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Counsel for Plaintiff

IN THE THIRD JUDICIAL DISTRICT COURT
SALT LAKE COUNTY, STATE OF UTAH

<p>STATE OF UTAH, by and through its Attorney General, SEAN D. REYES, Plaintiff, v. NATIONAL ASSOCIATION OF ATTORNEYS GENERAL, THERESIA HELLER, in her capacity as Chief Financial Officer for the NATIONAL ASSOCIATION OF ATTORNEYS GENERAL, Defendants.</p>	<p>COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF</p> <p>(Tier <u>2</u>)</p> <p>Case No.</p> <p>Judge</p>
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INTRODUCTION

1. Defendant the National Association of Attorneys General (“NAAG”) is a

nonpartisan organization for America’s state and territory attorneys general that promotes collaboration, training, and resources to support attorneys general in protecting the rule of law and the United States Constitution. Founded in 1907, NAAG provides an important forum for attorneys general to work together on bipartisan policies, initiatives, and litigation.

2. Plaintiff State of Utah prioritizes the safe, sound investment of public funds. Under the State Money Management Act, Utah Code §§ 51-7-1 *et seq.* (the “Act”), custodians of public funds must invest in specific financial products, deal with state-approved institutions, and report to the state treasurer. The Act’s oversight provisions ensure public funds are held and invested in accordance with Utah’s public policy.

3. NAAG is a custodian of Utah’s public funds—so its investments must comply with the Act. NAAG holds public money from a series of legal settlements entered by Utah and other States who are (or were) NAAG members. In those settlements, the parties agreed to create special purpose funds—totaling over \$100 million—for the public’s benefit and appointed NAAG to administer the funds. In fact, in a recent letter to Utah’s Attorney General, NAAG confirmed that assets in the funds belong to Utah and that NAAG is investing the funds on Utah’s behalf.

4. But it appears that NAAG does not comply with the Act. NAAG operates Utah’s funds at a surplus and invests uncommitted assets in securities, real estate, and other financial products. In other words, NAAG invests Utah’s public money in financial

products other than those specified by the Act. NAAG also deals with non-state-approved institutions and does not report to the state treasurer.

5. To address the inconsistency between NAAG's actions and what the Act requires, Utah brings this case to declare NAAG and its Chief Financial Officer to be public treasurers or custodians of public funds under the Act. Utah also seeks an accounting to determine what share of NAAG's assets qualify as Utah public funds.

PARTIES

6. Plaintiff is the State of Utah.

7. Defendant NAAG is an unincorporated association organized under the laws of Washington, D.C., and headquartered there. Under D.C. law, an unincorporated association is a legal entity distinct from its members that can hold property and be sued in its own name. *See* D.C. Code §§ 29-1105, -1106, -1109.

8. Defendant Theresa Heller is NAAG's Chief Financial Officer, and is responsible for financial planning, reporting, and administration of NAAG's assets. She is sued in her official capacity.

JURISDICTION

9. The Third Judicial District Court for Salt Lake County has jurisdiction over the matter of this Complaint under Utah Code sections 78A-5-102(1)–(2), 78B-6-401, 51-7-22.5(1), and Rule 57 of the Utah Rules of Civil Procedure.

10. The Third Judicial District Court for Salt Lake County is the proper venue

for this action pursuant to Utah Code § 51-7-22.5(1).

11. This Court has power to grant declaratory and equitable relief pursuant to Utah's Declaratory Judgment Act, Utah Code § 78B-6-401, *et seq.*

BACKGROUND

I. The State Money Management Act

12. The Act governs the deposit and investment of Utah's public funds. Utah Code §§ 51-7-1, *et seq.*

13. The Act defines "public funds" broadly to include "money, funds, and accounts, regardless of the source," that are "owned, held, or administered by the state or any of its boards, commissions, institutions, departments, divisions, agencies, bureaus, laboratories, or other similar instrumentalities." *Id.* § 51-7-3(26).

14. In general, public funds must be deposited and invested by public treasurers.

15. A "public treasurer" includes the state treasurer and "the official of any state board, commission, institution, department, division, agency, or other similar instrumentality, or of any county, city, school district, charter school, political subdivision, or other public body who has the responsibility for the safekeeping and investment of any public funds." *Id.* § 51-7-3(28).

16. The Act vests in the state treasurer the primary responsibility over Utah's public funds. *Id.* § 51-7-4(1).

17. Public funds not managed by the state treasurer must be "deposited and

invested by the custodian in accordance with” the Act. *Id.* § 51-7-4(2).

18. The Act requires public treasurers and other custodians of public funds to be bonded. *Id.* § 51-7-15(1); *see also* Utah Admin. Code R628-4. They generally must make deposits and investments with financial institutions approved by state officials. Utah Code § 51-7-11(1). Deposits must meet certain evidentiary criteria. *Id.* § 51-7-7. And investments are restricted to specific assets. *Id.* § 51-7-11(3). Public treasurers and other custodians of public funds must also comply with the Act’s various reporting requirements. *See id.* §§ 51-7-4(2)(b), 51-7-15(3), 51-7-23; *see also* Utah Admin. Code R628-19-6.

19. The state treasurer ensures public funds are invested in accordance with public policy. For example, in 2022, State Treasurer Oaks recalled about \$100 million in public funds from an investment firm that used ESG scores to supplement traditional criteria for making investments. *See* T. Fitzpatrick, *Utah’s State Treasurer Pulls Millions from Investment Firm Over Its Climate and Social Agenda*, Salt Lake Trib. (Sep. 18, 2022), <https://bit.ly/3W0L7h4>. An ESG score is “a political rating system that is based on indeterminate factors” related to an asset’s impact on the custodian’s social, environmental, or governance goals. *Letter from the State of Utah to S&P Global Ratings Regarding ESG Credit Indicators* (Apr. 21, 2022), <https://bit.ly/3CB7tPm>. State Treasurer Oaks concluded that such “dual purpose” investing may cause “returns to suffer or volatility to increase” and is thus inconsistent with the state’s duty to safeguard public funds. Fitzpatrick, *supra*.

II. The National Association of Attorneys General

20. The National Association of Attorneys General, or NAAG, is a professional membership organization that represents the chief legal officers of the states and of federal territories.

21. NAAG was founded in 1907 to coordinate multistate antitrust litigation, but its mission has since expanded. NAAG now provides its members with information, research, and support on a wide range of legal and policy issues.

22. NAAG's membership consists of the offices of the state and territorial attorneys general. Ex. A, *Constitution and Bylaws of the Nat'l Ass'n of Att'ys Gen.*, Art. II § 1.

23. Pursuant to the NAAG Constitution, NAAG acts exclusively as an agent of the member attorneys general and has no function "independent of the functions of its membership." *Id.* § 2.

24. NAAG "is an instrumentality of the States." Ex. B, *Classification Letter*, Internal Revenue Serv. (Jan. 16, 1985). This quasi-governmental status qualifies NAAG for tax exemption under the Internal Revenue Code. *Id.* But unlike private tax-exempt organizations, NAAG is not required to file financial reports with the Internal Revenue Service. See D. Fisher, *The House Tobacco Built*, *Forbes* (Aug. 14, 2008), <https://bit.ly/3Qv4nSw>.

