaction. In acting as a broker for the seller, their services include assisting the seller in pricing the property and preparing it for sale, advertising the property, showing the property to prospective buyers, and assisting the seller in negotiating the terms of the sale and in closing the transaction. In exchange for these services, the seller pays to the company a commission, which is generally a fixed percentage of the sales price. In a co-brokered arrangement, the listing broker typically splits its commission with the other co-broker involved in the transaction. The company also offers buyer brokerage services. When acting as a broker for the buyer, its services include assisting the buyer in locating properties that meet the buyer's personal and financial specifications, showing the buyer properties, and assisting the buyer in negotiating the terms of the purchase and closing the transaction. In exchange for these services, a commission is paid to the company which also is generally a fixed percentage of the purchase price and is usually, based upon a co-brokerage agreement with the listing broker, deducted from, and payable out of, the commission payable to the listing broker. With the consent of a buyer and seller, subject to certain conditions, the company may, in certain circumstances, act as a selling broker and as a buying broker in the same transaction. The company's sales and marketing services are provided by licensed real estate sales persons or associate brokers who have entered into independent contractor agreements with the company. The company recognizes revenue and commission expenses upon the consummation of the real estate sale.

*DE Title Services.* DE Title Services provides full-service title services to real estate buyers and financial institutions. DE Title Services acts in the capacity of a title agent and sells title insurance to property buyers and mortgage lenders. DE Title Services is licensed as a title agent in New York and Florida. Its affiliate, DE Title Services of Nevada, LLC, provides title services in Nevada.

*elliman.com.* Douglas Elliman's website, elliman.com, serves as a destination where consumers can search properties throughout all regions serviced by Douglas Elliman and access current market information on all of those regions as well as comprehensive building and neighborhood guides and other interactive content.

*Marketing.* Douglas Elliman offers real estate sales and marketing and relocation services, which are marketed by a multimedia program. This program includes direct mail, newspaper, internet, catalog, radio and television advertising and is conducted throughout Manhattan and Long Island. In addition, the integrated nature of the real estate brokerage companies services is designed to produce a flow of customers between their real estate sales and marketing business.

*Competition.* The real estate brokerage business is highly competitive. However, Douglas Elliman believes that its ability to offer their customers a range of inter-related services and its level of residential real estate sales and marketing help position them to meet the competition and improve their market share.

In the brokerage company's traditional business of residential real estate sales and marketing, it competes with multi-office independent real estate organizations and, to some extent, with franchise real estate organizations, such as Century-21, ERA, RE/MAX International, Sotheby's International Realty, Better Homes and Gardens Real Estate, Berkshire Hathaway HomeServices, and Coldwell Banker. Douglas Elliman believes that its major competitors in 2019 will also increasingly include multi-office real estate organizations, such as GMAC Home Services, NRT LLC (whose affiliates include the New York City-based Corcoran Group) and other privately-owned companies. Specific to the New York metropolitan area, Douglas Elliman's competitors include Corcoran, Brown Harris Stevens, Halstead Properties, Compass and Stribling & Associates. Residential brokerage firms compete for sales and marketing business primarily on the basis of services offered, reputation, personal contacts, and, recently to a greater degree, price.

*Government Regulation.* Several facets of real estate brokerage businesses are subject to government regulation. For example, the real estate brokerage divisions are licensed as real estate brokers in the states in which they conduct their real estate brokerage businesses. In addition, real estate sales associates must be licensed as real estate brokers or salespersons in the states in which they do business. Future expansion of the real estate brokerage operations of Douglas Elliman into new geographic markets may subject Douglas Elliman to similar licensing requirements in other

states.

Real Estate Settlement Procedures Act (“RESPA”) and state real estate brokerage laws restrict payments that real estate brokers, title agencies, mortgage bankers, mortgage brokers and other settlement service providers may receive or pay in connection with the sales of residences and referral of settlement services (e.g., mortgages, homeowners insurance and title insurance). Such laws may, to some extent, restrict preferred alliance and other arrangements involving our real estate franchise, real estate brokerage, settlement services and relocation businesses. In addition, our relocation and title and settlement services businesses, RESPA and similar state laws require timely disclosure of certain relationships or financial interests with providers of real estate settlement services.

12

---

Table of Contents

Pursuant to the Dodd-Frank Act, administration of RESPA was transferred from United States Department of Housing and Urban Development (“HUD”) to the new Consumer Financial Protection Bureau (“CFPB”) and it is possible that the practices of HUD, taking very expansive broad readings of RESPA, will continue or accelerate at the CFPB creating increased regulatory risk. RESPA also has been invoked by plaintiffs in private litigation for various purposes.

*Title Services Regulation.* Many states license and regulate title agencies/settlement service providers or certain employees and underwriters through their Departments of Insurance or other regulatory body. In many states, title insurance rates are either promulgated by the state or are required to be filed with each state by the agent or underwriter, and some states promulgate the split of title insurance premiums between the agent and underwriter. States sometimes unilaterally lower the insurance rates relative to loss experience and other relevant factors. States also require title agencies and title underwriters to meet certain minimum financial requirements for net worth and working capital.

*Trade Names.* The “Douglas Elliman” trade name is a registered trademark in the United States. The name has been synonymous with the most exacting standards of excellence in the real estate industry since Douglas Elliman’s formation in 1911. Other trademarks used extensively in Douglas Elliman’s business, which are owned by Douglas Elliman and registered in the United States, include “We are New York,” “Bringing People and Places Together,” “If You Clicked Here You’d Be Home Now” and “Picture Yourself in the Perfect Home.”

The taglines “It’s Time for Elliman,” “From Manhattan to Montauk” and “askelliman.com” are used extensively in the Douglas Elliman’s brokerage operations. In addition, Douglas Elliman’s brokerage operation continues to use the trade names of certain companies that it has acquired.

*Residential Property Management Business.* Douglas Elliman is also engaged in the management of cooperatives, condominiums and apartments through its subsidiary, Residential Management Group, LLC, which conducts business as Douglas Elliman Property Management and is one of the leading New York City based property managers in the New York metropolitan area according to a survey in the November 2018 issue of *The Real Deal*. Residential Management Group provides full service third-party fee management for approximately 394 properties, representing approximately 44,300 units in New York City, Nassau County, Northern New Jersey and Westchester County. Among the notable properties currently managed are the Dakota, Museum Tower, Olympic Tower Condominium, Manhattan House, CitySpire Condominium, RiverHouse and The Sovereign, all buildings located in New York City. Residential Management Group employs approximately 280 people, of whom approximately 198 work at Residential Management Group’s headquarters and the remainder at remote offices in the New York metropolitan area.

**Real Estate Investments**

We own, and seek to acquire investment interests in various domestic and international real estate projects through debt and equity investments. Our current real estate investments include the following projects:

***Land Development***

*Escena.* We are developing a 450-acre approved master planned community in Palm Springs, CA. The development consists of 667 residential lots, which include both single and multi-family lots, an 18-hole golf course, clubhouse restaurant, golf shop and seven-acre site approved for a 450-room hotel.

*Sagaponack.* We are developing a luxury oceanfront property in Sagaponack, NY. We are the sole owner of the land, and as of December 31, 2018, the assets of Sagaponack consist of land and land improvements of \$16,050. The property is expected to be completed by 2019, and is currently listed for sale.

***Condominium and Mixed-Use Development***

As of December 31, 2018, we had 15 investments in condominium and mixed-use development real estate ventures. We had 12 condominium and mixed-use development real estate ventures in the New York City Standard Metropolitan Statistical Area (“SMSA”). Of the 12 condominium and mixed-use development real estate ventures in the New York City SMSA, seven were closing on units as of December 31, 2018 and the remainder had projected construction completion dates between March 2019 and June 2020. We had three condominium and mixed-use development real estate ventures in other U.S. areas as of December 31, 2018. The three condominium and mixed-use development real estate ventures in other U.S. areas had projected construction completion dates between June 2019 and December 2020.

***Apartment Buildings***



As of December 31, 2018, we had one active investment in apartment buildings located in the Baltimore, Maryland metropolitan area. The investment was operating as of December 31, 2018.

Table of Contents

**Hotels**

As of December 31, 2018, we had three investments in hotels, two located in the New York City SMSA and one located in Bermuda. The hotels were operating as of December 31, 2018.

**Commercial**

As of December 31, 2018, we had two investments in commercial real estate ventures, one located in the New York City SMSA and one located in Las Vegas, Nevada. Both of the commercial real estate ventures were operating as of December 31, 2018.

In our real estate investment business, we seek to acquire investment interests in domestic and international real estate projects through debt and equity investments. We focus on new condominium development in Douglas Elliman markets and investing in well-located real estate assets that generate, or have the potential to generate, long-term, predictable and sustainable cash flows with attractive growth and development potential. We believe our ownership of Douglas Elliman provides us with a strategic advantage through its relationships with developers in jurisdictions where we operate. We and our partners seek to enhance the cash flows and returns from our investments by using varying levels of leverage. In addition, we and our partners may earn incentives on certain investments if the investments achieve rates of return that exceed targeted thresholds. Our real estate investments are located in the United States and Bermuda and we may pursue growth in other markets where we identify attractive opportunities to invest in or acquire assets and to achieve strong risk-adjusted returns. We strive to invest at attractive valuations, capitalize on distressed situations where possible, create opportunities for superior valuation gains and cash flow returns and monetize assets at appropriate times to realize value. Our portfolio as of December 31, 2018 included interests in the 25 properties discussed above. As of December 31, 2018, our real estate investment business held interests in joint ventures recorded on our financial statements at approximately \$141.1 million and approximately \$26.2 million in consolidated real estate investments.

For additional information concerning these investments, see Note 8 to our consolidated financial statements and “Summary of Real Estate Investments” located in Item 7. - “*Management’s Discussion and Analysis of Financial Condition and Results of Operations.*”

**Employees**

At December 31, 2018, we had 1,555 employees, of which approximately 1,045 were employed by Douglas Elliman primarily in the New York area, 275 were employed at Liggett’s Mebane facility and approximately 210 were employed in sales and administrative functions at Liggett Vector Brands LLC (“LVB”), which coordinates our tobacco subsidiary’s sales and marketing efforts, along with certain support functions. Approximately 13% of our employees are hourly employees, who are represented by unions. We have not experienced any significant work stoppages since 1977, and we believe that relations with our employees and their unions are satisfactory.

**Available Information**

Our website address is [www.vectorgrouppltd.com](http://www.vectorgrouppltd.com). We make available free of charge on the Investor Relations section of our website (<http://www.vectorgrouppltd.com/investor-relations/>) our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with the Securities and Exchange Commission. We also make available through our website other reports filed with the SEC under the Exchange Act, including our proxy statements and reports filed by officers and directors under Section 16(a) of that Act. Copies of our Code of Business Conduct and Ethics, Corporate Governance Guidelines, Audit Committee charter, Compensation Committee charter and Corporate Governance and Nominating Committee charter have been posted on the Investor Relations section of our website and are also available in print to any stockholder who requests it. We do not intend for information contained in our website to be part of this Annual Report on Form 10-K.

**ITEM 1A. RISK FACTORS**

Our business faces many risks. We have described below the known material risks that we and our subsidiaries face. There may be additional risks that we do not yet know of or that we do not currently perceive to be significant that may also impact our business or the business of our subsidiaries. Each of the risks and uncertainties described below could lead to events or circumstances that have a material adverse effect on the business, results of operations, cash

flows, financial condition or equity of us or one or more of our subsidiaries, which in turn could negatively affect the value of our common stock. You should carefully consider and evaluate all of the information included in this report and any subsequent reports that we may file with the Securities and Exchange Commission or make available to the public before investing in any securities issued by us.

Table of Contents

**We have significant liquidity commitments.**

During 2019, we have significant liquidity commitments that will require the use of our existing cash resources. As of December 31, 2018, our corporate expenditures (exclusive of Liggett, Vector Tobacco and New Valley) and other potential liquidity requirements over the next 12 months include the following:

• repayment of the convertible notes, which included repayment of the \$230 million of 7.5% Variable Interest Senior Convertible Notes that were repaid at maturity in January 2019 using proceeds of an offering of \$325 million unsecured notes issued in November 2018, and, by April 2020, repayment of \$232.0 million of our 5.5% Variable Interest Senior Notes due 2020;

• cash interest expense of approximately \$118.3 million,

• dividends on our outstanding common shares of approximately \$240.0 million based on a historical quarterly cash dividend rate of \$0.40 per share, and

• other corporate expenses and taxes.

In order to meet the above liquidity requirements as well as other liquidity needs in the normal course of business, we will be required to use cash flows from operations and existing cash and cash equivalents. Should these resources be insufficient to meet the upcoming liquidity needs, we may also be required to liquidate investment securities available for sale and other long-term investments, or, if available, draw on Liggett's credit facility. While there are actions we can take to reduce our liquidity needs, there can be no assurance that such measures will be successful.

**We are a holding company and depend on cash payments from our subsidiaries, which are subject to contractual and other restrictions, in order to service our debt and to pay dividends on our common stock.**

We are a holding company and have no operations of our own. We hold our interests in our various businesses through our wholly-owned subsidiaries, VGR Holding LLC and New Valley LLC. In addition to our own cash resources, our ability to pay interest on our debt and to pay dividends on our common stock depends on the ability of VGR Holding and New Valley to make cash available to us. VGR Holding's ability to pay dividends to us depends primarily on the ability of Liggett and Vector Tobacco, its wholly-owned subsidiaries, to generate cash and make it available to VGR Holding. Liggett's revolving credit agreement with Wells Fargo Bank, N.A. contains a restricted payments test that limits the ability of Liggett to pay cash dividends to VGR Holding. The ability of Liggett to meet the restricted payments test may be affected by factors beyond its control, including Wells Fargo's unilateral discretion, if acting in good faith, to modify elements of such test.

Our receipt of cash payments, as dividends or otherwise, from our subsidiaries is an important source of our liquidity and capital resources. If we do not have sufficient cash resources of our own and do not receive payments from our subsidiaries in an amount sufficient to repay our debts and to pay dividends on our common stock, we must obtain additional funds from other sources. There is a risk that we will not be able to obtain additional funds at all or on terms acceptable to us. Our inability to service these obligations and to continue to pay dividends on our common stock would significantly harm us and the value of our common stock.

**We and our subsidiaries have a substantial amount of indebtedness.**

We and our subsidiaries have significant indebtedness and debt service obligations. As of December 31, 2018, we and our subsidiaries had total outstanding indebtedness of \$1.7 billion, with \$230 million due in January 2019 that was repaid using proceeds of an offering of \$325 million unsecured notes we issued in October 2018. In addition, subject to the terms of any future agreements, we and our subsidiaries may be able to incur additional indebtedness in the future. There is a risk that we will not be able to generate sufficient funds to repay our debt. If we cannot service our fixed charges, it would have a material adverse effect on our business and results of operations.

Table of Contents**Our high level of debt may adversely affect our ability to satisfy our obligations.**

There can be no assurance that we will be able to meet our debt service obligations. A default in our debt obligations, including a breach of any restrictive covenant imposed by the terms of our indebtedness, could result in the acceleration of the affected debt as well as other of our indebtedness. In such a situation, it is unlikely that we would be able to fulfill our obligations under the debt or such other indebtedness or that we would otherwise be able to repay the accelerated indebtedness or make other required payments. Even in the absence of an acceleration of our indebtedness, a default under the terms of our indebtedness could have an adverse impact on our ability to satisfy our debt service obligations and on the trading price of our debt and our common stock.

Our high level of indebtedness, as well as volatility in the capital and credit markets, could have important consequences. For example, they could:

- make it more difficult for us to satisfy our other obligations with respect to our debt, including repurchase obligations upon the occurrence of specified change of control events;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to obtain additional financing;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, reducing the amount of our cash flow available for dividends on our common stock and other general corporate purposes;
- require us to sell other securities or to sell some or all of our assets, possibly on unfavorable terms, to meet payment obligations;
- restrict us from making strategic acquisitions, investing in new capital assets or taking advantage of business opportunities;
- limit our flexibility in planning for, or reacting to, changes in our business and industry; and
- place us at a competitive disadvantage compared to competitors that have less debt.

