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**HAWAII REACHES MULTI-MILLION DOLLAR  
ARBITRATION SETTLEMENT WITH TOBACCO COMPANIES**

***Direct Payment to Hawaii in Excess of \$54 million is Expected in 2018***

HONOLULU – Acting Attorney General Russell Suzuki today announced that the State of Hawaii has agreed to a multi-million dollar arbitration settlement with the Tobacco Industry. The settlement resolves an ongoing dispute between the tobacco companies and Hawaii, relating to compliance with the Tobacco Master Settlement Agreement (MSA) from 2004 - 2017. As part of the settlement, the State expects to receive in excess of \$54 million dollars in April 2018 from funds that have been withheld from Hawaii during the disputed years.

In 1998, leading United States tobacco manufacturers entered into the MSA with 46 States, including Hawaii, and the District of Columbia, Puerto Rico, American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands. In consideration for a release of past, present, and certain future claims, the manufacturers agreed to pay substantial monies to the settling States.

The MSA allows for adjustments in calculating the annual payments disbursed to the States. Hawaii, along with all of the other States who signed the MSA, has received adjusted annual payments. One such adjustment is the non-participating manufacturer (NPM) adjustment. The monies that are withheld due to the NPM adjustment go into the disputed payment account, which includes Hawaii's portion or monies that Hawaii would have received had Hawaii prevailed in the diligent enforcement arbitration. The monies in the disputed payment account are at the center of the NPM arbitration, with hundreds of millions of dollars at stake for each contested year.

Hawaii joins several other States in entering into the current settlement. Twenty-five other States, Puerto Rico and the District of Columbia have previously settled with the tobacco industry. The settlement will not only spare Hawaii the risk of losing millions of

dollars for each disputed year if an adverse ruling is received, but will save the State the expense and uncertainty of protracted litigation - litigation which would likely have lasted several decades.

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