25. NAAG employs a Chief Financial Officer that "oversees the financial transactions of NAAG" and "is responsible for financial planning and reporting, and

administration of the Association's assets." *See Chief Financial Officer, Nat'l Ass'n of Att'ys Gen.*, <https://bit.ly/3W0r02f>. NAAG's current Chief Financial Officer is Defendant Theresia Heller. *Id.*

III. NAAG holds and invests Utah's public funds.

26. NAAG manages several public-interest funds on behalf of its member states, including Utah. Assets in the funds belong to the states, and NAAG holds them in restricted accounts separate from its operating accounts.

27. Funds under NAAG's management include the Financial Services Fund and the VW Settlement Fund, amongst others that in sum total hold as much as \$100 million or more.

28. The Financial Services Fund was created in 2012 from a legal settlement by Utah and other states related to the then-recent mortgage and loan crisis. *See D. Fisher, NAAG Gets Its Slice of the Mortgage-Settlement Pie*, *Forbes* (Mar. 12, 2012), <https://bit.ly/3WY2Jv8>. The fund's purpose is to aid "the investigation and prosecution of cases involving fraud, unfair and deceptive acts and practices, and other illegal conduct related to financial services or state consumer protection laws." *Memorandum of Understanding Regarding the Rules and Regulations Governing the Financial Services and Consumer Protection Enforcement, Education, and Training Fund*, Nat'l Ass'n of Att'ys Gen. (Oct. 31, 2012) ("Financial Services Fund Rules"), at 1, <https://bit.ly/3CFa1M7>. The settling parties agreed to transfer \$15 million of the states'

proceeds to NAAG for the fund's initial endowment. *Id.*

29. The VW Settlement Fund was created in 2016 from a legal settlement by Utah and other states related to Volkswagen's vehicle emissions scandal. The fund's purpose is to advance "consumer protection oversight, training and enforcement, including in the area of automobile-related fraud and deception." *Rules and Regulations of the VW Settlement Fund*, Nat'l Assn. of Attorneys General (Aug. 2020) ("VW Fund Rules"), at 1, <https://bit.ly/3QDh0en>. The settling parties agreed to transfer \$20 million of the states' proceeds to NAAG for the fund's initial endowment. *Id.*

30. A special committee of NAAG members oversees each fund. Committee members are appointed by NAAG's president and approved by the executive committee. The special committee members make disbursements and develop the funds' investment policy. *See* VW Fund Rules, *supra*, §§ B, C; Financial Services Fund Rules, *supra*, §§ B, C.

31. Investment returns on the funds have been modest. The Financial Services Fund has grown 4.3% since inception, while the VW Settlement Fund has grown 4.9%. Ex. C, *Executive Committee Meeting*, Nat'l Ass'n of Att'ys Gen. (Dec. 6, 2022), attachment B1 at 4.

32. Details of the funds' investment history are currently unknown.

33. NAAG's recent financial reports reveal how the assets are allocated.

34. Assets in the Financial Services Fund are held in domestic securities (34.6%),

foreign securities (22.3%), “flexible capital” (9.6%), real estate (9.5%), and non-interest-bearing accounts (24%). *Id.*, attach. C, at 9.

35. Assets in the VW Settlement Fund are held in domestic securities (36.2%), foreign securities (23%), “flexible capital” (11.1%), real estate (9.9%), and non-interest-bearing accounts (19.8%). *Id.*

36. It is unclear whether NAAG distributes investment returns to its restricted accounts or instead diverts them to its operating accounts. But the organization’s website states that NAAG “funds its operations” in part using “proceeds from investments originating from past court settlements.” *How is NAAG Funded?*, Nat’l Ass’n of Att’ys Gen., <https://bit.ly/3W4cc2C>.

IV. Beyond traditional investments, NAAG uses Utah’s public funds for litigation finance.

37. Besides traditional investments, NAAG grows the states’ funds by financing new lawsuits and retaining a share of the settlement proceeds.

38. Under NAAG’s litigation finance model, members apply for funding to initiate multistate civil actions. Funding comes from NAAG’s restricted accounts, and recipient states must reimburse NAAG if the lawsuit is successful.

39. In exchange for providing financial aid, NAAG receives a share of the judgment award or settlement proceeds.

40. A recent settlement reached by Utah and other member states illustrates the model.

41. In 2021, Utah and other states settled a lawsuit against the consulting firm McKinsey & Company for its role in the opioid crisis. *McKinsey & Company Consent Judgment* (Feb. 4, 2021), <https://bit.ly/3CHNU7R>. NAAG provided \$7 million to finance the lawsuit and received \$15 million from the settlement in return. *Id.* at 11. NAAG’s share of the settlement proceeds exceeds what Utah and other states received, and it nearly doubled what NAAG provided in financial aid. NAAG was not a party to the lawsuit, and the settlement agreement makes clear that NAAG received its share from proceeds otherwise payable to the states. *Id.*

42. NAAG’s litigation finance model alienates control of public funds from the member states. Individual states have little say over how much NAAG receives in cases for which it provided financing. And decisions to finance future litigation are made exclusively by NAAG’s leadership and special committees.

43. Returns from NAAG’s litigation finance model have far exceeded returns from traditional investments. In 2021 alone, assets in NAAG’s restricted accounts swelled from \$133 million to \$158 million. *2021 Annual Report*, Nat’l Ass’n of Att’ys Gen. (Apr. 28, 2022), at 26, <https://bit.ly/3W6Nejg>. NAAG recently published a report emphasizing the need to “[e]ducate offices of attorneys general about the importance of directed unrestricted settlement funds to NAAG.” *2019 Strategic Plan*, Nat’l Ass’n of Att’ys. Gen. (2019), at 13, <https://bit.ly/3X7kvfx>.

V. Controversy over NAAG’s management of state funds.

44. The extent of NAAG’s litigation financing operations has only recently come to light.

45. The increased attention on NAAG’s litigation financing operations has led to new disclosures and documents about NAAG’s other financial operations.

46. With the new disclosures, several member attorneys general have started to raise concerns over how NAAG has been using money from public settlements.

47. In a letter to NAAG’s executive director, the Attorney General of Kentucky demanded “greater transparency prior to NAAG receiving, holding, and expending” public funds. *Letter from Attorney General of Kentucky to NAAG’s Executive Director* (May 24, 2022), at 1, <https://bit.ly/3Xd9LvQ>. The letter was signed by 8 members, including the Attorney General of Utah. *Id.* at 5.

48. Alabama Attorney General Steve Marshall called attention to NAAG’s increasingly ideological bent. He expressed concern over using “taxpayer dollars to fund an organization that seems to be going further and further left.” S. Ross, *Alabama Becomes First State to Leave National Association of Attorneys General*, Yellowhammer News (Apr. 26, 2021). Following these concerns, Attorney General Marshall withdrew Alabama’s membership from NAAG in April 2021. *Id.*

49. Other states followed. In May 2022, the attorneys general of Texas, Missouri, and Montana signed a joint letter withdrawing their states’ membership from NAAG. The signatories concluded that NAAG’s management of state funds was inconsistent with their

duty to be “faithful stewards” of public money. *Id.* Ex. D, Letter from Attorneys General of Texas, Missouri, and Montana to NAAG’s President (May 4, 2022), at 1.