**Our 6.125% Senior Secured Notes, 10.5% Senior Notes, and Liggett Credit Facility contain restrictive covenants that limit our operating flexibility, and may limit our ability to pay dividends in the future.**

The 2025 Indenture, 2026 Indenture and the Liggett Credit Facility contain covenants that, among other things, restrict our ability to take specific actions, even if we believe them to be in our best interest, including restrictions on our ability to:

- incur or guarantee additional indebtedness or issue preferred stock;
- pay dividends or distributions on, or redeem or repurchase, capital stock;
- create liens with respect to our assets;
- make investments, loans or advances;
- prepay subordinated indebtedness;
- enter into transactions with affiliates; and
- merge, consolidate, reorganize or sell our assets.

The indenture governing our 10.5% Senior Notes due 2026 (the “2026 Indenture”) restricts our ability to pay dividends and make certain other distributions subject to certain exceptions, including exceptions for (1) dividends and other distributions in an amount up to 50% of the Company’s consolidated net income, plus certain specified proceeds received by the Company, if no event of default has occurred, and the Company is in compliance with a Fixed Charge Coverage Ratio (as defined in the 2026 Indenture) of at least 2.0x, and (2) dividends and other distributions in an unlimited amount, if no event of default has occurred and the Company is in compliance with a Net Leverage Ratio (as defined in the 2026 Indenture) no greater than 4.0x. The 2026 Indenture also restricts our ability to incur debt if our Fixed Charge Coverage Ratio is less than 2.0x, and restricts our ability to secure debt other than secured debt incurred pursuant to a Secured Leverage Ratio no greater than 3.75x, unless the 10.5% Senior Notes are secured on an equal and ratable basis. In addition, the 2026 Indenture restricts our ability to spin-off or transfer New Valley and its subsidiaries as a whole, or DER Holdings LLC and its subsidiaries (including Douglas Elliman) as a whole, unless (1) such spin-off or transfer complies with the covenants restricting mergers and asset sales, or (2) our Net Leverage Ratio is no greater than 4.0x. Our Fixed Charge Coverage Ratio is defined in the 2026 Indenture as the ratio of our

Consolidated EBITDA to our Fixed Charges (each as defined in the 2026 Indenture). Our Net Leverage Ratio is defined in the 2026 Indenture as the ratio of our and our guaranteeing subsidiaries' total debt less our cash, cash equivalents, and the fair market value of our investment securities, long-term investments, investments in real estate, net, and investments in real estate ventures, to Consolidated EBITDA,

## Table of Contents

as defined in the 2026 Indenture. Our Secured Leverage Ratio is defined in the 2026 Indenture as the ratio of our and our guaranteeing subsidiaries' total secured debt, to Consolidated EBITDA, as defined in the 2026 Indenture. There can be no guarantee that we will be in compliance with these financial metrics, and therefore our ability to pay dividends or engage in other corporate transactions may be limited in the future.

In addition, our 6.125% Senior Secured Notes and 10.5% Senior Notes require us to meet specified financial ratios in order to take certain actions, including, a Leverage Ratio and a Secured Leverage Ratio (as defined in the 2025 Indenture) with respect to the 6.125% Senior Secured Notes, and a Fixed Charge Coverage Ratio and a Net Leverage Ratio (as defined in the 2026 Indenture) with respect to the 10.5% Senior Notes. See Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources for a discussion of these ratios. The Liggett Credit Facility also requires us to maintain specified financial ratios so long as any obligations are outstanding under the facility. These covenants may restrict our ability to expand or fully pursue our business strategies. Our ability to comply with these and other provisions of the 2025 Indenture, 2026 Indenture, and the Liggett Credit Facility may be affected by changes in our operating and financial performance, changes in general business and economic conditions, adverse regulatory developments or other events beyond our control. The breach of any of these covenants could result in a default under our indebtedness, which could cause those and other obligations to become due and payable. If any of our indebtedness is accelerated, we may not be able to repay it.

### **Changes in respect of the debt ratings of our notes may materially and adversely affect the availability, the cost and the terms and conditions of our debt.**

Both we and several issues of our notes have been publicly rated by Moody's Investors Service, Inc., ("Moody's"), and Standard & Poor's Rating Services ("S&P"), independent rating agencies. In addition, future debt instruments may be publicly rated. These debt ratings may affect our ability to raise debt. Any future downgrading of the notes or our other debt by Moody's or S&P may affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the notes.

### **The Tax Cuts and Jobs Act of 2017 may increase the after-tax cost of debt financings.**

The Tax Cuts and Jobs Act of 2017 (the "Tax Act") limits our interest expense deduction to 30% of taxable income before interest, depreciation and amortization from 2018 to 2021 and then taxable income before interest thereafter for non-excepted trade or businesses. One such excepted trade or business is any electing real property trade or business, which portions of our real estate business may qualify. Interest expense allocable to an excepted trade or business is not subject to limitation. The Tax Act permits us to carry forward disallowed interest expense indefinitely. Due to our high degree of leverage, beginning in 2018, a portion of our interest expense in future years may not be deductible, which may increase the after tax cost of any new debt financings as well as the refinancing of our existing debt. We will continue to evaluate the impact of the nondeductible interest on our operations and capital structure.

### **Failure to maintain effective internal control over financial reporting could adversely affect us.**

The accuracy of our financial reporting depends on the effectiveness of our internal control over financial reporting, the implementation of which requires significant management attention. Internal control over financial reporting can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements and may not prevent or detect misstatements because of its inherent limitations. These limitations include, among others, the possibility of human error, inadequacy or circumvention of controls and fraud. If we do not maintain effective internal control over financial reporting or design and implement controls sufficient to provide reasonable assurance with respect to the preparation and fair presentation of our financial statements, including in connection with controls executed for us by third parties, we might fail to timely detect any misappropriation of corporate assets or inappropriate allocation or use of funds and could be unable to file accurate financial reports on a timely basis. As a result, our reputation, results of operations and stock price could be materially adversely affected.

### **Liggett faces intense competition in the domestic tobacco industry.**

Liggett is considerably smaller and has fewer resources than its major competitors, and, as a result, has in certain circumstances a more limited ability to respond to market developments. Further, all of Liggett's unit volume is generated in the discount segment, which is highly competitive, with consumers having less brand loyalty and placing greater emphasis on price. Management Science Associates' data indicate that in 2018 Philip Morris and RJ Reynolds, the two largest cigarette manufacturers, controlled 76.5% of the United States cigarette market. Philip Morris is the largest manufacturer in the market, and its profits are derived principally from its sale of premium cigarettes. Philip Morris had 58.8% of the premium segment and 46.5% of the total domestic market during 2018. During 2018, all of Liggett's sales were in the discount segment, and its share of the total domestic cigarette market was 4.0%. Philip Morris and RJ Reynolds, the two largest cigarette manufacturers, historically, because of their dominant market share, have been able to determine cigarette prices for the various pricing tiers within the industry.



Table of Contents

Further consolidation in the industry could adversely affect our ability to compete in the U.S. cigarette market.

**Liggett's business is highly dependent on the discount cigarette segment and to maintain market share, we may be required to take steps to reduce prices.**

All of Liggett's unit volume is generated in the discount segment, which is highly competitive. While Philip Morris, RJ Reynolds, and ITG Brands compete with Liggett in the discount segment of the market, Liggett also faces intense competition for market share in the discount segment from a group of smaller manufacturers and importers, most of which sell low quality and deep discount cigarettes. While Liggett's share of the discount market was 14.3% in 2018, 13.5% in 2017, and 12.0% in 2016, Management Science Associates' data indicate that the discount market share of these other smaller manufacturers and importers was approximately 29.4% in 2018, 27.2% in 2017, and 25.6% in 2016. If pricing in the discount market continues to be impacted by these smaller manufacturers and importers, margins in Liggett's only current market segment could be negatively affected and, to maintain market share, Liggett may be required to take steps to reduce prices. Thus, Liggett's sales volume, operating income and cash flows would be materially adversely affected, which in turn could negatively affect the value of our common stock.

**The domestic cigarette industry has experienced declining unit sales in recent periods, which could result in lower sales or higher costs for us.**

Industry-wide shipments of cigarettes in the United States have been declining for a number of years, with Management Science Associates' data indicating that domestic industry-wide shipments decreased by approximately 4.7% in 2018 as compared to 2017, and by approximately 4.2% in 2017 as compared to 2016. In addition to a declining market impacting our sales volume, operating income and cash flows, our annual cost advantage from our payment exemption under the MSA declines by approximately \$1.7 million for each percentage point decline in shipment volumes in the U.S. market. We believe that industry-wide shipments of cigarettes in the United States will continue to decline as a result of numerous factors. These factors include health considerations, diminishing social acceptance of smoking, and a wide variety of federal, state and local laws limiting smoking in restaurants, bars and other public places, as well as increases in federal and state excise taxes and settlement-related expenses which have contributed to higher cigarette prices in recent years. If this decline in industry-wide shipments continues and Liggett is unable to capture market share from its competitors, or if the industry as a whole is unable to offset the decline in unit sales with price increases, or if Liggett's market share percentage falls below its MSA payment exemption percentage, Liggett's sales volume, operating income and cash flows could be materially adversely affected, which in turn could negatively affect the value of our common stock.

**Our tobacco operations are subject to substantial and increasing legislation, regulation and taxation, which have a negative effect on revenue and profitability.**

Cigarettes are subject to substantial regulation and taxation at the federal, state and local levels, which has had and may continue to have an adverse effect on our business. For a discussion of the material regulations and taxation applicable to our Business, see *Item 1. Business. Legislation and Regulation*. For instance:

Federal, state and local laws have limited the advertising, sale and use of cigarettes in the United States, such as laws prohibiting smoking in restaurants and other public places. Private businesses have also implemented prohibitions on the use of cigarettes. Further regulations or rules limiting advertising, sale or use of cigarettes could negatively impact sales of cigarettes, which would have an adverse effect on our results of operations.

The federal government, as well as certain state, city and county governments, impose excise taxes on cigarettes, which has had, and is expected to continue to have, an adverse effect on sales of cigarettes. Since certain of these excise taxes were proportionately smaller on other types of tobacco products, a dramatic increase in the sale of mislabeled pipe tobacco occurred, which took away market share from traditional cigarette products.

Various state and local government regulations have, among other things, increased the minimum age to purchase tobacco products, restricted or banned sampling and advertising, and required ingredient and constituent disclosure.

Further regulations that limit the group of individuals able to purchase cigarettes in the United States or other regulations that limit the types of products we can offer, such as limitations on use of flavoring, could have a material adverse effect on demand for our products, our results of operations and our business. FDA and other organizations have also conducted anti-tobacco media campaigns, which have and may continue to have an adverse effect on the demand for cigarettes.

There have also been adverse legislative and political decisions and other unfavorable developments concerning cigarette smoking and the tobacco industry, as well as restrictive actions by federal agencies, including the Environmental Protection Agency and FDA. In 2009, legislation was enacted giving FDA regulatory authority over tobacco products. Additionally, all states have enacted statutes requiring cigarettes to meet a reduced ignition propensity standard. These developments may negatively affect

Table of Contents

the perception of potential triers of fact with respect to the tobacco industry, possibly to the detriment of certain pending litigation, and may prompt the commencement of additional similar litigation or legislation. We are not able to evaluate the effect of these developing matters on pending litigation or the possible commencement of additional litigation, but our consolidated financial position, results of operations or cash flows could be materially adversely affected.

Additional federal, state or local regulations relating to the manufacture, sale, distribution, advertising, labeling, or information disclosure of tobacco products could further reduce sales, increase costs and have a material adverse effect on our business.

**FDA Regulation Under the Family Smoking Prevention and Tobacco Control Act may adversely affect our sales and operating profit.**

In June 2009, the TCA became law. The TCA grants FDA broad authority over the manufacture, sale, marketing and packaging of tobacco products, although FDA is prohibited from banning all cigarettes or all smokeless tobacco products. For a discussion of the TCA, see *Item 1. Business. Legislation and Regulation*.

In July 2017, FDA announced a comprehensive plan for Tobacco and Nicotine Regulation, proposing an increased focus on the impact of flavors (including menthol) and on reducing the level of nicotine in tobacco. FDA's March 2018 ANPR relating to menthol indicated that it may, among other things, take regulatory actions to implement tobacco product standards and restrict the sale and distribution of tobacco products with flavors, including menthol. In 2018, approximately 20% of our cigarette unit sales were menthol flavored. Regulations under the TCA that restrict or prohibit the sale of menthol flavored cigarettes would reduce the demand for our cigarettes and may have an adverse effect on our business and results of operations.

As part of the comprehensive plan announced in July 2017, FDA said it would focus on nicotine addiction, with the goal of lowering nicotine levels in combustible cigarettes through a product standard developed through notice and comment rulemaking, which FDA announced in March 2018. See *Item 1. Business. Legislation and Regulation*. At this time, we cannot predict the specific regulations FDA will enact, the timeframe for such regulations, or the effect of such regulations. The rulemaking process could take years and once a final rule is issued it typically does not take effect for at least one year. We cannot predict how a tobacco product standard, if ultimately issued by FDA, would impact product sales, whether it would have a material adverse effect on Liggett or Vector Tobacco, or whether it would impact Liggett and Vector Tobacco to a greater degree than other companies in the industry.

In April 2018, FDA announced a change in its process for reviewing "provisional" substantial equivalence applications. See *Item 1. Business. Legislation and Regulation* for additional information on the substantial equivalence process. Vector Tobacco received a letter from FDA in April 2018 advising that FDA does not intend to conduct further review of Vector Tobacco's remaining applications, with certain "conditions" (as described under *Item 1. Business. Legislation and Regulation*). Liggett received a letter from FDA in May 2018 advising that FDA does not intend to conduct further review for certain applications, also with certain "conditions" (as described under *Item 1. Business. Legislation and Regulation*). FDA has not indicated whether the applications relating to Liggett's other products not covered by that May 2018 letter would proceed through FDA review. We cannot predict whether FDA will deem Liggett's outstanding applications to be sufficient to support determinations of substantial equivalence for the products covered by these substantial equivalence reports. It is possible that FDA could determine that some, or all, of these products are "not substantially equivalent" to a preexisting tobacco product, as the agency has already done for 20 of Liggett's applications. NSE orders for other cigarette styles may require us to stop the sale of the applicable cigarettes and could have a material adverse effect on us.

It is likely that the TCA and further regulatory efforts by FDA could result in a decrease in cigarette sales in the United States, including sales of Liggett's and Vector Tobacco's brands. Compliance and related costs are not possible to predict and depend substantially on the future requirements imposed by FDA under the law. Costs, however, could be substantial and could have a material adverse effect on the companies' financial condition, results of operations, and cash flows. In addition, FDA has a number of investigatory and enforcement tools available to it. Failure to comply with the law and with FDA regulatory requirements could result in significant financial penalties and could have a material adverse effect on the business, financial condition and results of operation of both Liggett and Vector

Tobacco. At present, we are not able to predict whether the law will impact Liggett and Vector Tobacco to a greater degree than other companies in the industry, thus affecting our competitive position.

Table of Contents**Litigation will continue to harm the tobacco industry.**

Liggett could be subjected to substantial liabilities and bonding requirements from litigation relating to cigarette products. Adverse judgments could have a negative impact on our ability to operate due to their impact on cash flows. We and our Liggett subsidiary, as well as the entire cigarette industry, continue to be challenged on numerous fronts, including the *Engle* progeny cases in Florida (described below). New cases continue to be commenced against Liggett and other cigarette manufacturers. As of December 31, 2018, in addition to approximately 70 *Engle* progeny cases, there were 32 individual product liability lawsuits, three purported class actions and one health care cost recovery action pending in the United States in which Liggett and/or us were named defendants. It is likely that similar legal actions, proceedings and claims will continue to be filed against Liggett. Punitive damages, often in amounts ranging into the billions of dollars, are specifically pled in certain cases, in addition to compensatory and other damages. It is possible that there could be adverse developments in pending cases including the certification of additional class actions. An unfavorable outcome or settlement of pending tobacco-related litigation could encourage the commencement of additional litigation. In addition, an unfavorable outcome in any tobacco-related litigation could have a material adverse effect on our consolidated financial position, results of operations or cash flows. Liggett could face difficulties in obtaining a bond to stay execution of a judgment pending appeal.

