

Attorney General's Office enters into Settlement Agreement with R.J. Reynolds concerning activities at Brand Name Sponsorship events

Among the tobacco companies, R.J. Reynolds engages in the greatest number of Brand Name Sponsorships, primarily of auto races and including two of the largest racing series, NASCAR and NHRA, which are sponsored by Winston cigarettes. Last summer, the Attorney General's Office identified practices and activities at Winston-sponsored auto races which were believed to be in violation of the Master Settlement Agreement ("MSA"). With assistance from the Department of Health Services Tobacco Control Section's "Project Smart\$" observers, the office documented violations of the prohibitions and restrictions against outdoor advertising, "combination advertising" (combining an ad for the tobacco product with an ad for the sponsored event on the same sign), and free sampling from facilities where youth were present.

After sending Reynolds a 30-day notice under the MSA and engaging in lengthy negotiations with Reynolds' representatives, the Attorney General's Office reached an agreement with Reynolds on the disputed points, which is set forth in a written Settlement Agreement. The Agreement includes the following provisions:

- Standards are established for the placement of signs at concession stands (§ 12).
- Free sample booths must be enclosed in a manner which prevents youth exposure to free sampling activities (§ 13).
- The size and manner of advertising on the free sample booths are restricted (§ 14).
- Tobacco advertising cannot be visible to persons outside the Adult-Only Facility (§ 15).
- Four specific "combination" advertising signs will be eliminated (§ 16).
- Reynolds will take action to prevent display of the above signs, and will communicate all of the above to its employees and agents involved in sponsorships (§§ 17, 18).
- Reynolds will pay the Attorney General's Office \$30,000 for its investigative costs, including legal fees.

While the Agreement is only with California, Reynolds has agreed to apply these standards to its sponsorship activities nationwide. This is the first formal, written agreement entered into between a state and one of the tobacco companies, post-MSA. With the assistance of Project Smart\$ and others, the Attorney General's Office will monitor compliance at upcoming events in California and nationwide.

Interested persons may contact the Attorney General's Office with regard to any questions about the Agreement or about other sponsorship activities and the MSA.