50. Arizona Attorney General Mark Brnovich raised similar concerns. He criticized NAAG’s litigation finance model for undermining the priorities of the Arizona Attorney General’s Office, which have “always focused on making sure we get as much restitution back to consumers.” J. Dixon-Hamilton, *Exclusive—Arizona Joins Conservative States In Exiting ‘Left-Leaning’ National Association of Attorneys General*, Breitbart (May 9, 2022), <https://bit.ly/3W2R0tO>. Attorney General Brnovich withdrew Arizona’s membership from NAAG in May 2022. *Id.*

51. In response to these concerns, NAAG’s executive director sent a letter to its members clarifying the organization’s role in managing state funds. Ex. E, *Letter from NAAG to Attorney General Sean Reyes* (Feb. 8, 2022). The letter explains that NAAG “received [the funds] on behalf of your offices” and that NAAG “administers these funds on your behalf.” *Id.* The letter clarified that the “money in these accounts belongs to you, our members.” *Id.*

52. Beyond that, the Attorneys General of Idaho and Kansas have written to NAAG expressing “serious concern” about whether NAAG holds or invests public money “in ESG-oriented funds,” and asking NAAG “to disclose its” specific “investments and financial products” so its members could learn for the first time whether those concerns were well founded. Debra Kahn et al., *Putting the E, S and G in attorneys*

general, Politico (Feb. 3, 2023), <https://politi.co/3KjyR94>.

53. In response, NAAG’s executive director gave a list of NAAG’s investments to the Kansas Attorney General and said that the list contains “no mention of ESG or any other consideration not consistent with the uniform prudent investor rule.” Breccan F. Thies, *Exclusive: National Association of Attorneys General Invests Taxpayer Money in ESG*, Brietbart (Jan. 30, 2023), <https://bit.ly/3S7zuEq>.

54. But outside observers have noted that “line items in the fund clearly show investment in ESG-oriented entities like Blackrock and DFA Emerging Markets Social Core Equity Fund.” *Id.*

55. These conflicting answers raise concerns about NAAG’s investments that are identical to the concerns that caused Utah State Treasurer Oaks to move \$100 million in public funds from an investment firm. *See supra* ¶ 15.

CLAIMS FOR RELIEF

COUNT I

(Declaratory relief)

56. All allegations stated above are repeated and incorporated herein.

57. This Court has jurisdiction to issue a declaratory judgment under Utah Code § 78B-6-401.

58. Utah’s “rights, status, or other legal relations” in its public money “are affected by a statute”—the State Money Management Act—and this Court may both

“determine any question of construction or validity arising under” the Act and declare “rights, status, or other legal relations” arising from this dispute. Utah Code §78B-6-408. A declaratory judgment “will terminate the controversy or remove an uncertainty.” *Id.* §78B-6-402.

59. Public treasurers and other custodians of Utah’s public funds must comply with deposit, investment, and reporting requirements of the State Money Management Act.

60. NAAG is an instrumentality of the State of Utah and is responsible for safekeeping and investment of Utah’s public funds.

61. NAAG’s Chief Financial Officer is responsible, in her official capacity, for the deposit and investment of assets that NAAG manages. These assets consist in part of Utah’s public funds.

62. But neither NAAG nor its Chief Financial Officer have complied with the deposit, investment, or reporting requirements of the State Money Management Act. This non-compliance disregards Utah law and threatens the safety of, and ability for the state to exercise appropriate oversight regarding, Utah’s public money.

63. This controversy over the meaning of the State Money Management Act, and Defendants’ non-compliance with it, raises a specific factual dispute in the context of an actual controversy directly involving the state’s rights in its public money that is subject to judicial resolution. *See Salt Lake Cnty. v. State*, 2020 UT 27, ¶¶38-47, 466 P.3d 158.

64. Therefore, Utah seeks a declaration that NAAG and its Chief Financial

Officer are public treasurers or custodians of public funds and are subject to the requirements of the State Money Management Act.

COUNT II

(Accounting)

65. All allegations stated above are repeated and incorporated herein.

66. The share of assets under NAAG's management that consist of Utah's public funds subject to the requirements of the State Money Management Act is presently unknown to Utah and cannot be adequately ascertained without a full accounting.

67. Therefore, Utah seeks an accounting to determine the share of NAAG's assets comprised of Utah's public funds.

RELIEF REQUESTED

WHEREFORE, The State of Utah respectfully asks this Court to enter judgment as follows:

- a. Declare NAAG to be a public treasurer or custodian of public funds under the State Money Management Act;
- b. Declare NAAG's Chief Financial Officer, in her official capacity, to be a public treasurer or custodian of public funds under the State Money Management Act;
- c. Order an accounting of assets under NAAG's management to determine the amount of those funds that consist of Utah's public funds;
- d. Appoint a special master to perform the accounting; and
- e. Grant all other relief that this Court deems just and proper.

DATED: March 7, 2023

/s/ Lance Sorenson

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Exhibit A

Approved
(December 6, 2022)

**CONSTITUTION AND BYLAWS
OF THE
NATIONAL ASSOCIATION OF ATTORNEYS GENERAL**

ARTICLE I

Name and Purpose

The name of this organization shall be the National Association of Attorneys General (hereinafter “NAAG” or “the Association”). The purpose of the Association is to provide a forum for the exchange of views and experiences on subjects of importance to the members of the Association; to foster interstate and state/federal cooperation on legal and law enforcement issues; to conduct policy research and analysis of issues pertaining to law enforcement and the law; to provide training and research for the Attorney General Community through course offerings, publications, and technology based training; to improve the quality of legal services provided to the states, territories, commonwealths and the District of Columbia; and to facilitate communication between the members and all levels of government.

ARTICLE II

Association Membership/Staff/Communications

Section 1. Association Members: Membership shall be composed of the Attorneys General and chief legal officers of the states, territories, commonwealths and the District of Columbia.

Section 2. Association Staff: The Association’s purpose, set out in Article I, is carried out pursuant to the direction and approval of its membership. The functions of the Association are not independent of the functions of its membership. NAAG staff is in a confidential relationship with the members of the Association and may act as their agent when so directed by the members.

Section 3. Association Communications: In order to further the purpose of the Association and its membership, Association members may assert that certain Association communications, including communications that are written, verbal, or electronic, be deemed confidential and subject to the same privileges of discovery and litigation protection afforded to that member or his or her staff. This includes all written, verbal, or electronic communications that are, or are intended to be, confidential and/or not available for public dissemination that are received by the Association from any member or his or her staff; that are generated by NAAG staff for use by a member or his or her staff; or communications that are received by the Association from any federal agency involved in state/federal law enforcement activities.

ARTICLE III

Meetings

Section 1. Regular Meetings: There shall be annual meetings on dates and locations designated by the Executive Committee.

Section 2. Procedure: Except where otherwise provided by this Constitution and Bylaws, Robert's Rules of Order, Newly Revised, 2011, shall govern the proceedings of all meetings of the Association or its Committees, Task Forces and Working Groups.

Section 3. Quorum: For purposes of transacting business at any Association meeting, 29 members shall constitute a quorum of the Association.

Section 4. Special Meetings: Special meetings of the Association may be called by the Executive Committee and shall be called if requested by ten members of the Association. Special meetings should not be scheduled with less than 10 business days advance notice to the membership provided by the Executive Director.