*Liggett Only Cases.* There is currently one case pending where Liggett is the only remaining tobacco company defendant.

As new product liability cases are commenced against Liggett, the costs associated with defending these cases and the risks relating to the inherent unpredictability of litigation continue to increase.

**Individual tobacco-related cases have increased as a result of the Florida Supreme Court's ruling in Engle.**

In May 1994, the *Engle* case was filed as a class action against Liggett and others in Miami-Dade County, Florida. The class consisted of all Florida residents who, by November 21, 1996, "have suffered, presently suffer or have died from diseases and medical conditions caused by their addiction to cigarette smoking." A trial was held and the jury returned a verdict adverse to the defendants (approximately \$145.0 billion in punitive damages, including \$790.0 million against Liggett). Following an appeal to the Third District Court of Appeal, the Florida Supreme Court in July 2006 decertified the class on a prospective basis and affirmed the appellate court's reversal of the punitive damages award. Former class members had until January 2008 to file individual lawsuits. As a result, we and Liggett, and other cigarette manufacturers, were sued in thousands of *Engle* progeny cases in both federal and state courts in Florida. Although we were not named as a defendant in the *Engle* case, we were named as a defendant in substantially all of the *Engle* progeny cases where Liggett was named as a defendant.

Lawsuits by individuals requesting the benefit of the *Engle* ruling are referred to as the "*Engle* progeny cases." Notwithstanding Liggett's multi-plaintiff settlements, Liggett and Vector remain defendants in approximately 70 state court *Engle* progeny cases.

We cannot predict the cash requirements related to any future settlements and judgments, including cash required to bond any appeals, and there is a risk that those requirements will not be able to be met.

**Liggett may have additional payment obligations under the MSA.**

*NPM Adjustment.* In March 2006, an economic consulting firm selected pursuant to the MSA determined that the MSA was a "significant factor contributing to" the loss of market share of Participating Manufacturers for 2003. This same determination has been made for additional years. This is known as the "NPM Adjustment." As a result, the Participating Manufacturers may be entitled to potential NPM Adjustments to their MSA payments.

As of December 31, 2018, the Participating Manufacturers had entered into agreements with 37 Settling States setting out terms for settlement of the NPM Adjustment and addressing the NPM Adjustment with respect to those states for future years.

For 2003 - 2017, Liggett and Vector Tobacco, as applicable, disputed that they owed the Settling States the NPM Adjustments as calculated by the independent auditor. As permitted by the MSA, Liggett and Vector Tobacco paid subject to dispute, withheld payment or paid into a disputed payment account the amounts associated with these NPM Adjustments. For those states that did not enter into the agreement, or otherwise settle, the arbitration for 2004 has

commenced. It is possible that Liggett could owe additional monies to the non-settling states in connection with the NPM Adjustment dispute.

20

---

Table of Contents

**Liggett may have additional payment obligations under its individual state settlements.**

In 2004, the Attorneys General of Mississippi and Texas advised Liggett that they believed Liggett had failed to make all required payments under the respective settlement agreements with these states. Liggett believes these allegations are without merit, based, among other things, on the language of the most favored nation provisions of the settlement agreements. No amounts have been accrued in our consolidated financial statements for any additional amounts that may be payable by Liggett under the settlement agreements with Mississippi and Texas.

In January 2016, the Attorney General for Mississippi filed a motion in Chancery Court in Jackson County, Mississippi to enforce the March 1996 settlement agreement alleging that Liggett owes Mississippi at least \$27.0 million in damages (including interest), and \$20.0 million in punitive damages and attorneys' fees. In April 2017, the court ruled that the settlement agreement should be enforced and referred the matter to a Special Master for further proceedings to determine the amount of damages, if any, to be awarded. In May 2017, Liggett filed a Petition for Interlocutory Appeal to the Mississippi Supreme Court, which was denied.

\_\_\_\_\_ moved in Chancery Court to compel arbitration and stay the proceedings pending before the Special Master. In June 2018, the Chancery Court granted Liggett's motion to compel arbitration and stayed the proceedings before the Special Master pending completion of the arbitration. The arbitration concluded on December 11, 2018. A decision is pending.

Liggett may be required to make additional payments to Mississippi and Texas which could have a material adverse effect on the Company's consolidated financial position, results of operations and cash flow.

**New Valley is subject to risks relating to the industries in which it operates.**

***Risks relating to the real estate industry.***

The real estate industry is significantly affected by changes in economic and political conditions as well as real estate markets, which could adversely impact returns on our investments, trigger defaults in project financing, cause cancellations of property sales, reduce the value of our properties or investments and could affect our results of operations and liquidity. The real estate industry is cyclical and is significantly affected by changes in general and local economic conditions which are beyond our control.

These conditions include short-term and long-term interest rates, inflation, fluctuations in debt and equity capital markets, levels of unemployment, consumer confidence and the general economic condition of the United States and the global economy. The real estate market also depends upon the strength of financial institutions, which are sensitive to changes in the general macroeconomic environment. Lack of available credit or lack of confidence in the financial sector could impact the real estate market, which in turn could adversely affect our business, financial condition and results of operations.

Any of the following could be associated with cyclicity in the real estate market by halting or limiting a recovery in the residential real estate market, and have an adverse effect on our business by causing periods of lower growth or a decline in the number of home sales and/or property prices which, in turn, could adversely affect our revenue and profitability:

- periods of economic slowdown or recession;
- rising interest rates;
- the general availability of mortgage financing;
- a negative perception of the market for residential real estate;
- commission pressure from brokers who discount their commissions;
- an increase in the cost of homeowners' insurance;
- weak credit markets;
- a low level of consumer confidence in the economy and/or the real estate market;
- instability of financial institutions;
- legislative, tax or regulatory changes that would adversely impact the real estate market, including but not limited to potential reform relating to Fannie Mae, Freddie Mac and other government sponsored entities that provide liquidity to the U.S. housing and mortgage markets, and potential limits on, or elimination of, the

- deductibility of certain mortgage interest expense and property taxes;
- adverse changes in economic and general business conditions in the New York metropolitan area;
- a decline in the affordability of homes;
- declining demand for real estate;



Table of Contents

decreasing home ownership rates, declining demand for real estate and changing social attitudes toward home ownership; and/or

acts of God, such as hurricanes, earthquakes and other natural disasters, or acts or threats of war or terrorism.

*New Valley is heavily dependent on the performance of the real estate market in the New York metropolitan area.*

New Valley's business primarily depends on the performance of the real estate market in the New York metropolitan area. Our real estate brokerage businesses and our investments in real estate developments are largely located in the New York metropolitan area and to a lesser extent in South Florida, Los Angeles, Las Vegas and other markets.

Further, as of December 31, 2018, we had investments in or were developing 14 projects in the New York metropolitan area. Douglas Elliman's residential brokerage business primarily depends on volumes of sales transactions and sales prices for residential property in the New York metropolitan area. If volumes of residential property sales transactions in the New York metropolitan area decrease, the aggregate sales commission earned by Douglas Elliman on sales transactions is also likely to decline, as the residential real estate market experienced to some degree since 2017. Our business is and may continue to be heavily dependent on the continued growth of the property market in the New York metropolitan area, and any adverse developments in the supply and demand or in property prices in these areas would have an adverse effect on our financial condition and results of operations.

We cannot assure that property development and investment activities will continue at past levels or that we will be able to benefit from future growth in the property market in the New York metropolitan area, South Florida, Los Angeles, Las Vegas or the United States. Any adverse developments in national and local economic conditions as measured by such factors as GDP growth, employment levels, job growth, consumer confidence, interest rates and population growth in the New York metropolitan area and the United States, particularly in the regions where our investments and brokerages are located, may reduce demand and depress prices for our properties and services and would have an adverse effect on our business, financial condition and results of operations.

*The Tax Cuts and Jobs Act of 2017 could negatively impact New Valley's and Douglas Elliman's markets.* The Tax Act places new limits on mortgage interest deductions as well as state and local income and property tax deductions. The loss of the use of these deductions may encourage residents of states with high income and property taxes and costs of housing to migrate to states with lower tax rates and housing costs. In 2018, approximately 82% of Douglas Elliman's closed sales occurred in New York, California, Connecticut and Massachusetts, and a migration of residents from these markets or a reduction in the attractiveness of these markets as a place to live could adversely impact New Valley's and Douglas Elliman's business, financial condition and results of operations.

*New Valley is dependent on the attractiveness of New York City as a place to live and invest in and its status as an international center for business and commerce.* Through its investments in Douglas Elliman and 14 developments in the New York metropolitan area, New Valley is dependent on the attractiveness of New York City as a place to live and invest in. If New York City's economy stagnates or contracts or if there are significant concerns or uncertainty regarding the strength of New York City's economy, due to domestic, international or global macroeconomic trends or other factors (including, in particular, any matters which adversely affect New York City's status as an international center for business and commerce or the economic benefits of New York City's financial services industry), the New York metropolitan area may become a less attractive place to live, work, study or to own residential property for investment purposes. The attractiveness of New York City may also be negatively affected by other factors, including high residential property sales prices or rents (or a risk or perceived risk of a fall in sales prices in the future), high costs of living, the impact of the Tax Act (discussed above) and negative perceptions surrounding quality of life, safety and security (including the risk or perceived risk of acts of terrorism or protests).

Any reduction in the attractiveness of New York City as a place to live or a place to invest in residential real estate and any matters which adversely affect New York City's status as an international center for business and commerce could result in a reduction, by volume and/or by value, in our investment in real estate developments and/or residential property sales transactions in the New York metropolitan area, which would adversely affect our business, financial condition and results of operations.

Table of Contents***Risks associated with our real estate development business.***

*Real estate development is a competitive industry, and competitive conditions may adversely affect our results of operations.* The real estate development industry is highly competitive. Real estate developers compete not only for buyers, but also for desirable properties, building materials, labor and capital. We compete with other local, regional, national and international real estate asset managers, investors and property developers, who have significant financial resources and experience. Competitive conditions in the real estate development industry could result in: difficulty in acquiring suitable investments in properties at acceptable prices; increased selling incentives; lower sales volumes and prices; lower profit margins; impairments in the value of our investments in real estate developments and other assets; and increased construction costs, delays in construction and increased carry costs. Development projects are subject to special risks including potential increase in costs, changes in market demand, inability to meet deadlines which may delay the timely completion of projects, reliance on contractors who may be unable to perform and the need to obtain various governmental and third party consents.

*If the market value of our properties or investments decline, our results of operations could be adversely affected by impairments and write-downs.* We acquire land and invest in real estate projects in the ordinary course of our business. There is an inherent risk that the value of our land and investments may decline after purchase, which also may affect the value of existing properties under construction. The valuation of property is inherently subjective and based on the individual characteristics of each property. The market value of our land and investments in real estate projects depends on general and local real estate market conditions. These conditions can change and thereby subject valuations to uncertainty. Moreover, all valuations are made on the basis of assumptions that may not prove to reflect economic or demographic reality. We may have acquired options on or bought and developed land at a cost we will not be able to recover fully or on which we cannot build and sell the property profitably. In addition, our deposits or investments in deposits for building lots controlled under option or similar contracts may be put at risk. If market conditions deteriorate, some of our assets may be subject to impairments and write-down charges which would adversely affect our operations and financial results.

If demand for residential or commercial real estate decreases below what was anticipated when we purchased interests in or developed such inventory, profitability may be adversely affected and we may not be able to recover the related costs when selling and building our properties and/or investments. We regularly review the value of our investments and will continue to do so on a periodic basis. Write-downs and impairments in the value of our properties and/or investments may be required, and we may in the future sell properties and/or investments at a loss, which could adversely affect our results of operations and financial condition.

*We face risks associated with property acquisitions.* We may be unable to finance acquisitions or investments on favorable terms or properties may fail to perform as expected. We may underestimate the costs necessary to bring an investment up to standards established for its intended market position. We may also acquire or invest in properties subject to liabilities and with recourse, with respect to unknown liabilities. The Company's acquisition of real estate investments are subject to several risks including: underestimated operating expenses for a property, possibly making it uneconomical or unprofitable; a property may fail to perform in accordance with expectations, in which case the Company may sustain lower-than-expected income or need to incur additional expenses for the property; and the Company may not be able to sell, dispose or refinance the property at a favorable price or terms, or at all, as the case may be; in addition to any potential loss on a sale, the Company may have no choice but to hold on to the property and continue to incur net operating losses if underperforming for an indefinite period of time, as well as incur continuing tax, environmental and other liabilities. Acquisition agreements will typically contain conditions to closing, including completion of due diligence to our satisfaction or other conditions that are not within our control, which may not be satisfied. Each of these factors could have an adverse effect on our results of operations and financial condition.

*Our success depends on the availability of suitable real estate investments at acceptable prices and having sufficient liquidity to acquire such investments.* Our success in investing in real estate depends in part upon the continued availability of suitable real estate assets at acceptable prices. The availability of properties for investment at favorable prices depends on a number of factors outside of our control, including the risk of competitive over-bidding on real estate assets. Should suitable opportunities become less available, the number of properties we develop and invest in would be reduced, which would reduce revenue and profits. In addition, our ability to make investments will depend

upon whether we have sufficient liquidity to fund such purchases and investments.

*If we, or the entities we invest in, are not able to develop and market our real estate developments successfully or within expected timeframes or at projected pricing, our business and results of operations will be adversely affected.*

Before a property development generates any revenues, material expenditures are incurred to acquire land, obtain development approvals and construct significant portions of project infrastructure, amenities, model offices, showrooms, apartments or homes and sales facilities. It generally takes several years for a real estate development to achieve cumulative positive cash flow. If we, or the entities we invest in, are unable to develop and market our real estate developments successfully or to generate positive cash flows from these operations within expected timeframes, it could have a material adverse effect on our business and results of operations.

Table of Contents

*Because certain of our assets are illiquid, we may not be able to sell these assets when appropriate or when desired.* Large real estate development like the ones that we retain investments in can be hard to sell, especially if local market conditions are poor. Such illiquidity could limit our ability to diversify our assets promptly in response to changing economic or investment conditions. Additionally, financial difficulties of other property owners resulting in distressed sales could depress real estate values in the markets in which we operate in times of illiquidity. These restrictions reduce our ability to respond to changes in the performance of our assets and could adversely affect our financial condition and results of operations.

*Guaranty risks; risks of joint ventures.* New Valley has a number of real estate-related investments in which other partners hold significant interests. New Valley must seek approval from these other parties for important actions regarding these joint ventures. Since the other parties' interests may differ from those of New Valley, a deadlock could arise that might impair the ability of the ventures to function. Such a deadlock could significantly harm a venture. Further, our minority interest in these joint ventures means that we may not be able to influence the outcome of any particular project, and our rights to obtain information may be limited to the contractual requirements. As a result, we may not have adequate insight into the financial condition of any of our joint ventures given that we do not oversee their financial reporting or decision making. If our partners face adverse financial conditions, it may impair their ability to fund capital calls or satisfy their share of any guarantees on project financing. In addition, we are typically obligated to execute guarantees or indemnify our partners for guarantees they may execute in connection with the acquisition or construction financing for our projects. The guarantees that we might be obligated to sign include guarantees for environmental liability at a project, improper acts committed by New Valley (otherwise known as a "bad boy" guaranty), as well as a carry and completion guarantees for a project. In the event of a default, if a lender were to exercise its rights under these guarantees, it could have a material adverse effect on our business and results of operations.

*Our real estate investments and the real estate market in general could be adversely impacted by changes in the law.* Many different laws govern the development of real estate. Changes to laws such as affordable housing, zoning, air rights and others, could adversely impact our real estate projects. The Financial Crimes Enforcement Network of the Treasury Department has recently issued Geographic Targeting Orders that will temporarily require certain United States title insurance companies to identify the natural persons who directly or indirectly beneficially own companies that pay all cash for high-end residential real estate in the Borough of Manhattan in New York City and in Miami-Dade County in Florida. No assurances can be given as to the impact such requirements may have on the continued purchasing of high-end residential properties in Manhattan and Miami-Dade County by such individuals for so long as such requirements are in effect, and no assurances can be given as to the impact such requirements may have in the event they are extended to other markets throughout the country in which New Valley is engaged in high-end residential properties.

