

**PRESS RELEASE**



**For Immediate Release**

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**MADIGAN SUES TOBACCO COMPANIES FOR REFUSING TO PAY MILLIONS OWED UNDER MASTER SETTLEMENT AGREEMENT FOR FRAUDULENT ACTIVITIES**

Chicago – Attorney General Lisa Madigan today filed a legal action against R.J. Reynolds Tobacco Company, Philip Morris, Inc., Lorillard Tobacco Company and other cigarette manufacturers for refusing to fulfill payment obligations related to the 1998 tobacco litigation “Master Settlement Agreement.”

The Master Settlement Agreement (MSA) settled fraud claims multiple states, including Illinois, brought in the 1990s against the tobacco companies, including allegations the tobacco companies intentionally marketed cigarettes to children and hid cigarettes’ addictive qualities and damaging health effects. Forty-five other states and six U.S. territories either have filed or are contemplating actions similar to the one Madigan filed today.

“The Master Settlement Agreement has been hailed as a landmark public health agreement that addresses the harm caused by cigarettes and the fraudulent activities of the tobacco companies,” Madigan said. “These tobacco companies must live up to all of their obligations under that agreement.”

In total, the tobacco companies claim they are entitled to reduce by almost \$1.2 billion the current and future payments they owe the states under the MSA. The tobacco companies already have refused to pay hundreds of millions of dollars to the states that were due on Monday, April 17. They have failed to pay approximately \$40 million to Illinois and this amount could grow to hundreds of millions in the coming years. A shortfall that large could jeopardize public health programs in Illinois that are used to fight the effects of smoking.

“Illinois and other states previously sued the tobacco companies for deceiving the public and creating a massive public health crisis,” Madigan said. “These suits forced the tobacco companies to pay for their fraud. Now these companies are failing to live up to their agreements.”

Since 1998, Illinois has received approximately \$1.9 billion in payments from the tobacco companies participating in the MSA.

Madigan said while Illinois has received billions in payments, the MSA is first and foremost a public health agreement that restricts marketing, advertising

and promotion of tobacco. Last year, Madigan and two other Attorneys General sued a tobacco company for marketing its products to African-American children through a youthful hip-hop campaign. The company settled the case out of court.

“The Master Settlement Agreement requires tobacco companies to pay monies to the states, but it is a powerful tool that we can use to fight the tobacco industry when they come after our children or continue their fraudulent ways. I will not allow them to disregard their obligations,” Madigan said.

Madigan’s action was filed in Cook County Circuit Court.

The case is being handled in Madigan’s office by Bureau Chief Marilyn Kueper of the Tobacco Enforcement Bureau and Assistant Attorneys General Dave Adams and Anne Reader of the Special Litigation Bureau.

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