Section 5. Voting by Proxy: Each member shall have only one vote. Other members, or a member's own staff, may officially represent a member by proxy, provided in writing to the Executive Director in advance of a meeting. A member proxy shall be counted in determining a quorum and shall be entitled to vote on behalf of the member. A member may exercise more than one proxy. Members may provide enduring proxy in writing to the Executive Director that permits a proxy to officially represent the member until replaced.

Section 6. Action in Writing, by Phone, or Electronic Media: The Association, Committees, Task Forces and Working Groups may take any action, without a meeting, by the members thereof voting in writing, by phone, or electronic media.

Section 7. Notice and Waiver of Notice: Unless specifically provided for in this Constitution and Bylaws, the term "notice" shall mean an amount of time and by means that are both reasonable and appropriate. The attendance of a member, in person or by proxy, at any meeting or call shall constitute a waiver of notice by that member, unless the objection of insufficient notice is raised.

ARTICLE IV

Officers

Section 1. Officers: The officers of the Association shall be a President, President-Elect, Vice President, and Immediate Past President. Each of the officers shall be selected by a caucus of the political parties. The officers shall alternate annually between the political parties.

Section 2. Election of Officers: The election of officers, by a majority vote, shall take place each year at a plenary business session of the Association during an annual meeting designated by the Executive Committee. Officers shall be nominated by their respective political party caucuses in a manner that will alternate the presidency between the parties each year except in the case of the Immediate Past President who shall assume that office upon his or her relief as President. Nominations may also be made by any member during the plenary business session provided the nominee is from the political party to be represented by that officer.

Section 3. Terms of Officers: The term of each officer of the Association shall be from 1 January through 31 December of every calendar year or upon the passing of the gavel following the election of officers at a business meeting of the Association. Officers shall not serve more than one consecutive term in the same office.

Section 4. Duties of the President: (A) The President shall serve as presiding officer at all meetings of the Association. The political party of the president shall alternate annually. (B) (1) The President shall chair the Executive Committee. On all committees having an even number of members, the President shall appoint one-half of the members comprising the membership of the Committees, Task Forces and Working Groups as described in this Constitution and Bylaws. The President-Elect shall appoint one-half of the members comprising the membership of the Committees, Task Forces and Working Groups as described in this Constitution and Bylaws.

(2) On all Committees, Task Forces and Working Groups comprised of an odd number of members, the president shall appoint a minority of members, and the president elect shall appoint a majority of members, with a difference in appointed members no greater than one.

(3) The President, in consultation with the President-Elect, shall appoint members as required by the Association to outside organizations where a member is being requested to serve. All appointments shall be confirmed by the Executive Committee of the Association.

(4) The President and President-Elect shall consider interest, expertise, previous Association positions held, geographic balance and shall endeavor to ensure representative balance and a spirit of bi-partisanship as factors in making appointments.

(C) The President may have a Presidential Initiative and convene a conference on that subject. The topic of the Presidential Initiative shall be submitted to the Executive Committee for confirmation, and if the Presidential Initiative shall take place in any location not within the President's home state, the Attorney General of the Host State shall be notified prior to the announcement of the Presidential Initiative.

(D) The President may appoint a bipartisan Strategic Planning Committee with the advice and consent of the President-Elect and subject to confirmation by the Executive Committee. The Strategic Planning Committee will be responsible for strategic planning, including identification of areas of emerging needs of the members, services the Association may provide to members and their offices, and methods for implementing a strategic plan in order to fulfill the purposes of the Association as defined in Article I of this Constitution and Bylaws. Further the Strategic Planning Committee may, in its discretion, propose amendments to this Constitution, the Bylaws, and governing documents of any Association Committee to the Executive Committee. With the Executive Committee's consent, the Strategic Planning Committee shall report its findings, recommendations, and plans to the membership at one of the Association's annual meetings.

Section 5. Officer Vacancy: In the case of an officer vacancy for any reason mid-term, the President-Elect would replace the President, the Vice-President would replace the President-Elect, the Vice-President would be appointed by the Executive Committee and the Immediate Past President would be replaced by the nearest serving Past President in time from the same political party who is still a member.

ARTICLE V

The Executive Committee

Section 1. Membership: The Executive Committee shall be composed of thirteen members: the President, President-Elect, Vice President, and Immediate Past President of the Association; the Chair of the Finance Committee; four members appointed by the President-Elect and four additional members appointed by the President. Only members as defined in Article II of this Constitution and Bylaws are eligible to serve on the Executive Committee.

Section 2. Powers and Duties: The Executive Committee shall have charge of funds, property, and management of the Association, functioning as the governing body of the Association answering to the membership. The Committee shall develop, in consultation with the Finance Committee, approve and publish to the membership annual budgets governing expenditures by the Association and may appropriate funds from the net balance in the treasury for expenses in carrying on the work of the Association.

The Executive Committee shall have the authority to disburse funds collected under Article VII of this Constitution and Bylaws and shall manage any funds granted to, or obtained by, the Association from any source. The Executive Committee shall have any necessary authority to act to increase the effectiveness of the Association and to provide maximum services to the membership.

Section 3. Employment of Executive Director/Duties: The Executive Committee shall employ and fix the salary of the Executive Director. The Executive Director is the chief executive officer of the Association and shall carry out the normal duties of that office, including hiring of staff and setting of staff salaries in consultation with the Finance Committee. The Executive Director shall supervise fiscal matters pursuant to the approved budget and report such matters to the Executive Committee pursuant to Article VI, section 4 of this Constitution and Bylaws.

Section 4. Quorum: A quorum for purposes of transacting official business at meetings of the Executive Committee shall be seven members.

Section 5. Meetings: All meetings of the Executive Committee shall be open to all members of the Association as defined in Article II of this Constitution and Bylaws. Meeting Agendas shall be distributed to members of the Association 14 days prior to the meeting. Any member may propose an Agenda item to be added by the President or President-Elect up to 7 days prior to the meeting, at which point the Agenda shall be considered final and distributed to the members of the Association. Emergency items may be added to the agenda during the meeting upon a motion and affirmative vote of the Executive Committee. The minutes of all Executive Committee meetings shall be distributed to the members of the Association.

ARTICLE VI

Other Committees

Section 1. Creation of Committees: Standing Committees may be created or terminated by action of a majority of the members at any regular or special meeting of the Association. Special Committees, Ad Hoc Committees, Task Forces or Working Groups, may be created by action of a majority of the members at any regular or special meeting of the Association, by the President, or the Executive Committee. Special Committees, Ad Hoc Committees, Task Forces and Working Groups shall sunset after one calendar year, unless there is approval by the Executive Committee of an extension of one additional year, which may be done more than once. Committees may also be created by special charter or in response to a court order. The rules governing such committees shall be contained in the charter or court order.

Section 2. Committees, Task Forces and Working Groups: Each Committee, Task Force or Working Group of the Association shall have the authority to study all matters within the assigned jurisdiction of such Committee, Task Force or Working Group. Each Committee, Task Force or Working Group may make policy recommendations as prescribed by Article VIII of this Constitution and Bylaws within their substantive area.

Section 3. Membership. Committee members shall be appointed by the President, with approval of the Executive Committee, unless otherwise prescribed by this Constitution, the charter, or court which created the Committee. The President shall appoint two Co-Chairs to every committee and the Co-Chairs shall be from different political parties. When necessary, a quorum for purposes of transacting official business of the Committee, Task Force, of Working Group shall be a majority of its members.