*The real estate developments we invest in may be subject to losses as a result of construction defects.* Real estate developers, are subject to construction defect and warranty claims arising in the ordinary course of their business. These claims are common in the real estate development industry and can be costly.

Claims may be asserted against the real estate developments we invest in for construction defects, personal injury or property damage caused by the developer, general contractor or subcontractors, and if successful these claims may give rise to liability. Subcontractors are independent of the homebuilders that contract with them under normal management practices and the terms of trade contracts and subcontracts within the industry; however, if U.S. or other regulatory agencies or courts reclassify the employees of sub-contractors as employees of real estate developers, real estate developers using subcontractors could be responsible for wage, hour and other employment-related liabilities of their subcontractors.

In addition, where the real estate developments in which we invest hire general contractors, unforeseen events such as the bankruptcy of, or an uninsured or under-insured loss claimed against, the general contractor, may sometimes result in the real estate developer becoming responsible for the losses or other obligations of the general contractor. The costs of insuring against construction defect and product liability claims are high, and the amount of coverage offered by insurance companies may be limited. There can be no assurance that this coverage will not be further restricted and become more costly. If the real estate developments in our real estate portfolio are not able to obtain adequate

insurance against these claims in the future, our business and results of operations may be adversely affected. Increasingly in recent years, individual and class action lawsuits have been filed against real estate developers asserting claims of personal injury and property damage caused by a variety of issues, including faulty materials and the presence of mold in residential dwellings. Furthermore, decreases in home values as a result of general economic conditions may result in an increase in both non-meritorious and meritorious construction defect claims, as well as claims based on marketing and sales practices. Insurance may not cover all of the claims arising from such issues, or such coverage may become prohibitively expensive. If real estate developments in our real estate portfolio are not able to obtain adequate insurance against these claims, they may experience litigation costs and losses that could reduce our revenues from these investments. Even if they are successful in defending such claims, we may incur significant losses.

Table of Contents

*Our real estate investments may face substantial damages as a result of existing or future litigation, arbitration or other claims.* The real estate developments we invest in are exposed to potentially significant litigation, arbitration proceedings and other claims, including breach of contract, contractual disputes and disputes relating to defective title, property misdescription or construction defects. Class action lawsuits can be costly to defend, and if our assets were to lose any certified class action suit, it could result in substantial liability. With respect to certain general liability exposures, including construction defect and product liability claims, interpretation of underlying current and future trends, assessment of claims and the related liability and reserve estimation process requires us to exercise significant judgment due to the complex nature of these exposures, with each exposure exhibiting unique circumstances. Furthermore, once claims are asserted for construction defects, it is difficult to determine the extent to which the assertion of these claims will expand geographically. As a result, we may suffer losses on our investments which could adversely affect our business, financial condition and results of operations.

*Our investments in real estate are susceptible to adverse weather conditions and natural and man-made disasters.* Adverse weather conditions and natural and man-made disasters such as hurricanes, tornadoes, storms, earthquakes, floods, droughts, fires, snow, blizzards, as well as terrorist attacks, riots and electrical outages, can have a significant effect on the assets in our real estate portfolio. These adverse conditions can cause physical damage to work in progress and new developments, delays and increased costs in the construction of new developments and disruptions and suspensions of operations, whether caused directly or by disrupting or suspending operations of those upon whom our real estate developments rely in their operations. Such adverse conditions can mutually cause or aggravate each other, and their incidence and severity are unpredictable. If insurance is unavailable to the real estate developments we invest in or is unavailable on acceptable terms, or if insurance is not adequate to cover business interruptions or losses resulting from adverse weather or natural or man-made disasters, the real estate developments we invest in and our results of operations will be adversely affected. In addition, damage to properties in our real estate portfolio caused by adverse weather or a natural or man-made disaster may cause insurance costs for these properties to increase.

*A major health and safety incident relating to our real estate investments could be costly in terms of potential liabilities and reputational damage.* Building sites are inherently dangerous, and operating in the real estate development industry poses certain inherent health and safety risks. Due to regulatory requirements, health and safety performance is critical to the success of the real estate investments we invest in. Any failure in health and safety performance may result in penalties for non-compliance with relevant regulatory requirements, and a failure that results in a major or significant health and safety incident is likely to be costly in terms of potential liabilities incurred as a result. Such a failure could generate significant negative publicity and have a corresponding impact on the reputation and relationships of the developer with relevant regulatory agencies or governmental authorities, which in turn could have an adverse effect on our investment and operating results.

*Insurance may not cover some potential losses or may not be obtainable at commercially reasonable rates, which could adversely affect our financial condition and results of operations.* Real estate properties in our real estate portfolio maintain insurance on their properties in amounts and with deductibles that we believe are comparable with what owners of similar properties carry; however, such insurance may not cover some potential losses or may not be obtainable at commercially reasonable rates in the future. There also are certain types of risks (such as war, environmental contamination such as toxic mold, and lease and other contract claims) which are either uninsurable or not economically insurable. Should any uninsured or underinsured loss occur, we could lose our investment in, and anticipated profits and cash flows from, one or more properties.

*The volatility in the capital and credit markets has increased in recent years.* Because the volatility in capital and credit markets may create additional risks in the upcoming months and possibly years, we will continue to perform additional assessments to determine the impact, if any, on our consolidated financial statements. Thus, future impairment charges may occur.

***Risks associated with Douglas Elliman.***

*Douglas Elliman depends on a strong brand, and any failure to maintain, protect and enhance the Douglas Elliman brand would have an adverse effect on its ability to grow its real estate brokerage business.* Douglas Elliman has developed a strong brand that we believe has contributed significantly to the success of its business. Maintaining, protecting and enhancing Douglas Elliman as a premium real estate brokerage brand is critical to growing its business.

If Douglas Elliman does not successfully build and maintain a strong brand, its real estate brokerage business could be negatively impacted. Preserving and increasing the quality of the Douglas Elliman brand may require us to make substantial investments in areas such as marketing, community relations, outreach technology and employee training. Douglas Elliman actively engages in print and online advertisements, targeted promotional mailings and email communications, and engages on a regular basis in public relations and sponsorship activities. There is no assurance that those activities will enhance the brand awareness.

Brand value can be severely damaged even by isolated incidents, particularly if the incidents receive considerable negative publicity or result in litigation. Some of these incidents may relate to the way Douglas Elliman manages its relationship with its agents, its growth strategies or the ordinary course of its business or its brokerage business. Other incidents may arise from events that are or may be beyond its ability to control and may damage its brand, such as actions taken (or not taken) by one or more agents relating to health, safety, welfare or other matters; litigation and claims; failure to maintain high ethical and social standards for all of its operations and activities; failure to comply with local laws and regulations; and illegal activity targeted at Douglas

Table of Contents

Elliman or others. Douglas Elliman's brand value could diminish significantly if any such incidents or other matters erode consumer confidence in it, which may result in a decrease in its total agent count and, ultimately could adversely affect its business and operating results.

*The real estate brokerage business in the New York City metropolitan area, South Florida, Southern California, Massachusetts and Aspen, Colorado is extremely competitive.* Douglas Elliman competes with other multi-office independent real estate organizations and with franchise real estate organizations competing in local areas.

Competition is particularly intense in the densely populated metropolitan areas of New York City and South Florida in which it operates. In addition, in the real estate brokerage industry, new participants face minimal barriers to entry into the market. Douglas Elliman also competes for the services of qualified licensed agents. The ability of its brokerage offices to retain agents is generally subject to numerous factors, including the sales commissions they receive, advertising support and its perception of brand value.

*Douglas Elliman's business is concentrated in the states of New York, California, Connecticut and Massachusetts and changes in U.S. Tax Laws could impact these markets.* The Tax Act places new limits on mortgage interest deductions as well as state and local income and property tax deductions. The loss of the use of these deductions may encourage residents of states with high income and property taxes and costs of housing to migrate to states with lower tax rates and housing costs. In 2018, approximately 82% of Douglas Elliman's closed sales occurred in the states of New York, California, Connecticut and Massachusetts, and a migration of residents from these markets or a reduction in the attractiveness of these markets as a place to live could adversely impact Douglas Elliman's business, financial condition and results of operations.

*The financial results of Douglas Elliman's real estate brokerage business is affected directly by the success of its agents.* Douglas Elliman's real estate brokerage offices generate revenue in the form of commissions and service fees. Accordingly, its financial results depend upon the operational and financial success of its brokerage offices and its agents. As mentioned above, there is significant competition among brokerage firms for the services of high producing agents. The failure to recruit and retain these agents could negatively impact the financial success of Douglas Elliman's brokerage business.

*Infringement, misappropriation or dilution of Douglas Elliman's intellectual property could harm its business.* We regard the Douglas Elliman trademark portfolio as having significant value and as being an important factor in the marketing of its brand. Douglas Elliman believes that this and other intellectual property are valuable assets that are critical to its success. Douglas Elliman relies on a combination of protections provided by contracts, as well as copyright, trademark, and other laws, to protect our intellectual property from infringement, misappropriation or dilution. It has registered certain trademarks and service marks and has other trademark and service mark registration applications pending in the U.S. and foreign jurisdictions. Although Douglas Elliman monitors its trademark portfolio both internally and through external search agents and imposes an obligation on agents to notify it upon learning of potential infringement, there can be no assurance that it will be able to adequately maintain, enforce and protect its trademarks or other intellectual property rights.

Douglas Elliman is not aware of any challenges to its right to use any of its brand names or trademarks. It is commonly involved in numerous proceedings, generally on a small scale, to enforce its intellectual property and protect its brand. Unauthorized uses or other infringement of its trademarks or service marks, including ones that are currently unknown to us, could diminish the value of its brand and may adversely affect its business. Failure to adequately protect its intellectual property rights could damage its brand and impair its ability to compete effectively. Even where it has effectively secured statutory protection for its trademarks and other intellectual property, its competitors may misappropriate its intellectual property. Defending or enforcing our trademark rights, branding practices and other intellectual property, and seeking an injunction and/or compensation for misappropriation of confidential information, could result in the expenditure of significant resources and divert the attention of management, which in turn may adversely affect our business and operating results.

Moreover, unauthorized third parties may use Douglas Elliman's intellectual property to trade on the goodwill of its brand, resulting in consumer confusion or dilution. Any reduction of its brand's goodwill, consumer confusion, or dilution is likely to impact sales, and could adversely affect its business and operating results.



*Douglas Elliman relies on traffic to its websites, including its flagship website, elliman.com, directed from search engines. If these websites fail to rank prominently in unpaid search results, traffic to these websites could decline and its business would be adversely affected.* Douglas Elliman's success depends in part on its ability to attract users through unpaid Internet search results on search engines. The number of users it attract to its websites, including its flagship website elliman.com, from search engines is due in large part to how and where its websites rank in unpaid search results. These rankings can be affected by a number of factors, many of which are not under our direct control, and they may change frequently. For example, a search engine may change its ranking algorithms, methodologies or design layouts. As a result, links to Douglas Elliman's websites may not be prominent enough to drive traffic to its websites, and we may not know how or otherwise be in a position to influence the results. In some instances, search engine companies may change these rankings in order to promote their own competing services or the services of one or more of its competitors. Its websites have experienced fluctuations in search result rankings in the past, and it anticipates fluctuations in the future. Any reduction in the number of users directed to its websites could adversely affect its real estate brokerage business and results of operations. Further, a failure of Douglas Elliman's websites or website-based technology,

Table of Contents

either due to malfunction, outside intrusion through hacking or otherwise, could significantly disrupt its business and lead to reduced revenue and reputational damage as Douglas Elliman may not be able to effectively scale and adapt its existing technology and network infrastructure to ensure its platforms is accessible.

**Potential new investments we may make are unidentified and may not succeed.**

We currently hold a significant amount of marketable securities and cash not committed to any specific investments. This subjects a security holder to increased risk and uncertainty because a security holder will not be able to evaluate how this cash will be invested and the economic merits of particular investments. There may be substantial delay in locating suitable investment opportunities. In addition, we may lack relevant management experience in the areas in which we may invest. There is a risk that we will fail in targeting, consummating or effectively integrating or managing any of these investments.

**Maintaining the integrity of our computer systems and protecting confidential information and personal identifying information has become increasingly costly, as cybersecurity incidents could disrupt business operations, result in the loss of critical and confidential information, and adversely impact our reputation and results of operations.**

Global cybersecurity threats and incidents can range from uncoordinated individual attempts that gain unauthorized access to information technology systems both internally and externally to sophisticated and targeted measures known as advanced persistent threats, directed at the Company and its affiliated agents. In the ordinary course of our business, we collect and store sensitive data, including our proprietary business information and intellectual property, and personally identifiable information of our tobacco and real estate customers. Additionally, we increasingly rely on third-party data storage providers, including cloud storage solution providers. The secure processing, maintenance and transmission of this information are critical to our operations and with respect to information collected and stored by our third-party service providers, we are reliant upon their security procedures. Our systems and the confidential information on them may also be compromised by employee misconduct or employee error. Our systems and the confidential information on them may also be compromised by employee misconduct or employee error. While we and our third-party service providers have experienced, and expect to continue to experience, these types of internal and external threats and incidents, cybersecurity incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption or unavailability of critical data and confidential or proprietary information (our own or that of third parties, including personally identifiable information) and the disruption of business operations. Our business interruption insurance may be insufficient to compensate us for losses that may occur. The potential consequences of a material cybersecurity incident include reputational damage, litigation with third parties, diminution in the value of the services we provide to our customers, and increased cybersecurity protection and remediation costs, which in turn could adversely affect our competitiveness and results of operations. Developments in the laws and regulations governing the handling and transmission of personal identifying information in the United States may require us to devote more resources to protecting such information, which could in turn adversely affect our results of operations and financial condition.

**We depend on our key personnel.**

We depend on the efforts of our executive officers and other key personnel as our named executive officers have been employed by us for an average of 25 years at December 31, 2018. While we believe that we could find replacements for these key personnel, the loss of their services could have a significant adverse effect on our operations.

**The price of our common stock may fluctuate significantly.**

The trading price of our common stock has ranged between \$9.21 and \$20.41 per share over the past 52 weeks. The market price of our common stock may fluctuate in response to numerous factors, many of which are beyond our control. These factors include the following:

- actual or anticipated fluctuations in our operating results;
- changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors;
- the operating and stock performance of our competitors;
-

announcements by us or our competitors of new products or services or significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;  
the initiation or outcome of litigation;  
the failure or significant disruption of our operations from various causes related to our critical information technologies and systems including cybersecurity threats to our data and customer data as well as reputational or financial risks associated with a loss of any such data;

Table of Contents

changes in interest rates;  
 general economic, market and political conditions;  
 additions or departures of key personnel; and  
 future sales of our equity or convertible securities.

We cannot predict the extent, if any, to which future sales of shares of common stock or the availability of shares of common stock for future sale, may depress the trading price of our common stock.

In addition, the stock market in recent years has experienced extreme price and trading volume fluctuations that often have been unrelated or disproportionate to the operating performance of individual companies. These broad market fluctuations may adversely affect the price of our common stock, regardless of our operating performance.

Furthermore, stockholders may initiate securities class action lawsuits if the market price of our stock drops significantly, which may cause us to incur substantial costs and could divert the time and attention of our management. These factors, among others, could significantly depress the price of our common stock.

**We have many potentially dilutive securities outstanding.**

As of December 31, 2018, we had outstanding restricted shares and options granted to employees to purchase approximately 7,006,306 shares of our common stock, with a weighted-average exercise price of \$11.01 per share, of which options for 3,828,073 shares were exercisable as of December 31, 2018. After we paid the \$230 million of principal related to the 7.5% variable interest senior convertible notes in January 2019, we had outstanding convertible notes and debentures maturing in April 2020, which were currently convertible into 10,900,972 shares of our common stock. The issuance of these shares will cause dilution which may adversely affect the market price of our common stock. The availability for sale of significant quantities of our common stock could adversely affect the prevailing market price of the stock.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

Our principal executive offices are located in Miami, Florida. We lease 12,390 square feet of office space in an office building in Miami. The lease is with an affiliate of the Company and expires in April 2023, subject to another five-year renewal option.

