

Instructions

Acknowledgment of Receipt and Review of NPM Statute, Implementing Regulations, Forms, Calculation Method and Reporting Responsibilities for Depositing Reserve Funds

GENERAL INFORMATION

What is the definition of a tobacco product manufacturer?

- Any entity that manufactures cigarettes anywhere that such manufacturer intends to be sold in the United States, including cigarettes that are intended to be sold in the United States through an importer;
- The first purchaser anywhere for resale in the United States of cigarettes manufactured anywhere that the manufacturer does not intend to be sold in the United States; or
- A successor of any entity described above.

Who is required to file this Acknowledgment of Receipt?

- Any tobacco product manufacturers which:
 - (1) plans to begin selling cigarettes to consumers within the state of California (whether directly or through any distributor, retailer, or similar intermediary); and
 - (2) has not become a participating manufacturer in the tobacco Master Settlement Agreement.

What is a non-participating manufacturer?

A non-participating manufacturer is any tobacco product manufacturer who has not signed onto the tobacco Master Settlement Agreement, executed on 11/23/98 between 46 U.S. States, including California, and certain tobacco companies.

What is a qualified escrow fund?

You are required to establish a qualified escrow fund as a source of compensation for the State and other parties identified in the Master Settlement Agreement, including the costs of smoking related illness, in the event you are found liable to the State or the other parties by a court or as provided in a settlement. This means an escrow arrangement with a federally or state-chartered financial institution having no affiliation with any tobacco product manufacturer and having assets of at least \$1,000,000,000, where such arrangement (1) requires that the financial institution hold the escrowed funds' principal for the benefit of the State of California and other "releasing parties" as defined in the Master Settlement Agreement, or 25 years, whichever occurs first, and (2) prohibits you from using, accessing, or directing the use of the funds' principal except as consistent with Health & Safety Code section 104557(b).

When is this acknowledgment and affidavit due?

This affidavit must be filed before selling cigarettes in California. This is intended to ensure that tobacco product manufacturers are notified and understand that they will need to make escrow payments next year for each cigarette they sell.

When must I make my escrow deposits?

You must deposit the required reserve funds into your qualified escrow fund on or before April 15th of the year following the sales year. After you have made your deposit, forward a copy of your receipt or other proof of deposit from your financial institution. Finally, once the deposit is made, you must also complete and file a Certification of Compliance and Affidavit (Form TOB.cc-1).

SPECIFIC INSTRUCTIONS

Part 1: Manufacturer's Identification	Fill in your name, address and telephone and fax number.
Part 2: Brands & Sales Year	List each and every Brand to be sold and the sales year (calendar year of the sales).
Part 3: Company Officers, Owners, Agents for Service of Process	Enter the names and titles of all company officers, owners and agents for service of process.
Part 4: Acknowledgment of Receipt of NPM statute, Regulations, Forms	Initial to acknowledge receipt of the copies of the law, the regulations and forms.
Part 5: Acknowledgment of Deposit Calculation Method	Write the appropriate rate for the sales year that your company will begin selling in California and initial to acknowledge understanding the deposit calculation method.
Part 6: Acknowledgment of Duty to provide inflation adjustment calculation & Proof of Deposit	Initial to acknowledge understanding that copies of your inflation adjustment calculation and proof of deposit is required.
Part 7: Signature	An authorized notary public must also sign and date this affidavit.