Section 4. Finance Committee: The President, with approval of the Executive Committee, shall appoint a Finance Committee including a single chair from the political party different than the President. The Finance Committee shall be responsible for preparing and recommending, in consultation with the Executive Director, a budget for the Association to submit to the Executive Committee. The proposed budget prepared by the Finance Committee shall identify all anticipated revenues, from dues and other sources, and the proposed budget shall not exceed the sum of all anticipated revenues and eligible reserves. The Executive Director, in consultation with the Finance Committee, shall report to the Executive Committee on a quarterly basis as to whether revenue collections met the anticipations of the Finance Committee in preparing the budget and shall report whether expenditures are within and authorized by the approved budget. A yearly independent audit of the books of the Association shall be done and the results shared with the membership.

Section 5. Term of Committee, Task Force or Working Group Co-Chairs: The terms of Co-Chairs shall be identical to the terms of the Association officers as is set forth in Article IV, Section 3 of this Constitution and Bylaws. Co-Chairs may be reappointed for two additional terms on the same Committee, Task Force, or Working Group. Where possible, the President will endeavor to stagger the appointments of Co-Chairs to ensure there always remains an experienced chair. The term limits specified herein may be waived by the President at his or her discretion.

Section 6. Funds Committees: Any Committee, with the exception of the Finance Committee, charged with the administration or distribution of Association or Settlement Funds directed to be administered by the Association shall be comprised of an even number of members of different political parties unless otherwise provided for in the settlement agreement, consent decree, or other instrument creating such fund and in existence prior to the adoption of this section. Any committee created to administer or distribute funds under this provision shall be an even number consisting of no fewer than four members.

ARTICLE VII

Dues and Other Charges

Section 1. Basic Dues Schedule: Subject to the provisions of Sections 2 and 3 of this Article, the dues and publications/technical assistance fees for each Attorney General shall be assessed according to a schedule, which is based upon the population of each jurisdiction. Each state's grouping on the schedule shall be readjusted by the Executive Committee as soon as practicable following the availability of the population figures of the midterm and decennial census. Dues shall increase annually by the Consumer Price Index (CPI) or 3%, whichever is greater.

Section 2. Executive Committee's Limited Authority to Change Dues and Other Charges: Dues and publications/technical assistance fees as described in Section 1 of this Article, and any other charges that have been levied or may be levied pursuant to Section 4 of this Article, may be changed by the Executive Committee only once during any calendar year, with the percentage of change not to exceed the percentage of change reported by the Consumer Price Index for the previous year.

Section 3. Membership's Authority to Change Dues: The dues of the Association may be changed by resolution of the membership at any regular meeting of the Association. Such resolution, in order to take effect, shall be approved by a majority of the membership.

Section 4. Other Charges Levied: Other charges for the purpose of this Association may be levied by a majority of the membership of the Association at any regular or special meeting.

ARTICLE VIII

Association Policy/Resolutions/Sign-On Letters/Interim Policy

Section 1. Resolutions: An expression of a policy position by the Association may be in the form of a resolution. All resolutions must be submitted to the NAAG office by a sponsoring member, or members, at least 30 calendar days prior to the meeting at which action is proposed to be taken. This advance notice rule may be waived if 20 members request a matter

be brought before the meeting for action. Resolutions shall be taken up by the full membership in plenary business session. Members shall find a bipartisan member co-sponsor for proposed resolutions. All resolutions, other than those seeking authorization for legal action, shall be adopted, and therefore become Association policy, by voice vote, unless a roll call vote is requested by five members. In the case of a roll call vote, an affirmative vote of 36 members shall be required to make the resolution a policy of the Association. If a resolution seeks authorization for legal action in the name of the Association, adoption shall require a favorable roll call vote by at least 36 of the members of the Association.

Section 2. Sign-On Letters: An expression of a policy position by the Association may be in the form of a sign-on letter. Members wishing to circulate a sign-on letter amongst their colleagues shall find a bi-partisan member co-sponsor to join and draft together both the draft sign-on letter and a “Dear Colleague” letter requesting the other members of the Association to sign-on to the draft letter. If requested by the co-sponsor members, NAAG staff shall facilitate the circulation of the sign-on letter to the Association. However, in the event NAAG staff is not requested to facilitate the sign-on letter, then NAAG staff will not facilitate at any stage of the process, including affixing of member signatures. Sign-on letters should be circulated for a minimum of ten (10) business days, with extension of deadlines only with the agreement of the co-sponsor members. Sign-on letters signed by 36 or more members shall be Association policy and published on NAAG letterhead. Sign-on letters signed by fewer than 36 members shall be published on letterhead stating at the top **“STATE ATTORNEYS GENERAL”** and immediately below that **“A Communication from the Chief Legal Officers of the Following States”**, with the relevant states of members signing on to the letter listed below that in alphabetical order, and are not Association policy. The Executive Director shall ensure that sign-on procedures are standardized and that NAAG staff is apprised of standard operating procedures for the facilitation of sign-on letters.

Section 3. Executive Committee Interim Policy: Where factors preclude presenting proposed policy positions to the full Association, the Executive Committee shall review and by majority vote approve, on an interim basis, any such proposed position before it may be published as a policy of the Association. Such interim policy position shall be presented to the membership at the next meeting of the Association and voted upon following the procedures in Section 1 of this Article. In the time interim to a vote of the full Association, such policy shall be clearly identified as an “Interim Policy of the Executive Committee of the National Association of Attorneys General.” No action of the Association as a whole prohibits individual Attorneys General from taking a position at variance therewith.

Section 4. Sunset/Repeal of Association Policy: All resolutions of the Association shall automatically sunset, unless re-adopted, at the end of the fourth annual meeting when officers were elected subsequent to the date of enactment. Resolutions may be repealed in the same manner as they are adopted according to Section 1 of this Article. Sign-on letters sunset either when they become obsolete by their terms or when fewer than 36 of the members signed on are no longer in office.

ARTICLE IX

Regional Conferences

Members of the Association shall be grouped into the following four Regional Conferences:

The Eastern Regional Conference shall be composed of the Attorneys General of Connecticut, Delaware, the District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Puerto Rico, Rhode Island, Vermont and the Virgin Islands.

The Midwestern Regional Conference shall be composed of the Attorneys General of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Oklahoma, Ohio and Wisconsin.

The Southern Regional Conference shall be composed of the Attorneys General of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, Virginia and West Virginia.

The Western Regional Conference shall be composed of the Attorneys General of Alaska, American Samoa, Arizona, California, Colorado, Guam, Hawaii, Idaho, Montana, Nevada, New Mexico, North Dakota, the Northern Mariana Islands, Oregon, South Dakota, Utah, Washington, and Wyoming.

Each Regional Conference shall elect at the annual meeting where the Association Officers are elected, with the exception of the Western Regional Conference that shall do so at an annual meeting, by a majority of those in attendance, a regional Chair and a regional Vice Chair who shall serve with the same term and limitations as the officers of the Association described in Article IV, Section 3 of this Constitution and Bylaws. The names of the regional officers shall be certified by the Regional Conference to the Association. Meetings of the Regional Conferences may be held from time to time on call of the regional Chair.

ARTICLE X

Amendments

This Constitution and Bylaws may be amended or rescinded only by an affirmative roll call vote of at least 36 members of the Association, following all notice and procedures required for resolutions in Article VIII of this Constitution and Bylaws.