We lease approximately 9,000 square feet of office space in New York, New York under a lease that expires in 2025. New Valley's operating properties are discussed above under the description of New Valley's business and in Note 8 to our consolidated financial statements.

Douglas Elliman leases 115 offices throughout New York, Connecticut, Florida, California and Colorado. Leases expire at various times between 2018 and 2032. As of December 31, 2018, the properties leased by Douglas Elliman are as follows:

Type	Number of Offices	Location	Owned or Leased	Approximate Total Square Footage
Offices	21	New York City, NY	Leased	182,000
Offices	37	Long Island, NY	Leased	123,000
Offices	18	South Florida	Leased	42,000
Offices	6	Westchester County, NY	Leased	14,000
Offices	24	California	Leased	77,000
Offices	9	Other	Leased	10,000

Liggett's tobacco manufacturing facilities, and several of its distribution and storage facilities, are currently located in or near Mebane, North Carolina. Some of these facilities are owned and others are leased. Liggett's office, manufacturing complex and warehouse are pledged as collateral under its Revolving Credit Facility. As of December 31, 2018, the principal properties owned or leased by Liggett are as follows:



Table of Contents

Type	Location	Owned or Leased	Approximate Total Square Footage
Storage Facilities	Danville, VA	Owned	578,000
Office and Manufacturing Complex	Mebane, NC	Owned	240,000
Warehouse	Mebane, NC	Owned	60,000
Warehouse	Mebane, NC	Leased	125,000
Warehouse	Mebane, NC	Leased	22,000

LVB leases approximately 22,000 square feet of office space in Morrisville, North Carolina. The lease expires in June 2026.

Liggett's management believes that its property, plant and equipment are well maintained and in good condition and that its existing facilities are sufficient to accommodate a substantial increase in production.

**ITEM 3. LEGAL PROCEEDINGS**

Liggett and other United States cigarette manufacturers have been named as defendants in various types of cases predicated on the theory, among other things, that they should be liable for damages from adverse health effects alleged to have been caused by cigarette smoking or by exposure to secondary smoke from cigarettes.

Reference is made to Note 15 to our consolidated financial statements, which contains a description of certain legal proceedings to which the Company, and its subsidiaries, including Liggett, are a party and other related matters.

Reference is also made to Exhibit 99.1, Material Legal Proceedings, incorporated herein, for additional information regarding the pending tobacco-related legal proceedings to which we or Liggett are parties.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

Table of Contents

**PART II**

**ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our common stock is listed and traded on the New York Stock Exchange under the symbol "VGR." At February 21, 2019, there were approximately 1,638 holders of record of our common stock.

**Purchases of Equity Securities by the Company**

In December 2018, we repurchased \$26,750 in aggregate principal amount of our 5.5% Convertible Notes outstanding for a purchase price of \$27,141.

30

---

Table of Contents

**Performance Graph**

The following graph compares the total annual return of our Common Stock, the S&P 500 Index, the S&P MidCap 400 Index and the NYSE Arca Tobacco Index, formerly known as the AMEX Tobacco Index, for the five years ended December 31, 2018. The graph assumes that \$100 was invested on December 31, 2012 in the Common Stock and each of the indices, and that all cash dividends and distributions were reinvested.

	12/13	12/14	12/15	12/16	12/17	12/18
Vector Group Ltd.	100	147	184	200	222	113
S&P 500	100	114	115	129	157	150
S&P MidCap	100	110	107	130	151	134
NYSE Arca Tobacco	100	99	120	153	169	132

**Unregistered Sales of Equity Securities and Use of Proceeds**

No securities of ours which were not registered under the Securities Act of 1933 were issued or sold by us during the three months ended December 31, 2018.

**Issuer Purchase of Equity Securities**

Our purchase of our common stock during the three months ended December 31, 2018 were as follows:



Table of Contents**EXECUTIVE OFFICERS OF THE REGISTRANT**

The table below, together with the accompanying text, presents certain information regarding all our current executive officers as of March 1, 2019. Each of the executive officers serves until the election and qualification of such individual's successor or until such individual's death, resignation or removal by the Board of Directors.

Name	Age	Position	Year Individual Became an Executive Officer
Howard M. Lorber	70	President and Chief Executive Officer	2001
Richard J. Lampen	65	Executive Vice President	1996
J. Bryant Kirkland III	53	Senior Vice President, Chief Financial Officer and Treasurer	2006
Marc N. Bell	58	Senior Vice President, General Counsel and Secretary	1998
Ronald J. Bernstein	65	President and Chief Executive Officer of Liggett	2000

**Howard M. Lorber** has been our President and Chief Executive Officer since January 2006. He served as our President and Chief Operating Officer from January 2001 to December 2005 and has served as a director of ours since January 2001. From November 1994 to December 2005, Mr. Lorber served as President and Chief Operating Officer of New Valley, where he also served as a director. Mr. Lorber was Chairman of the Board of Hallman & Lorber Assoc., Inc., consultants and actuaries of qualified pension and profit sharing plans, and various of its affiliates from 1975 to December 2004 and has been a consultant to these entities since January 2005; Chairman of the Board of Directors since 1987 and Chief Executive Officer from November 1993 to December 2006 of Nathan's Famous, Inc., a chain of fast food restaurants; Chairman of the Board of Ladenburg Thalmann Financial Services from May 2001 to July 2006 and Vice Chairman since July 2006; a Director of Clipper Realty, Inc., a real estate investment trust, since July 2015. Mr. Lorber was a member of the Board of Directors of Morgans Hotel Group Co. from March 2015 until November 2016, and Chairman from May 2015 to November 2016. He is also a trustee of Long Island University.

**Richard J. Lampen** has served as our Executive Vice President since July 1996. From October 1995 to December 2005, Mr. Lampen served as the Executive Vice President and General Counsel of New Valley, where he also served as a director. Since September 2006, he has served as President and Chief Executive Officer of Ladenburg Thalmann Financial Services. Since October 2008, Mr. Lampen has served as President and Chief Executive Officer of Castle Brands Inc. Mr. Lampen is a director of Castle and Chairman of Ladenburg Thalmann Financial Services.

**J. Bryant Kirkland III** has been our Chief Financial Officer and Treasurer since April 2006 and our Senior Vice President since May 2016. Mr. Kirkland served as a Vice President of ours from January 2001 to April 2016 and served as New Valley's Vice President and Chief Financial Officer from January 1998 to December 2005. He has served since July 1992 in various financial capacities with us, Liggett and New Valley. Mr. Kirkland served as a director of SG Blocks Inc. from November 1998 to September 2015. Mr. Kirkland has served as Chairman of the Board of Directors, President and Chief Executive Officer of Multi Soft II, Inc. and Multi Solutions II, Inc. since July 2012.

**Marc N. Bell** has been our General Counsel and Secretary since May 1994 and our Senior Vice President since May 2016 and the Senior Vice President and General Counsel of Vector Tobacco since April 2002. Mr. Bell served as a Vice President of ours from January 1998 to April 2016. From November 1994 to December 2005, Mr. Bell served as Associate General Counsel and Secretary of New Valley and from February 1998 to December 2005, as a Vice President of New Valley. Mr. Bell previously served as Liggett's General Counsel and currently serves as an officer, director or manager for many of Vector's or New Valley's subsidiaries. Mr. Bell served as a member of the Board of Directors of SG Blocks Inc. from March 2014 to September 2015.

**Ronald J. Bernstein** has served as President and Chief Executive Officer of Liggett since September 1, 2000 and of Liggett Vector Brands since March 2002 and has been a director of ours since March 2004. From July 1996 to December 1999, Mr. Bernstein served as General Director and, from December 1999 to September 2000, as Chairman of Liggett-Ducat, our former Russian tobacco business sold in 2000. Prior to that time, Mr. Bernstein served in various positions with Liggett commencing in 1991, including Executive Vice President and Chief Financial Officer.



Table of Contents**ITEM 6. SELECTED FINANCIAL DATA**

	Year Ended December 31,				
	2018	2017	2016	2015	2014
	(dollars in thousands, except per share amounts)				
<b>Statement of Operations Data:</b>					
Revenues (1)	\$ 1,870,262	\$ 1,807,476	\$ 1,690,949	\$ 1,657,197	\$ 1,591,315
Operating income (3)	\$ 224,049	\$ 235,648	\$ 234,505	\$ 205,936	\$ 211,561
Net income attributed to Vector Group Ltd.	\$ 58,105	\$ 84,572	\$ 71,127	\$ 59,198	\$ 36,856
Per basic common share (2):					
Net income applicable to common shares attributed to Vector Group Ltd.	\$ 0.37	\$ 0.56	\$ 0.50	\$ 0.42	\$ 0.29
Per diluted common share (2):					
Net income applicable to common shares attributed to Vector Group Ltd.	\$ 0.37	\$ 0.56	\$ 0.50	\$ 0.42	\$ 0.29
Cash distributions declared per common share (2)	\$ 1.54	\$ 1.47	\$ 1.40	\$ 1.33	\$ 1.27
<b>Balance Sheet Data:</b>					
Current assets	\$ 872,221	\$ 613,709	\$ 705,463	\$ 583,739	\$ 751,397
Total assets	\$ 1,549,504	\$ 1,328,278	\$ 1,404,035	\$ 1,280,615	\$ 1,389,042
Current liabilities	\$ 484,920	\$ 204,639	\$ 196,148	\$ 216,292	\$ 212,424
Notes payable, embedded derivatives, long-term debt and other obligations, less current portion	\$ 1,411,486	\$ 1,270,657	\$ 1,245,275	\$ 1,000,150	\$ 995,001
Non-current employee benefits, deferred income taxes and other long-term liabilities	\$ 200,464	\$ 184,742	\$ 215,884	\$ 186,334	\$ 202,297
Stockholders' deficiency	\$(547,366 )	\$(331,760 )	\$(253,272 )	\$(122,161 )	\$(20,680 )

(1) Revenues include federal excise taxes of \$469,836, \$460,561, \$425,980, \$439,647 and \$446,086, respectively.

(2) Per share computations include the impact of 5% stock dividends on September 27, 2018, September 28, 2017, September 29, 2016, September 29, 2015, and September 26, 2014.

(3) Operating income includes \$6,298, \$2,721, \$4,364 and \$1,419 of income from MSA Settlements for the years ended December 31, 2018, 2017, 2015, and 2014, respectively and \$247 of expense from MSA Settlements for the year ended December 31, 2016; and \$1,784 of litigation judgment and settlement income for the year ended December 31, 2018, and \$6,591, \$20,000, \$20,072 and \$2,475 of litigation judgment and settlement expense for the years ended December 31, 2017, 2016, 2015, and 2014, respectively; and \$41 and \$1,819 of restructuring charges for the years ended December 31, 2016 and 2015, respectively.

Table of Contents

**ITEM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF  
7. OPERATIONS**

**(Dollars in Thousands, Except Per Share Amounts)**

**Overview**

We are a holding company and are engaged principally in two business segments:

Tobacco: the manufacture and sale of cigarettes in the United States through our Liggett Group LLC and Vector Tobacco Inc. subsidiaries, and

Real Estate: the real estate business through our New Valley subsidiary, which is seeking to acquire or invest in additional real estate properties or projects. As of December 31, 2018, New Valley owned a 100% interest in Douglas Elliman. Douglas Elliman operates the largest residential brokerage company in the New York metropolitan area and also conducts residential real estate brokerage operations in South Florida, Southern California, Connecticut, Massachusetts and Aspen, Colorado.

Our tobacco subsidiaries' cigarettes are produced in 109 combinations of length, style and packaging. Liggett's current brand portfolio includes:

PYRAMID

EAGLE 20's

GRAND PRIX

LIGGETT SELECT

EVE

USA and various Partner Brands and private label brands.

The discount segment is a challenging marketplace, with consumers having less brand loyalty and placing greater emphasis on price. Liggett's competition is divided into two segments. The first segment consists of the three largest manufacturers of cigarettes in the United States: Philip Morris USA Inc., which is owned by Altria Group, Inc., RJ Reynolds Tobacco Company, which is owned by British American Tobacco Plc, and ITG Brands LLC. These three manufacturers, while primarily premium cigarette-based companies, also produce and sell discount cigarettes. The second segment of competition is comprised of a group of smaller manufacturers and importers, most of which sell deep discount cigarettes.

See Item 1. "Business" for detailed overview and description of our principal operations.

**Recent Developments**

*Issuance of 10.5% Senior Notes due 2026.* In November 2018, we sold \$325,000 of our 10.5% Senior Notes due 2026 in a private offering to qualified institutional buyers in accordance with Rule 144A of the Securities Act of 1933.

There are no registration rights associated with the notes. The 10.5% Senior Notes pay interest on a semi-annual basis at a rate of 10.5% per year and mature on November 1, 2026. We may redeem some or all of the 10.5% Senior Notes at any time at a make-whole redemption price. On or after February 1, 2020, we may redeem some or all of the 10.5% Senior Notes at a premium that will decrease over time, plus accrued and unpaid interest. The aggregate net proceeds from the sale of the 10.5% Senior Notes were approximately \$315,000 after deducting underwriting discounts, commissions, fees and offering expenses. The 10.5% Senior Notes due 2026 contain covenants that place significant new limitations on our operations. See "Liquidity and Capital Resources."

*Early Partial Redemption of the 5.5% Variable Interest Convertible Senior Notes due 2020.* In December 2018, we redeemed \$26,750 in aggregate principal amount of our 5.5% Convertible Notes outstanding at a redemption price of 101.15%. We paid \$27,141 to redeem the notes and recorded a loss of \$4,066 for the early extinguishment of debt.

*Maturity of 7.5% Variable Interest Senior Convertible Notes due 2019.* In January 2019, we paid \$230,000 of principal and \$8,102 of accrued interest as full payment of our 7.5% Convertible Notes that matured on January 15, 2019.

*20 Times Square.* On April 30, 2018, the closing occurred for the sale of the underlying real estate of our 20 Times Square venture. We received an initial distribution of \$27,300 in connection with the closing. In addition, after completion of the development, we will receive a percentage of any residual proceeds after repayment of debt and closing costs in accordance with our ownership interest. The venture agreed that upon closing of this real estate sale it would enter into an agreement that would

Table of Contents

require it to complete the construction of 20 Times Square. We recognized equity in earnings of \$2,882 for the year ended December 31, 2018 in connection with the transaction. In addition, in May 2018, we agreed, as a partner in Witkoff GP Partners, to fund \$3,643 of the \$650,000 senior mortgage associated with the property. The total loan balance has been repaid to Witkoff GP Partners as of December 31, 2018.

*1 QPS Tower.* During the fourth quarter of 2018, the closing occurred for the sale of the building of our 1 QPS Tower venture. We recognized equity in earnings from the 1 QPS Tower venture of \$17,467 for the year ended December 31, 2018. We received cash distributions of \$27,569 from the venture for the year ended December 31, 2018. As of December 31, 2018, the venture owns a parcel of land adjacent to the building sold. The venture had a carrying value of \$1,783 as of December 31, 2018.

*Douglas Elliman Settlement.* In March 2018, Douglas Elliman settled outstanding litigation and recorded litigation, settlement and judgment income of \$2,469. Douglas Elliman received the proceeds from the settlement in April 2018.

*Douglas Elliman Acquisition.* On December 31, 2018, we acquired the remaining 29.41% minority interest in Douglas Elliman for a purchase price of \$40,000. The transaction brings New Valley's indirect ownership interest in Douglas Elliman to 100%. The purchase price includes \$10,000 of cash paid and the remaining \$30,000 in notes payable to the sellers. Interest on the outstanding principal balance of the notes will accrue at the mid-term applicable federal rate ("AFR") in effect as of December 31, 2018. This interest rate will be adjusted to the then-current AFR on January 1, 2020 and on each payment date thereafter. New Valley will pay principal and interest in equal quarterly installments beginning with January 1, 2020 through October 1, 2022.