ARTICLE XI

Dissolution

In the event of the dissolution of the Association, any assets of the Association shall be distributed to the member jurisdictions in the proportion in which each jurisdiction contributed to

the support of the Association in the year preceding dissolution. Any assets so distributed to a member jurisdiction shall be used for a public purpose.

ARTICLE XII

Effective Date

This Constitution and Bylaws shall be effective on December 7, 2022 and remain in effect until amended or rescinded in accordance with Article X.

Exhibit B

Internal Revenue Service

Department of the Treasury

Index No.: 0170.04-00

Washington, DC 20224

Mr. C. Raymond Marvin
National Association of
Attorneys General
444 N. Capitol Street Room 403
Washington, DC 20001

Person to Contact:
Robert E. Patchell
Telephone Number:
(202) 566-3626
Refer Reply to:
CC:IND:I:3:2 - 4H4792
Date: **JAN 16 1985**

Association = National Association of Attorneys General
TIN: 52-1322260

Dear Mr. Marvin:

This is in reply to your request for a ruling that donations to the Association are deductible under section 170(c)(1) of the Internal Revenue Code.

The Association is an unincorporated association that was founded in 1907. The present membership consists of the Attorneys General of the states and Territories of the United States. These are the only active members with the right to vote. Former attorneys general may obtain "honorary membership" which entitles them to attend annual meetings but grants them no right to vote in any proceedings.

The Association does not engage in any political activity. The staff or organization resources are not used to support such activities.

The Association's source of funds is from dues, sale of publications, and grants.

The Association publishes one quarterly and five monthly reports of significant state and federal legal developments and legislative activities in areas of interest to attorneys general. It also holds seminars for attorneys general and their staffs and handles requests for information from the offices of attorneys general, members of congress and officials of the federal government.

Section 170(a) of the Internal Revenue Code provides that a deduction is allowable for charitable contributions, as defined in section 170(c), made within the taxable year.

Mr. C. Raymond Marvin

Section 170(c)(1) of the Code defines "charitable contribution" as a contribution or gift to or for the use of a state, a possession of the United States or any political subdivision of the foregoing, but only if the contribution or gift is made exclusively for public purposes.

The Service has also held that gifts or contributions to an instrumentality of a state or an instrumentality of a political subdivision of a state are deductible as a contribution "for the use of" the state or political subdivision. See Rev. Rul. 75-359, 1975-2 C.B. 79.

In order to determine whether an organization is an instrumentality of a state or a political subdivision, it is necessary to determine whether the organization is controlled by the state or a political subdivision and, in this respect, the following factors are relevant:

(1) Whether the organization was created by governmental action pursuant to action of state or local officials or whether it was created by private initiative.

(2) Whether members of the board of directors are appointed by state or local officials and can be removed by them for any cause or whether the removal power is more restricted.

(3) Whether the state or local government must approve all plans or expenditures of the organization or whether the organization has sole discretion over its expenditures.

(4) Whether the organization is financially dependent on the state or local government or whether it is a self-sustaining entity.

(5) Whether there is any guarantee that the organization will actually use its funds in a manner consistent with the aims and purposes of a public body.

Based on the information submitted, we have concluded that the Association is an instrumentality of the States and, therefore, contributions or gifts to the Association are deductible under section 170(c)(1) of the Code as gifts or contributions for the use of the states.

Mr. C. Raymond Marvin

This ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as precedent.

No opinion is expressed as to the federal income tax consequences of the organization described above under any other provision of the Code.

You should attach a copy of this ruling to your tax return for the taxable year in which the transaction covered by this ruling is consummated. We are enclosing a copy for that purpose.

In accordance with the power of attorney submitted, we are sending a copy of this ruling to your authorized representative.

Sincerely yours,



Chief, Individual Income
Tax Branch

Enclosures 2
Copy of this letter
Copy for section 6110 purposes

Exhibit C



NATIONAL
ASSOCIATION OF
ATTORNEYS GENERAL

Executive Committee Meeting

Tuesday, December 6, 2022

9:00 a.m. Eastern Time

Meeting Information

Dial-in Number: +1 301 715 8592 US (Washington DC)

Meeting ID: 810 9021 2904

Passcode: 888646

Meeting Link: [Click here to join the meeting](#)

Agenda

TIME	AGENDA ITEM
9:00 ET	Call to Order and Establish Quorum – Action Attorney General Miller
9:01	Approval of November Minutes – Action (Attachment A) Attorney General Miller
9:02	Opening Comments Attorney General Miller
9:10	Finance & Investment Update – Information (Attachment B & C) Theresia Heller, George Hauptfuhrer
9:17	2023 Budget – Action Item (Attachment D) Brian Kane, Theresia Heller, Attorney General Tong
9:25	Governance Recommendations – Discussion (Attachment E) Item A: Subcommittee <ol style="list-style-type: none">1. Rotation of presidency between Democrats and Republicans2. Executive Committee composed of a majority of members of the political party different from president3. Members given reasonable notice of Executive Committee meetings with agenda and approved minutes (already implemented)4. Finance committee chaired by a member of party opposite of president5. Presidential initiatives subject to Executive Committee approval6. NAAG events conducted in a State should be coordinated with that State's AG Item B: Ongoing Structural Reform Committee <ol style="list-style-type: none">1. Regional Structure2. Sign-on Circulation Requirements

- 3. Grant and Multistate Processes
- 4. NAAG Dues
- 5. Contingency Counsel

Item C: Removal or Amendment of the Dues Increase Language from Article 7, Section 1

- 9:32 **Executive Director Update – Discussion**
Brian Kane
- 9:37 **Other Business if any**
- 9:40 **Adjourn**

NAAG EXECUTIVE COMMITTEE MEETING MINUTES

Tuesday, November 15, 2022
11:00 am – 12:00 pm Eastern

Present:

ATTORNEYS GENERAL: Attorney General Tom Miller, President (IA)
Attorney General Josh Stein, President-Elect (NC)
Attorney General Ellen F. Rosenblum, Vice President (OR)
Attorney General Karl A. Racine, Immediate Past President (DC)
Attorney General Aaron Frey, Eastern Region Chair (ME)
Attorney General Dave Yost, Midwestern Region Chair (OH)
Attorney General Lynn Fitch, Southern Region Chair (MS)
Attorney General Phil Weiser, Western Region Chair (CO)
Attorney General Ashley Moody, Presidential Appointee (FL)
Attorney General Letitia A. James, Presidential Appointee (NY)
Attorney General Bridget Hill, Presidential Appointee (WY)

AGO STAFF:

Chief of Staff Richard Martin (FL)
Chief Deputy Nathan Blake (IA)
Chief of Staff Seth Dearmin (NC)
Chief Deputy Jennifer Levy (NY)
Deputy Attorney General Margaret Chapple (CT)
Deputy Attorney General Lisa Udland (OR)
Chief of Staff Michelle Williams (MS)
Deputy Attorney General Joshua Diamond (VT)
First Assistant Attorney General Jonathan Blanton (OH)
Chief Deputy Attorney General Lacey Mase (TN)
Chief Deputy Attorney General Christopher Taub (ME)
Chief Deputy Attorney General Vikram Swaruup (DC)
Director of Complex Litigation Cory Voight (IN)

NAAG STAFF:

Brian Kane, Executive Director
Erin Schechter, Chief Administrative Officer
Samantha Hammond, Member Services Coordinator

Attachment B1



National Association of Attorneys General Consolidated Statements of Activity by Fund

As of October 31, 2022

<i>(In Thousands)</i>	FY 21 YTD Actual	FY 22 10/31/2022	FY 22 Budget	Variance	Burn Rate
REVENUES					
Unrestricted Revenues					
Dues	\$3,075	\$2,493	\$3,162	(\$669)	79%
Registration fees	\$379	\$545	\$614	(\$69)	89%
Interest Income (Oper/Reserve)	\$209	\$101	\$325	(\$224)	31%
Administrative Fees/ICR/Other	\$61	\$492	\$500	(\$8)	98%
Restricted Revenues	19,839	1,044	593	451	176%
TOTAL REVENUES	23,557	4,676	5,194	(518)	90%
EXPENSES by FUND					
Core Programs	4,401	3,842	4,950	(1,108)	78%
Center for Tobacco & Public Health	2,184	1,906	2,301	(395)	83%
Tobacco Enforcement Fund Grants	1,090	911	1,275	(364)	71%
NEF/Bosch designated	1,806	2,030	2,040	(10)	100%
Grants: Federal/Other	310	478	570	(92)	84%
Investigative Funds	7,611	7,395	6,401	994	116%
Mission Foundation	2,946	3,687	4,633	(945)	80%
Interfund Elimination	(1,342)	(944)	(1,075)	131	88%
TOTAL EXPENSES	19,005	19,306	21,094	(1,788)	92%
NET REVENUES BEF INVEST/BLDG	\$4,552	(\$14,630)	(\$15,901)	\$1,271	92%
Gain/(Loss) on Investments					
GMF	16,591	(14,697)			
TEF	9,690	(10,009)			
Other Funds (NEF/FSF/VW)	8,556	(12,908)			
Total Investments, NET	34,836	(37,614)	-		
Total Facilities, NET	(501)	(1,021)	(1,000)	(21)	102%
Net Change	\$38,887	(\$53,265)	(\$16,901)	(\$36,365)	315%
NET ASSETS	\$273,005	\$220,512	\$259,105	(\$1,958)	85%
NAAG Funds (Net Assets)					
Unrestricted: NAAG Operating/Reserve	\$9,584	\$8,525		4%	
Restricted:					
Mission Fund	112,298	94,438			
NEF	35,179	28,473			
TEF	73,111	60,515			
FSF	25,789	18,345			
VW	12,546	6,069			
Charities	241	240			
Antitrust	4,146	3,803			
SAGE	110	103			
Total Restricted	263,421	211,986		96%	
Total Net Assets	\$273,005	\$220,512		-19%	



National Association of Attorneys General
Consolidated Statements of Activity
 As of October 31, 2022

	For the Year Ended in		For the Month Ended in		Variance To Budget	Burn Rate
	12/31/2021		10/31/2022			
	Consolidated Actual	Actual	Budget	Budget		
<i>(In Thousands)</i>						
REVENUES						
Unrestricted Income						
Dues	\$3,075	\$2,493	\$3,162	(\$669)	79%	
Registration fees	379	545	614	(69)	89%	
Interest Income (Oper/Reserve)	209	101	325	(224)	31%	
Administrative Fees/ICR/Other	61	492	500	(8)	98%	
Restricted Income						
Settlement Income/Reimbursements	19,299	527	-	527	N/M	
Grant Reimbursements/Other	540	517	593	(76)	87%	
TOTAL REVENUES	23,564	4,676	5,194	(518)	90%	
EXPENSES						
Program Expenses						
NAAG Programs	5,105	4,336	6,017	(1,681)	72%	
AG Meetings, NAGTRI, Member Support	2,843	3,147	3,640	(493)	86%	
Center for Tobacco & Public Health	3,274	2,817	3,576	(759)	79%	
Restricted: Investigative Funds	7,611	7,395	6,278	1,118	118%	
Restricted: Grants	220	478	570	(92)	84%	
Interfund transactions	(1,342)	(944)	(1,075)	131	88%	
Total Program Expenses	17,710	17,230	19,006	(1,775)	91%	
General and Administration	2,374	2,076	2,088	(12)	99%	
TOTAL EXPENSES	20,084	19,306	21,094	(1,788)	92%	
NET CHANGE OPERATIONS	3,480	(14,630)	(15,900)	1,270	92%	
Net Gain/(Loss) - Restricted Investments	34,828	(37,614)	-	(37,614)		
Rent/Building Operations	578	(1,021)	(1,000)	(21)	102%	
CHANGE IN NET ASSETS	\$ 38,887	\$ (53,265)	\$ (16,900)	\$ (36,365)	N/M	
NET ASSETS						
Beginning	\$234,889	\$273,776	\$273,776			
Ending	\$273,776	\$220,511	\$256,876			
Program Expenses (less Investigative Funds) %	81%	83%	86%	100%		
Administration Expenses %	19%	17%	14%	0%		

NATIONAL ASSOCIATION OF ATTORNEYS GENERAL
Investment Performance
 As of 10/31/2022

	10/31/22	1 Month	Calendar YTD	Dec 21 1 Year	Dec 21 3 Year	Dec 21 5 Year	Since Inception
Mission Foundation	\$96,487,582	3.1%	-11.7%	19.2%	15.2%	11.2%	6.1%
Policy Index GMF		3.3%	-14.9%	13.7%	13.3%	10.1%	5.1%
Tobacco Enforcement Fund	\$60,626,486	3.5%	-13.3%	14.7%	13.9%	10.0%	5.5%
Policy Index TEF		3.5%	-14.4%	13.4%	14.0%	10.2%	5.1%
NAGTRI Endowment Fund	\$28,593,731	3.9%	-16.1%	13.0%	14.0%	10.2%	4.8%
Policy Index NEF		3.5%	-14.2%	11.8%	13.9%	9.8%	4.8%
Financial Services Fund	\$18,122,944	3.8%	-15.8%	10.9%	13.4%	9.0%	4.3%
Policy Index FSF		3.5%	-14.8%	11.1%	13.7%	9.6%	4.7%
VW Settlement Fund	\$7,813,740	3.9%	-15.0%	11.4%	13.6%	9.4%	4.9%
Policy Index VWF		3.0%	-13.0%	10.2%	12.4%	8.6%	4.6%
TOTAL	\$211,644,483						

Investment Trend - Market Value
GMF, TEF, FSF, NEF, VWF
 Since Inception - 2004 through 2022