**Recent Developments in Smoking-Related Litigation**

The cigarette industry continues to be challenged on numerous fronts. New cases continue to be commenced against Liggett and other cigarette manufacturers. Liggett could be subjected to substantial liabilities and bonding requirements from litigation relating to cigarette products. Adverse litigation outcomes could have a negative impact on our ability to operate due to their impact on cash flows. It is possible that there could be adverse developments in pending cases including the certification of additional class actions. An unfavorable outcome or settlement of pending tobacco-related litigation could encourage the commencement of additional litigation. In addition, an unfavorable outcome in any tobacco-related litigation could have a material adverse effect on our consolidated financial position, results of operations or cash flows. Liggett could face difficulties in obtaining a bond to stay execution of a judgment pending appeal.

*Mississippi Dispute.* In January 2016, the Attorney General for Mississippi filed a motion in Chancery Court in Jackson County, Mississippi to enforce the March 1996 settlement agreement alleging that Liggett owes Mississippi at least \$27,000 in damages (including interest), and \$20,000 in punitive damages and attorneys' fees. In April 2017, the court ruled that the settlement agreement should be enforced and referred the matter to a Special Master for further proceedings to determine the amount of damages, if any, to be awarded. In May 2017, Liggett filed a Petition for Interlocutory Appeal to the Mississippi Supreme Court, which was denied.

moved in Chancery Court to compel arbitration and stay the proceedings pending before the Special Master. In June 2018, the Chancery Court granted Liggett's motion to compel arbitration and stayed the proceedings before the Special Master pending completion of the arbitration. The arbitration concluded on December 11, 2018. A decision is pending.

**Critical Accounting Policies**

*General.* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Significant estimates subject to material changes in the near term include impairment charges, valuation of intangible assets, promotional accruals, actuarial assumptions of pension plans, deferred tax assets, the estimated fair value of embedded derivative liabilities, settlement accruals, valuation of investments, including other-than-temporary impairments to such investments, and litigation and defense costs. Actual results could differ from those estimates.

*Revenue Recognition.* We have updated our revenue recognition policies in conjunction with our adoption of Accounting Standards Updates ("ASU") ASU 2014-09, Revenue from Contracts with Customers (Topic 606), ("ASU

2014-09”) and ASU 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net) (“ASU 2016-08”). ASU 2016-08 does not change the core principle of the guidance stated in ASU 2014-09. Upon the adoption of Topic 606, revenue is measured based on a consideration specified in a contract with a customer and excludes any sales incentives. Revenue is recognized when (a) an enforceable contract with a customer exists, that has commercial substance, and collection of substantially all consideration for services is probable; and (b) the performance obligations to the customer are satisfied either over time or at a point in time.

Revenue from cigarette sales, which include federal excise taxes billed to customers, are recognized upon shipment of cigarettes when control has passed to the customer. Average collection terms for Tobacco sales range between three and twelve days from the time cigarettes are shipped to the customer. We record an allowance for goods estimated to be returned in other current liabilities and the associated receivable for anticipated federal excise tax refunds in other current assets on the consolidated balance sheet.

Table of Contents

The allowance for returned goods is based principally on sales volumes and historical return rates. The estimated costs of sales incentives, including customer incentives and trade promotion activities, are based principally on historical experience and are accounted for as reductions in Tobacco revenue. Expected payments for sales incentives are included in other current liabilities on our consolidated balance sheet. We account for shipping and handling costs as fulfillment costs as part of cost of sales.

Real estate commissions earned by our Real Estate brokerage businesses are recognized as revenue at the point in time that the real estate sale is completed or lease agreement is executed, which is the point in time that the performance obligation is satisfied. Any commission and other payments received in advance are deferred until the satisfaction of the performance obligation. Corresponding agent commission expenses, including any advance commission or other direct expense payments, are deferred and recognized as cost of sales concurrently with related revenues.

Contracts in our development marketing business provide us with the exclusive right to sell units in a subject property for a commission fee per unit sold calculated as a percentage of the sales price of each unit. Accordingly, a performance obligation exists for each unit in the Development Marketing property under contract, and a portion of the total contract transaction price is allocated to and recognized at the time each unit is sold.

Under development marketing service arrangements, dedicated staff are required for a subject property and these costs are typically reimbursed from the customer through advance payments that sometimes are recoupable from future commission earnings. Advance payments received and associated direct costs paid are deferred, allocated to each unit in the subject property, and recognized consistent with the pattern of value transferred to the customer, which is at the time of the completed sale of each unit.

Development marketing service arrangements also include direct fulfillment costs incurred in advance of the satisfaction of the performance obligation. We capitalize costs incurred in fulfilling a contract with a customer if the fulfillment costs 1) relate directly to an existing contract or anticipated contract, 2) generate or enhance resources that will be used to satisfy performance obligations in the future, and 3) are expected to be recovered. These costs are amortized over the estimated customer relationship period which is the contract term. We use an amortization method that is consistent with the pattern of transfer of goods or services to its customers by allocating these costs to each unit in the subject property and expensing these costs as each unit is sold.

Revenue is recognized at the time the performance obligation is met for our Real Estate commercial leasing contracts, which is when the lease agreement is executed, as there are no further performance obligations, including any amounts of future payments under extended payment terms.

Our Real Estate property management revenue arrangements consist of providing operational and administrative services to manage a subject property. Fees for these services are typically billed and collected monthly. Property management service fees are recognized as revenue over time using the output method as the performance obligations under the customer arrangement are satisfied each month. Our Real Estate title insurance commission fee revenue is earned when the sale of the title insurance is completed, which corresponds to the point in time when the underlying real estate sale transaction closes and the payment is received.

*Contingencies.* We record Liggett's product liability legal expenses and other litigation costs as operating, selling, administrative and general expenses as those costs are incurred. As discussed in Note 15 to our consolidated financial statements, legal proceedings regarding Liggett's tobacco products are pending or threatened in various jurisdictions against Liggett and us.

We record provisions in our consolidated financial statements for pending litigation when we determine that an unfavorable outcome is probable and the amount of loss can be reasonably estimated. At the present time, while it is reasonably possible that an unfavorable outcome in a case may occur, except as discussed in Note 15 to our consolidated financial statements and discussed below related to the 16 cases where an adverse verdict was entered against Liggett: (i) management has concluded that it is not probable that a loss has been incurred in any of the pending tobacco-related cases; or (ii) management is unable to reasonably estimate the possible loss or range of loss that could result from an unfavorable outcome of any of the pending tobacco-related cases and, therefore, management has not provided any amounts in the consolidated financial statements for unfavorable outcomes, if any. Legal defense costs are expensed as incurred.



Although Liggett has generally been successful in managing litigation in the past, litigation is subject to uncertainty and significant challenges remain, particularly with respect to the *Engle* progeny cases.

A reader of this Form 10-K should not infer from the absence of any reserve in our consolidated financial statements that we will not be subject to significant tobacco-related liabilities in the future. Litigation is subject to many uncertainties, and it is possible that our consolidated financial position, results of operations or cash flows could be materially adversely affected by an unfavorable outcome in any such tobacco-related litigation.

There may be several other proceedings, lawsuits and claims pending against us and certain of our consolidated subsidiaries unrelated to tobacco or tobacco product liability. We are of the opinion that the liabilities, if any, ultimately resulting from such other proceedings, lawsuits and claims should not materially affect our financial position, results of operations or cash flows.

Table of Contents

*Master Settlement Agreement.* As discussed in Note 15 to our consolidated financial statements, Liggett and Vector Tobacco are participants in the MSA. Liggett and Vector Tobacco have no payment obligations under the MSA except to the extent their market shares exceed approximately 1.65% and 0.28%, respectively, of total cigarettes sold in the United States. Their obligations, and the related expense charges under the MSA, are subject to adjustments based upon, among other things, the volume of cigarettes sold by Liggett and Vector Tobacco, their relative market shares and inflation. Since relative market shares are based on cigarette shipments, the best estimate of the allocation of charges under the MSA is recorded in cost of goods sold as the products are shipped. Settlement expenses under the MSA recorded in the accompanying consolidated statements of operations were \$162,522 for 2018, \$146,634 for 2017 and \$110,486 for 2016. Adjustments to these estimates are recorded in the period that the change becomes probable and the amount can be reasonably estimated.

*Embedded Derivatives and Beneficial Conversion Feature.* We measure all derivatives, including certain derivatives embedded in other contracts, at fair value and recognize them in the consolidated balance sheet as an asset or a liability, depending on our rights and obligations under the applicable derivative contract. We have issued variable interest senior convertible debt in a series of private placements where a portion of the total interest payable on the debt is computed by reference to the cash dividends paid on our common stock. This portion of the interest payment is considered an embedded derivative within the convertible debt, which we are required to separately value. As a result, we have bifurcated this embedded derivative and estimated the fair value of the embedded derivative liability. The resulting discount created by allocating a portion of the issuance proceeds to the embedded derivative is then amortized to interest expense over the term of the debt using the effective interest method.

As of December 31, 2018 and 2017, the fair value of derivative liabilities was estimated at \$31,424 and \$76,413, respectively. The decline was primarily due to the amortization of the 2018 interest payments associated with the derivative liability as well as the partial redemption of the 5.5% variable interest convertible senior notes and higher interest rates at December 31, 2018.

Changes to the fair value of these embedded derivatives are reflected on our consolidated statements of operations as “Change in fair value of derivatives embedded within convertible debt.” The value of the embedded derivative is contingent on changes in interest rates of debt instruments maturing over the duration of the convertible debt as well as projections of future cash and stock dividends over the term of the debt. We recognized gains of \$44,989, \$35,919 and \$31,710 in 2018, 2017 and 2016, respectively, due to changes in the fair value of the embedded derivatives. After giving effect to the recording of embedded derivative liabilities as a discount to the convertible debt, our common stock had a fair value at the issuance date of the notes in excess of the conversion price, resulting in a beneficial conversion feature. The intrinsic value of the beneficial conversion feature was recorded as additional paid-in capital and as a further discount on the debt. The discount is then amortized to interest expense over the term of the debt using the effective interest rate method.

We recognized non-cash interest expense of \$55,769, \$37,210 and \$25,732 in 2018, 2017 and 2016, respectively, due to the amortization of the debt discount attributable to the embedded derivatives and \$30,854, \$19,577 and \$12,796 in 2018, 2017 and 2016, respectively, due to the amortization of the debt discount attributable to the beneficial conversion feature.

*Stock-Based Compensation.* Our stock-based compensation uses a fair-value-based method to recognize non-cash compensation expense for share-based transactions. Under the fair value recognition provisions, we recognize stock-based compensation net of an estimated forfeiture rate and only recognize compensation cost for those shares expected to vest on a straight-line basis over the requisite service period of the award. We recognized stock-based compensation expense of \$2,246, \$2,207 and \$2,203 in 2018, 2017 and 2016, respectively, related to the amortization of stock option awards and \$7,705, \$8,680 and \$7,832, respectively, related to the amortization of restricted stock grants. As of December 31, 2018 and 2017, there was \$3,537 and \$3,771, respectively, of total unrecognized cost related to employee stock options and \$22,077 and \$29,174, respectively, of total unrecognized cost related to restricted stock grants. See Note 14 to our consolidated financial statements.

*Employee Benefit Plans.* The determination of our net pension and other postretirement benefit income or expense is dependent on our selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, the discount rate, expected long-term rate of return on plan assets and rates of increase in

compensation and healthcare costs. We determine discount rates by using a quantitative analysis that considers the prevailing prices of investment grade bonds and the anticipated cash flow from our two qualified defined benefit plans and our postretirement medical and life insurance plans. These analyses construct a hypothetical bond portfolio whose cash flow from coupons and maturities match the annual projected cash flows from our pension and retiree health plans. As of December 31, 2018, our benefit obligations were computed assuming a discount rate between 3.9% - 4.35%. As of December 31, 2018, our service cost was computed assuming a discount rate of 3.25% - 3.8%. In determining our expected rate of return on plan assets, we consider input from our external advisors and historical returns based on the expected long-term rate of return which is the weighted average of the target asset allocation of each individual asset class. Our actual 10-year annual rate of return on our pension plan assets was 8.3%, 5.2% and 5.2% for the years ended December 31, 2018, 2017 and 2016, respectively, and our actual five-year annual rate of return on our pension plan assets was 3.19%, 7.28% and 7.6% for the years ended December 31, 2018, 2017 and 2016, respectively. In computing expense for the year ended December 31, 2019, we will use an assumption of a 5.47% annual rate of return on our pension plan assets. In accordance with GAAP, actual results that differ from our assumptions are accumulated and amortized over future periods and therefore,

Table of Contents

generally affect our recognized income or expense in such future periods. While we believe that our assumptions are appropriate, significant differences in our actual experience or significant changes in our assumptions may materially affect our future net pension and other postretirement benefit income or expense.

Net pension expense for defined benefit pension plans and other postretirement expense was \$1,611, \$2,527 and \$2,060 for the years ended December 31, 2018, 2017 and 2016, respectively, and we currently anticipate benefit expense will be approximately \$2,833 for 2019. In contrast, our funding obligations under the pension plans are governed by the Employee Retirement Income Security Act (“ERISA”). To comply with ERISA’s minimum funding requirements, we do not currently anticipate that we will be required to make any funding to the tax qualified pension plans for the pension plan year beginning on January 1, 2019 and ending on December 31, 2019.

*Long-Term Investments and Impairments.* At December 31, 2018, we had long-term investments of \$66,259, of which \$54,628 were equity securities at fair value that qualify for the net asset value (“NAV”) practical expedient, and were previously accounted for at cost, and \$11,631 were accounted for under the equity method. Our investments in equity securities at fair value that qualify for the NAV practical expedient consisted primarily of investment partnerships investing in investment securities. The investments in these investment partnerships are illiquid and the ultimate realization of these investments is subject to the performance of the underlying partnership and its management by the general partners. The estimated fair value of these investments was provided by the partnerships based on the indicated market values of the underlying assets or investment portfolio. Our investments accounted for under the equity method included interests in a partnership and various companies in which we have the ability to exercise significant influence over their operating and financial policies. The estimated fair value of the investments is either provided by the partnership based on the indicated market values of the underlying assets or is calculated internally based on the number of shares owned and the equity in earnings or losses and interest income we recognize on the investment. Gains are recognized when realized in our consolidated statement of operations. Losses are recognized as realized or upon the determination of the occurrence of an other-than-temporary decline in fair value. Pursuant to the amendments provided by ASU 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities (“ASU 2016-01”), our long-term investments that were previously accounted for at cost are now measured at fair value with changes in fair value recognized in net income. Therefore, impairment analyses for these investments are no longer warranted.

At December 31, 2018, we also had an investment of \$5,000 in the common stock of a reinsurance company that was classified as equity securities without readily determinable fair values that do not qualify for the NAV practical expedient. Prior to the adoption of ASU 2016-01, the investment was classified as a cost-method long-term investment. The investment is included in “Other assets” on the consolidated balance sheet and is valued at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment. On a quarterly basis, we evaluate our investment to determine if there are indicators of impairment. If so, we also make a determination of whether there is an impairment and if it is considered temporary or other than temporary. We believe that the assessment of temporary or other-than-temporary impairment is facts-and-circumstances driven. The impairment indicators that are taken into consideration as part of our analysis include (a) a significant deterioration in the earnings performance, credit rating, asset quality, or business prospects of the investee, (b) a significant adverse change in the regulatory, economic, or technological environment of the investee, (c) a significant adverse change in the general market condition of either the geographical area or the industry in which the investee operates, and (d) factors that raise significant concerns about the investee’s ability to continue as a going concern, such as negative cash flows from operations, working capital deficiencies, or noncompliance with statutory capital requirements or debt covenants.

*Goodwill and Indefinite Life Assets.* Goodwill and intangible assets with indefinite lives are not amortized, but instead are tested for impairment on an annual basis, or whenever events or changes in business circumstances indicate the carrying value of the assets may not be recoverable.

Our goodwill and trademarks are related to Douglas Elliman. Our intangible asset associated with the benefit under the MSA is related to Vector Tobacco.