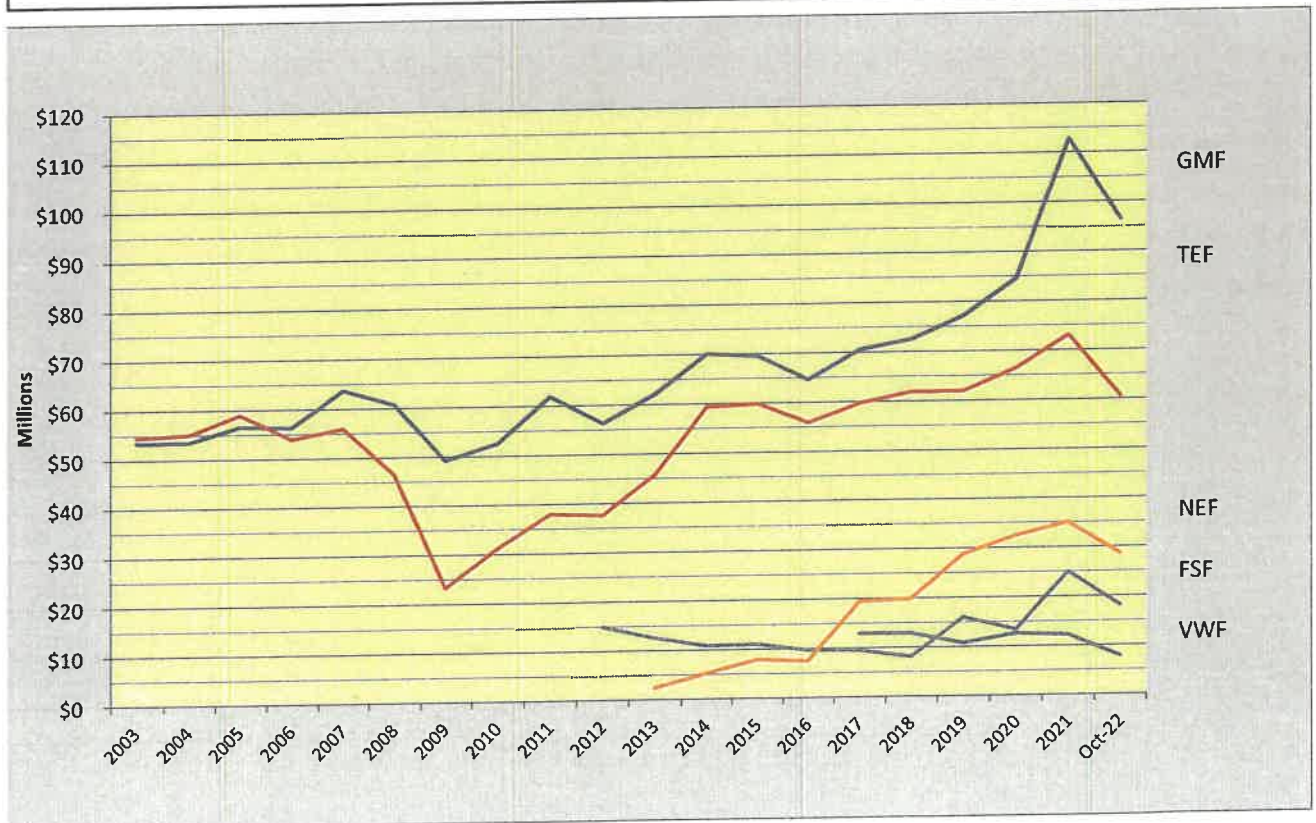


Exhibit D



May 4, 2022

Mr. Tom Miller
Attorney General of Iowa
President, National Association of Attorneys General
1850 M Street NW, 12th floor
Washington, DC 20036
agtommiller@ag.iowa.gov

Dear Attorney General Miller:

The attorneys general of Texas, Missouri, and Montana have decided to withdraw our states' membership from NAAG. While we have been a driving force for NAAG's success—both financially and on key issues—the Association's leftward shift over the past half decade has become intolerable. Indeed, this liberal bent has fundamentally undermined NAAG's role as a "nonpartisan national forum" that "provides a community...to collaboratively address" important issues. We can no longer spend our taxpayers' money to sustain our membership with NAAG under these circumstances.

This issue was amplified when our friend Steve Marshall, the Attorney General of Alabama left NAAG last year and said, "I can't justify spending taxpayer dollars to fund an organization that seems to be going further and further left. With the money we will save, I can add a young lawyer to my consumer protection division and yield a far better return on the taxpayer's investment."

We bear a solemn responsibility to our taxpayers and as trustees of major settlement funds. The responses to our stated concerns about NAAG's financial management and practices have fallen short of the assurances we need to continue being faithful stewards of those funds.

We previously met with NAAG's senior leadership to make them aware of our concerns. Those conversations were friendly, but nothing has been done. And we see no signs that anything will change in the future.

We will need to discuss the administrative and financial details involved in extracting ourselves from NAAG. We look forward to having those conversations.

For the Rule of Law,

A handwritten signature in black ink that reads "Ken Paxton". The signature is written in a cursive style with a large, prominent "K" and "P".

Ken Paxton
Attorney General of Texas

A handwritten signature in blue ink that reads "Eric S. Schmitt". The signature is written in a cursive style with a large, prominent "E" and "S".

Eric S. Schmitt
Attorney General of Missouri

A handwritten signature in blue ink that reads "Austin Knudsen". The signature is written in a cursive style with a large, prominent "A" and "K".

Austin Knudsen
Attorney General of Montana

CC: Chris Toth
Nathan Blake

Exhibit E



NATIONAL
ASSOCIATION OF
ATTORNEYS GENERAL

PRESIDENT

Tom Miller

Iowa
Attorney General

PRESIDENT-ELECT

Josh Stein

North Carolina
Attorney General

VICE PRESIDENT

Ellen F. Rosenblum

Oregon
Attorney General

IMMEDIATE PAST
PRESIDENT

Karl A. Racine

District of Columbia
Attorney General

Chris Toth

Executive Director

1850 M Street NW
12th Floor
Washington, DC 20036
(202) 326-6000
www.naag.org

February 8, 2022

Attorney General Sean Reyes
Utah Office of the Attorney General
350 N State St Ste 230
Salt Lake City, UT 84114

Sent electronically

Attorney General Reyes:

We're writing to notify you about a recent article in [RealClearPolitics](#), that was picked up by other outlets, which includes misleading references to NAAG and funds we received on behalf of your offices to administer pursuant to the 2021 McKinsey settlement. There was [similar commentary](#) last year that also references these funds.

We felt it was important to bring this now-recurring narrative to your attention so that you are aware of how NAAG's role in the administration of your settlement funds is being misconstrued.

As you are aware, the \$15 million referenced in the above articles from the McKinsey settlement, which was joined by 48 states, the District of Columbia, and 5 territories, went to NAAG, by agreement of all the signatory states and jurisdictions, to administer the funds for the following specific purposes:

- \$7 million to reimburse the Financial Services Fund for grant funds awarded and used by attorneys general for opioids investigations,
- Approximately \$215,000 to reimburse participating states for documented costs and expenses associated with the investigation of McKinsey, and
- The remainder of the funds for the establishment of an online repository of opioid industry documents for the benefit of the public.

We believe it is important to correct the misinformation currently being shared and clarify the function of and policies governing NAAG's fund committees.

Bipartisan committees of attorneys general oversee the consumer protection-related [Financial Services](#) and [Volkswagen Settlement](#) Funds. These committees are responsible for evaluating grant requests and disseminating any grant funds for use by requesting attorney general offices. For your reference, here are the rules of both funds: [VW Settlement Fund](#); [Financial Services Fund](#)

NAAG administers these funds on your behalf as a member service and holds them separately from NAAG operating accounts. The money in these accounts belongs to you, our members, and NAAG staff does not control how the money is spent.

Should you have any questions about the policies or management of any of the funds NAAG administers on your behalf, please feel free to reach out directly to Abby Stempson at astempson@naag.org or Theresia Heller at theller@naag.org.

Very respectfully,



Chris Toth
NAAG Executive Director