We follow ASC 350, Intangibles -- Goodwill and Other, included in ASU 2011-08, Testing Goodwill for Impairment. The amendments permit entities to first perform a qualitative assessment to determine whether it is more likely than

not that the fair value of a reporting unit is less than its carrying amount. Based on the results of the qualitative assessment, if the entity determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, it would then perform the first step of the goodwill impairment test; otherwise, no further impairment test would be required. We elected to bypass the qualitative assessment and perform the quantitative assessment for the year ended December 31, 2018. No impairment was indicated as a result of this testing.

The fair value of the intangible asset associated with the Douglas Elliman trademark is calculated using a “relief from royalty payments” method. This approach involves two steps: (i) estimating reasonable royalty rates for its trademark associated with the Douglas Elliman trademark and (ii) applying these royalty rates to a net sales stream and discounting the resulting cash flows to determine fair value. This fair value is then compared with the carrying value of the trademark. We performed the quantitative assessment for the year ended December 31, 2018 and no impairment was noted.

Table of Contents

The fair value of the intangible asset associated with the benefit under the MSA is calculated using discounted cash flows. This approach involves two steps: (i) estimating future cash savings due to the payment exemption under the MSA and (ii) discounting the resulting cash flow savings to determine fair value. This fair value is then compared with the carrying value of the intangible asset associated with the benefit under the MSA. To the extent that the carrying amount exceeds the implied fair value of the intangible asset, an impairment loss is recognized. We performed our impairment test as of December 31, 2018 and no impairment was noted.

*Income Taxes.* The application of income tax law is inherently complex. Laws and regulations in this area are voluminous and are often ambiguous. As such, we are required to make many subjective assumptions and judgments regarding our income tax exposures. Interpretations of and guidance surrounding income tax laws and regulations change over time and, as a result, changes in our subjective assumptions and judgments may materially affect amounts recognized in our consolidated financial statements.

See Note 13 to our consolidated financial statements for additional information regarding our accounting for income taxes and uncertain tax positions.

**Results of Operations**

The following discussion provides an assessment of our results of operations, capital resources and liquidity and should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this report. The consolidated financial statements include the accounts of Liggett, Vector Tobacco, Liggett Vector Brands, New Valley, and other less significant subsidiaries.

Our business segments were Tobacco and Real Estate for the three years ended December 31, 2018, 2017 and 2016. The Tobacco segment consists of the manufacture and sale of cigarettes. The Real Estate segment includes our investment in New Valley, which includes Douglas Elliman, Escena, Sagaponack, and investments in real estate ventures. As a result of the reduction in e-cigarette activities, results from our e-cigarette operations are now included in the Corporate and Other Segment and 2017 and 2016 information has been recast to conform to the 2018 presentation.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies and can be found in Note 1 to our consolidated financial statements.

	Year Ended December 31,		
	2018	2017	2016
	(Dollars in thousands)		
Revenues:			
Tobacco	\$1,111,094	\$1,080,950	\$1,011,620
Real Estate	759,168	727,364	680,105
Corporate and Other	—	(838 )	(776 )
Total revenues	\$1,870,262	\$1,807,476	\$1,690,949
Operating income (loss):			
Tobacco	\$246,527	<sup>(1)</sup> \$240,400	<sup>(3)</sup> \$237,524 <sup>(4)</sup>
Real Estate	3,435	<sup>(2)</sup> 21,439	23,001
Corporate and Other	(25,913 )	(26,191 )	(26,020 )
Total operating income	\$224,049	\$235,648	\$234,505

<sup>(1)</sup> Operating income includes \$6,298 of income from MSA Settlement, and \$685 of litigation settlement and judgment expense.

<sup>(2)</sup> Operating income includes \$2,469 of litigation judgment income.

<sup>(3)</sup> Operating income includes \$2,721 of income from MSA Settlement, \$6,591 of litigation settlement and judgment expense.

<sup>(4)</sup> Operating income includes \$247 of expense from MSA Settlement, \$20,000 of litigation judgment expense, and \$41 of restructuring expense.



Table of Contents2018 Compared to 2017

Revenues. Total revenues were \$1,870,262 for the year ended December 31, 2018 compared to \$1,807,476 for the year ended December 31, 2017. The \$62,786 (3.5%) increase in revenues was due to a \$30,144 increase in Tobacco revenues due primarily to the increase in EAGLE 20's sales and a \$31,804 increase in Real Estate revenues, primarily related to increases in Douglas Elliman's brokerage revenues.

Cost of sales. Total cost of sales was \$1,292,484 for the year ended December 31, 2018 compared to \$1,228,046 for the year ended December 31, 2017. The \$64,438 (5.2%) increase in cost of sales was due to a \$36,483 increase in Tobacco cost of sales related to increased sales volume and a \$27,955 increase in Real Estate cost of sales, which was primarily related to Douglas Elliman's agent commissions.

Expenses. Operating, selling, general and administrative expenses were \$355,513 for the year ended December 31, 2018 compared to \$337,191 for the year ended December 31, 2017. The \$18,322 (5.4%) increase in operating, selling, general and administrative expenses is due to a \$24,322 increase in Real Estate operating, selling, general and administrative expenses primarily at Douglas Elliman and a \$560 increase in Corporate and Other expenses. This was offset by a \$6,560 decline in Tobacco expenses.

Operating income. Operating income was \$224,049 for the year ended December 31, 2018 compared to \$235,648 for the year ended December 31, 2017, a decline of \$11,599 (4.9%). Real Estate operating income declined by \$18,004 primarily related to Douglas Elliman's operations, while Tobacco operating income increased by \$6,127 and Corporate and Other operating loss declined by \$278.

Other expenses. Other expenses were \$144,490 and \$146,480 for the years ended December 31, 2018 and 2017, respectively. For the year ended December 31, 2018, other expenses primarily consisted of interest expense of \$203,780, loss on extinguishment of debt of \$4,066, and net losses recognized on investment securities of \$9,570. This was offset by income of \$44,989 from changes in the fair value of derivatives embedded within convertible debt, equity in earnings from real estate ventures of \$14,446, equity in earnings from investments of \$3,158 and other income of \$10,333. For the year ended December 31, 2017, other expenses primarily consisted of interest expense of \$173,685, loss on extinguishment of debt of \$34,110, equity in losses from investments of \$765, and net losses recognized on investment securities of \$660. This was offset by income of \$35,919 from changes in fair value of derivatives embedded within convertible debt, equity in earnings from real estate ventures of \$21,395 and other income of \$5,426.

The value of the embedded derivatives is contingent on changes in interest rates of debt instruments maturing over the duration of the convertible debt, our stock price as well as projections of future cash and stock dividends over the term of the debt. The interest rate component of the value of the embedded derivative is computed by calculating an equivalent non-convertible, unsecured and subordinated borrowing cost. This rate is determined by calculating the implied rate on each of the two series of our Convertible Notes after removing the embedded option value within the convertible security. This rate is based upon market observable inputs and influenced by our stock price, convertible bond trading price, risk-free interest rates and stock volatility. We recognized benefits from reductions in the value of embedded derivatives of \$44,989 and \$35,919 for the years ended December 31, 2018 and 2017, respectively. The increase in income was primarily due to the amortization of the 2018 interest payments associated with the derivative liability as well as higher interest rates at December 31, 2018 and an increase of \$4,605 related to the partial redemption of the 5.5% variable interest convertible senior notes.

Income before provision for income taxes. Income before income taxes was \$79,559 and \$89,168 for the years ended December 31, 2018, and 2017, respectively.

Income tax expense. Income tax expense was \$21,552 for the year ended December 31, 2018 compared to income tax benefit of \$1,582 for the year ended December 31, 2017. Our income tax rates for the years ended December 31, 2018 and 2017 do not bear a customary relationship to statutory income tax rates as a result of the impact of nondeductible expenses as well as state income taxes, interest and penalties accrued on unrecognized tax benefits offset by the impact of the domestic production activities deduction.

**Tobacco.**



Tobacco revenues. Liggett increased the list price of PYRAMID, LIGGETT SELECT, EVE and GRAND PRIX by \$1.00 per carton in September 2018, \$0.90 per carton in March 2018, \$1.00 per carton in September 2017 and \$0.80 per carton in March 2017. Liggett increased the list price of EAGLE 20's by \$1.00 per carton in September 2018 and \$1.00 per carton in November 2017. On February 25, 2019, Liggett increased the list price of PYRAMID, EAGLE 20's, LIGGETT SELECT, EVE and GRAND PRIX by \$1.10 per carton.

Table of Contents

All of our Tobacco sales were in the discount category in 2018 and 2017. For the year ended December 31, 2018, Tobacco revenues were \$1,111,094 compared to \$1,080,950 for the year ended December 31, 2017. Revenues for 2018 increased by \$30,144 (2.8%) due to a 1.9% increase in sales volume of \$20,815 (176.2 million units), and a favorable price variance of \$9,329.

Tobacco cost of sales. The major components of our Tobacco cost of sales were as follows:

	<b>Year Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
Manufacturing overhead, raw materials and labor	\$ 125,807	\$ 122,562
Federal excise taxes	469,836	460,561
FDA expense	23,428	21,011
MSA expense, net of market share exemption	162,522 <sup>(1)</sup>	146,634 <sup>(2)</sup>
Customer shipping and handling <sup>(3)</sup>	5,658	—
Total cost of sales	\$ 787,251	\$ 750,768

<sup>(1)</sup> Includes \$6,298 reduction in expense from MSA Settlement.

<sup>(2)</sup> Includes \$2,721 reduction in expense from MSA Settlement.

<sup>(3)</sup> Customer shipping and handling costs were included in Tobacco operating, selling, general and administrative expenses prior to the adoption of the new revenue recognition standard or Topic 606 in 2018.

The Tobacco segment's Master Settlement Agreement ("MSA") expense is included in cost of sales. Under the terms of the MSA, we have no payment obligations except to the extent that our tobacco subsidiaries' market share of the U.S. Cigarette market exceeds 1.92%. The calculation of this benefit from the MSA is an estimate based on taxable unit shipments of cigarettes in the U.S. As of December 31, 2018, we estimate taxable shipments in the U.S. declined by approximately 4.6% in 2018. Our annual MSA liability changes by approximately \$1,700 for each percentage change in the estimated shipment volumes in the U.S. market.

Tobacco gross profit was \$323,843 for the year ended December 31, 2018 compared to \$330,182 for the year ended December 31, 2017. The adoption of Topic 606 decreased gross margins by \$7,727 in the year ended December 31, 2018. The settlement of longstanding disputes related to the MSA reduced cost of sales and increased margins by \$3,577. The remainder of the \$6,339 (1.9%) decline was due primarily to unfavorable sale mix variances and a reduction in the market share exemption benefit from the MSA, partially offset by a favorable sales volume variance.

As a percentage of revenues (excluding Federal Excise Taxes), Tobacco gross profit was 50.5% in the 2018 period and 53.2% in the 2017 period. After excluding the impact of Topic 606 and settlements of long-standing disputes related to the MSA, Tobacco gross profit declined from 52.8% in the 2017 period to 50.6% in the 2018 period. The favorable sales volume variance and unfavorable sales mix variance is primarily from Liggett's strategy to invest promotional expenses, which are accounted for as a reduction in revenues, in its EAGLE 20's brand. As a result of this investment strategy, EAGLE 20's unit sales increased by 22.7% in the year ended December 31, 2018 and EAGLE 20's percentage of Liggett's total unit sales has increased from 44.4% in the year ended December 31, 2017 to 53.5% for the year ended December 31, 2018.

Tobacco expenses. Tobacco operating, selling, general and administrative expenses, excluding settlements and judgments, were \$76,631 for the year ended December 31, 2018 compared to \$83,191 for the year ended December 31, 2017. The \$6,560 (7.9%) decline was due primarily to the adoption of Topic 606 in 2018, which reduced Tobacco selling, general and administrative expenses by \$7,727 for the year ended December 31, 2018 compared to the 2017 period. Tobacco product liability legal expenses, including settlements and judgments, were \$7,144 and \$12,809 for the years ended December 31, 2018 and 2017, respectively.

Tobacco operating income. Tobacco operating income was \$246,527 for the year ended December 31, 2018 compared to \$240,400 for the year ended December 31, 2017. The Tobacco operating income increase of \$6,127 (2.5%) was primarily due to the reduction of product liability legal expenses, including settlements and judgments, of \$5,906 in the 2018 period compared to the 2017 period offset by lower gross margins associated with unfavorable sales mix variances and a reduction in benefit from the MSA market share exemption.

Table of Contents**Real Estate.**

**Real Estate revenues.** Real Estate revenues were \$759,168 and \$727,364 for the years ended December 31, 2018 and 2017, respectively. Real Estate revenues increased by \$31,804 (4.4%), which was primarily related to an increase of \$30,304 in Douglas Elliman's commission and other brokerage income. This increase in commission and other brokerage income was primarily related to increased commission and other brokerage income from Douglas Elliman's West market (Los Angeles and Aspen) of \$47,633 due primarily to the acquisition of Teles in the Los Angeles area, increased revenues generated from Douglas Elliman's development marketing division of \$12,226 and existing-home sales in its Southeast market, which consisted entirely of South Florida, of \$20,173. The amount was partially offset by declines in Douglas Elliman's existing-home sales in New York City of \$46,994. As a result of the adoption of Topic 606, Douglas Elliman's revenues for the year ended December 31, 2018 were lower by \$6,381 when compared to the revenue recognition accounting policies for the year ended December 31, 2017.

Real Estate revenues and cost of sales were as follows:

	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Real Estate Revenues:</b>		
Commission and other brokerage income	\$715,458	\$685,154
Property management income	33,350	31,924
Title fees	5,281	5,265
Sales on facilities primarily from Escena	5,079	5,021
Total real estate revenues	\$759,168	\$727,364

**Real Estate Cost of Sales:**

Real estate agent commissions	\$500,369	\$472,753
Cost of sales on facilities primarily from Escena	3,736	3,882
Title fees	1,128	643
Total real estate cost of sales	\$505,233	\$477,278

**Brokerage cost of sales.** Douglas Elliman real estate agent commissions increased by \$27,616 as a result of an increase in sales volume.

Douglas Elliman's gross margin on real estate brokerage income declined from 31.0% for the year ended December 31, 2017 to 30.1% for the year ended December 31, 2018 primarily as a result of an increase in percentages of commission income generated from markets with traditionally lower gross margins and the adoption of Topic 606.

**Real Estate expenses.** Real Estate operating, selling, general and administrative expenses were \$252,969 and \$228,647 for the years ended December 31, 2018 and 2017, respectively. The increased expenses were associated with increased expenses in Douglas Elliman's expansion markets, advertising and brokerage administrative expenses.

**Real Estate operating (loss) income.** The Real Estate segment had operating income of \$3,435 for the year ended December 31, 2018 compared to operating income of \$21,439 for the year ended December 31, 2017. The decline in operating income was \$18,004. The decreased operating income at Douglas Elliman was the result of a higher percentage of revenue generated from markets with traditionally lower gross margins in addition to increased expenses associated in Douglas Elliman's expansion markets, advertising, and brokerage administrative expenses. Douglas Elliman's operating income for the year ended December 31, 2018 was lower by \$371 when compared to the revenue recognition accounting policies for the year ended December 31, 2017 (the adoption of Topic 606).

**Corporate and other.**

**Corporate and other loss.** The operating loss at the corporate segment was \$25,913 for the year ended December 31, 2018 compared to \$26,191 for the same period in 2017. The decline of \$278 was primarily due to decreased stock-based compensation expense for the year ended December 31, 2018.

**2017 Compared to 2016**

**Revenues.** Total revenues were \$1,807,476 for the year ended December 31, 2017 compared to \$1,690,949 for the year ended December 31, 2016. The \$116,527 (6.9%) increase in revenues was due to a \$69,330 increase in Tobacco

revenues due

42

---

Table of Contents

primarily to the increase in EAGLE 20's sales and a \$47,259 increase in Real Estate revenues, primarily related to increases in Douglas Elliman's brokerage revenues.

Cost of sales. Total cost of sales was \$1,228,046 for the year ended December 31, 2017 compared to \$1,097,344 for the year ended December 31, 2016. The \$130,702 (11.9%) increase in cost of sales was due to a \$78,337 increase in Tobacco cost of sales related to increased MSA expense due to higher sales volume, offset by lower per unit manufacturing expense and a \$52,449 increase in Real Estate cost of sales, which was primarily related to Douglas Elliman's increased commissions.

Expenses. Operating, selling, general and administrative expenses were \$337,191 for the year ended December 31, 2017 compared to \$339,059 for the year ended December 31, 2016. The \$1,868 (0.55%) decrease in operating, selling and administrative expenses is due to a \$3,628 decline in Real Estate operating, selling and administrative expenses, primarily related to the Douglas Elliman brokerage expenses and a \$193 increase in Corporate and Other expenses. This was offset by a \$1,567 increase in Tobacco expenses.

Operating income. Operating income was \$235,648 for the year ended December 31, 2017 compared to \$234,505 for the same period last year, an increase of \$1,143 (0.49%). Tobacco operating income increased by \$2,875. This was offset by a \$1,562 decline in Real Estate operating income, primarily related to Douglas Elliman, and a \$170 increase in Corporate and Other operating loss.

Other expenses. Other expenses were \$146,480 and \$108,076 for the years ended December 31, 2017 and 2016, respectively. For the year ended December 31, 2017, other expenses primarily consisted of interest expense of \$173,685, loss on extinguishment of debt of 34,110, equity in losses from investments of \$765 and net losses recognized on investment securities of \$659. This was offset by income of \$35,919 from changes in fair value of derivatives embedded within convertible debt, equity in earnings from real estate ventures of \$21,395, other income of \$5,425. For the year ended December 31, 2016, other expenses primarily consisted of interest expense of \$142,982, equity in losses from investments of \$2,754 and net losses recognized on investment securities of \$3,487. This was offset by income of \$31,710 from changes in fair value of derivatives embedded within convertible debt, equity in earnings from real estate ventures of \$5,200 and other income of \$4,237.

The value of the embedded derivatives is contingent on changes in interest rates of debt instruments maturing over the duration of the convertible debt, our stock price as well as projections of future cash and stock dividends over the term of the debt. The interest rate component of the value of the embedded derivative is computed by calculating an equivalent non-convertible, unsecured and subordinated borrowing cost. This rate is determined by calculating the implied rate on our 7.5% Convertible Notes and our 5.5% Convertible Notes when removing the embedded option value within the convertible security. This rate is based upon market observable inputs and influenced by our stock price, convertible bond trading price, risk-free interest rates and stock volatility. We recognized benefits from reductions in the value of embedded derivatives of \$35,919 and \$31,710 for the years ended December 31, 2017 and 2016, respectively.

Income before income taxes. Income before income taxes was \$89,168 and \$126,429 for the years ended December 31, 2017 and 2016, respectively. The decline is attributable to the items discussed above.

Income tax expense. The income tax benefit was \$1,582 for the year ended December 31, 2017 compared to the income tax expense of \$49,163 for the year ended December 31, 2016. Included in our income tax benefit for the year ended December 31, 2017 is the remeasurement of certain deferred income tax assets and liabilities as a result of the Tax Act, which resulted in a one-time deferred benefit of \$28,845. In addition, our income tax rates for the years ended December 31, 2017 and 2016 do not bear a customary relationship to statutory income tax rates as a result of the impact of nondeductible expenses as well as state income taxes, interest and penalties accrued on unrecognized tax benefits offset by the impact of the domestic production activities deduction.

**Tobacco.**

Tobacco revenues. Liggett increased the list price of PYRAMID, LIGGETT SELECT, EVE and GRAND PRIX by \$0.70 per carton in each of May 2016, \$0.80 per carton in November 2016 and March 2017, and \$1.00 in September 2017. Liggett increased the list price of EAGLE 20's by \$1.00 per carton in December 2016 and November 2017. All of our Tobacco sales were in the discount category in 2017 and 2016. For the year ended December 31, 2017, Tobacco revenues were \$1,080,950 compared to \$1,011,620 for the year ended December 31, 2016. Revenues for

2017 increased by \$69,330 (6.9%) due to an increase in sales volume of \$82,081 (686.7 million units or 8.1% increase), offset by an unfavorable price variance of \$12,751.

43

---

Table of Contents

Tobacco cost of sales. The major components of our Tobacco cost of sales were as follows:

	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2017</b>	<b>2016</b>
Manufacturing overhead, raw materials and labor	\$ 122,562	\$ 116,713
Federal excise taxes	460,561	425,980
FDA expense	21,011	19,252
MSA expense, net of market share exemption	146,634 <sup>(1)</sup>	110,486 <sup>(2)</sup>
Total cost of sales	\$ 750,768	\$ 672,431

(1) Includes \$2,721 reduction in expense from MSA Settlement.

(2) Includes \$247 increase in expense from MSA Settlement.

Tobacco gross profit was \$330,182 for the year ended December 31, 2017 compared to \$339,189 for the year ended December 31, 2016. The \$9,007 (2.7%) decline was due to increased MSA expense and higher per unit promotional spending in 2017 which was associated with the increased unit sales of Eagle 20's. As a percentage of revenues (excluding Federal Excise Taxes), Tobacco gross profit was 53.2% in the 2017 period and 57.9% in the 2016 period.

Tobacco expenses. Tobacco operating, selling, general and administrative expenses were \$83,191 for the year ended December 31, 2017 compared to \$81,624 for the year ended December 31, 2016. Tobacco product liability legal expenses, including settlements and judgments, were \$12,809 and \$26,611 for the years ended December 31, 2017 and 2016, respectively. In December 2016, the Company entered into a settlement of 124 *Engle* progeny plaintiffs resulting in a charge of \$17,650.

Tobacco operating income. Tobacco operating income was \$240,400 for the year ended December 31, 2017 compared to \$237,524 for the year ended December 31, 2016. The Tobacco operating income increase of \$2,876 was primarily due to the lower product liability legal expenses discussed above offset by lower gross profit margins.

**Real Estate.**

Real Estate revenues. Real Estate revenues were \$727,364 and \$680,105 for the years ended December 31, 2017 and 2016, respectively. Real Estate revenues increased by \$47,259 (6.9%), which was primarily related to an increase of \$44,103 in Douglas Elliman's commission and other brokerage income. This increase in commission and other brokerage income was related to increased commission and other brokerage income from Douglas Elliman's existing-home sales and was offset by lower revenues generated from Douglas Elliman's development marketing division.



Table of Contents

Real Estate revenues and cost of sales were as follows:

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
<u>Real Estate Revenues:</u>		
Commission and other brokerage income	\$685,154	\$641,051
Property management income	31,924	29,883
Title fees	5,265	4,324
Sales on facilities primarily from Escena	5,021	4,844
Other	—	3
Total Real Estate revenues	\$727,364	\$680,105

Real Estate Cost of Sales:

Real estate agent commissions	\$472,753	\$420,317
Cost of sales on facilities primarily from Escena	3,882	3,833
Title fees	643	679
Total Real Estate cost of sales	\$477,278	\$424,829

Brokerage cost of sales. Douglas Elliman real estate agent commissions increased by \$52,436 due primarily to an increase in sales volume as well as an increase in the proportion of sales to markets with higher commission percentages and a lower percentage of commission revenues generated from the development marketing division, which generally pays lower commission rates than the existing-home resale market, in 2017.

Real Estate expenses. Real Estate operating, selling, general and administrative expenses were \$228,647 and \$232,275 for the years ended December 31, 2017 and 2016, respectively. The decline of \$3,628 was primarily due to lower expenses associated with Douglas Elliman's expansion, promotional expenses associated with Douglas Elliman's development marketing division and Douglas Elliman's property management division.

Real Estate operating income. The Real Estate segment had operating income of \$21,439 and \$23,001 for the years ended December 31, 2017 and 2016, respectively. The decline in operating income of \$1,562 was primarily related to decreased gross margin, which was associated with higher commission payments at Douglas Elliman.

Corporate and other.

Corporate and other loss. The operating loss at the corporate segment was \$26,191 for the year ended December 31, 2017 compared to \$26,020 for the same period in 2016.

Table of Contents

**Summary of Real Estate Investments**

We own and seek to acquire investment interests in various domestic and international real estate projects through debt and equity investments. Our real estate investments primarily include the following projects as of December 31, 2018:

46

---

Edgar Filing: VECTOR GROUP LTD - Form 10-K

Table of Contents

(Dollars in Thousands. Area and Unit Information in Ones)

Location	Date of Initial Investment	Percentage Owned	Net Cash Invested	Cumulative Earnings (Losses)	Carrying Value as of 12/31/2018	Future Capital Commitments from New Valley (1)	Projected Residential and/or Hotel Area	Projected Commercial Space	Projected Number of Residential Lots, Units and/or Hotel Rooms	Projected Construction Start Date	Projected Construction End Date	
Sagaponack	Sagaponack, NY	April 2015	100 %	\$ 16,050	\$ —	\$ 16,050	\$ —	TBD	N/A	1 R	N/A	N/A
Escena, net	Master planned community, golf course, restaurant and shop in Palm Springs, CA	March 2008	100 %	2,516	7,654	\$ 10,170	—	450 Acres	667 R 450 Lots H	N/A	N/A	N/A
Investments in real estate, net				\$ 18,566	\$ 7,654	\$ 26,220	\$ —					
10 Madison Square West (1107 Broadway)	Flatiron District/NoMad neighborhood, Manhattan, NY	October 2011	5.0 %	\$ (43,671)	\$ 43,671	\$ —	\$ —	260,000 SF	20,000 SF	124 R	August 2012	Completed
The Marquand (11 East 68th Street)	Upper East Side, Manhattan, NY	December 2011	18.0 %	(2,355)	3,138	783	—	90,000 SF	—	29 R	June 2012	Completed
11 Beach Street	TriBeCa, Manhattan, NY	June 2012	49.5 %	4,790	9,263	14,053	—	97,000 SF	—	27 R	May 2014	March 2019
20 Times Square (701 Seventh Avenue)	Times Square, Manhattan, NY	August 2012	7.9 %	(7,827)	8,781	954	—	252,000 SF	80,000 SF	452 H	September 2013	February 2019
111 Murray Street	TriBeCa, Manhattan, NY	May 2013	9.5 %	4,448	945	5,393	—	330,000 SF	1,700 SF	157 R	September 2014	June 2019
160 Leroy Street	West Greenwich Village, Manhattan, NY	March 2013	3.1 %	(340)	1,727	1,387	—	130,000 SF	—	57 R	Fall 2015	Completed
The Dutch (25-19 43rd Avenue)	Long Island City, NY	May 2014	9.9 %	(799)	1,323	524	—	65,000 SF	—	86 R	September 2014	Completed
87 Park (8701 Collins Avenue)	Miami Beach, FL	December 2013	15.0 %	19,630	3,982	23,612	—	160,000 SF	TBD	70 R	October 2015	September 2019
125 Greenwich Street (2)	Financial District, Manhattan, NY	August 2014	13.4 %	7,992	(7,992)	—	—	306,000 SF	16,000 SF	273 R	March 2015	February 2020
West Hollywood Edition (9040 Sunset Boulevard)	West Hollywood, CA	October 2014	48.5 %	(1,552)	(163)	(1,715)	—	210,000 SF	—	20 R 190 H	May 2015	June 2019
The XI (76 Eleventh Avenue)	West Chelsea, Manhattan, NY	May 2015	5.1 %	17,000	6,594	23,594	—	630,000 SF	85,000 SF	236 R 137 H	September 2016	June 2020
Monad Terrace	Miami Beach, FL	May 2015	18.2 %	7,635	1,860	9,495	—	160,000 SF	—	59 R	May 2016	December 2020
Takanasee (805 Ocean Ave)	Long Branch, NJ	December 2015	22.8 %	5,921	1,971	7,892	—	63,000 SF	—	13 R	June 2017	TBD
15 East 19th St	Brooklyn, NY	April 2017	9.8 %	402	83	485	—	24,000 SF	—	33 R	August 2017	March 2019
Dime (209 Havemeyer St)	Brooklyn, NY	November 2017	19.8 %	8,650	1,292	9,942	—	100,000 SF	150,000	177 R	May 2017	September 2019
Condominium and Mixed Use Development				\$ 19,924	\$ 76,475	\$ 96,399	\$ —					
ST Portfolio		November 2013	16.3 %	(1,669)	\$ 1,669	\$ —	\$ —	N/A	N/A	N/A	N/A	N/A
Maryland Portfolio	Primarily Baltimore County, MD	July 2012	7.6 %	774	(774)	—	—	N/A	N/A	5,517 R	N/A	N/A
Apartment Buildings				\$ (895)	\$ 895	\$ —	\$ —					
Park Lane Hotel (36 Central Park South)	Central Park South, Manhattan, NY	November 2013	5.2 %	\$ 29,470	(13,955)	\$ 15,515	—	446,000 SF	—	628 H	N/A	N/A
215 Chrystie Street	Lower East Side, Manhattan, NY	December 2012	18.4 %	(3,938)	4,206	267	—	246,000 SF	—	367 H	June 2014	Completed
Coral Beach and Tennis Club	Coral Beach, Bermuda	December 2013	49.0 %	6,048	(3,714)	2,334	—	52 Acres	—	101 H	N/A	N/A
Hotels				\$ 31,580	(13,463)	\$ 18,116	\$ —					
The Plaza at Harmon Meadow (700 Plaza Drive)	Secaucus, NJ	March 2015	49.0 %	\$ 4,816	(2,949)	\$ 1,867	\$ —	—	219,000 SF	—	N/A	N/A
Wynn Las Vegas Retail (3131 Las Vegas Blvd South)	Las Vegas, NV	December 2016	1.6 %	5,100	1,953	7,053	—	—	160,000 SF	—	N/A	N/A
Commercial				\$ 9,916	\$ (996)	\$ 8,920	\$ —					
Witkoff GP Partners (3)	Multiple	March 2017	15.0 %	\$ 13,943	(801)	\$ 13,142	\$ 6,133	N/A	N/A	N/A	N/A	N/A
1 QPS Tower (23-10 Queens Plaza South)	Long Island City, NY	December 2012	45.4 %	(11,882)	\$ 13,666	1,783	—	N/A	N/A	N/A	March 2014	Completed
Witkoff EB-5 Capital Partners	Multiple	September 2018	49 %	(40)	626	586	9,010					
Diverse Real Estate Portfolio				\$ 2,021	\$ 13,491	\$ 15,511	\$ 15,143					

# Edgar Filing: VECTOR GROUP LTD - Form 10-K

Investment in real estate ventures	\$ 62,546	\$ 76,402	\$ 138,946	\$ 15,143
Total Carrying Value	\$ 81,112	\$ 84,056	\$ 165,166	\$ 15,143

---

(1) This column only represents capital commitments required under the various joint venture agreements. However, many of the operating agreements provide for the operating partner to call capital. If a joint venture partner, such as New Valley, declines to fund the capital call, then the partner's ownership percentage could either be diluted or, in some situations, the character of a funding member's contribution would be converted from a capital contribution to a member loan.

(2) Carrying value as of December 31, 2018, includes non-controlling interest of \$693 and \$0 respectively.

(3) The Witkoff GP Partner venture consisted of a \$1,820 investment in 500 Broadway, a \$7,131 investment in Fontainebleau Las Vegas, \$466 investment in 1568 Broadway debt, and a \$3,725 investment in 701 7th debt.

N/A - Not applicable      SF - Square feet                      H - Hotel rooms

TBD -To be determined    R - Residential Units                      R Lots - Residential lots

Table of Contents

Other investments in real estate ventures relate to an investment in an insurance consulting company by Douglas Elliman with a carrying value of \$2,159 as of December 31, 2018. New Valley has capitalized \$23,786 of net interest expense since inception into the carrying value of its ventures whose projects were under development as of December 31, 2018. This amount is included in the “Cumulative Earnings (Losses)” column in the table above.

Table of Contents

**Liquidity and Capital Resources**

Cash and cash equivalents increased by \$280,792 and \$143,391