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MONTANA FIRST JUDICIAL DISTRICT COURT  
LEWIS AND CLARK COUNTY

STATE OF MONTANA, BY AND THROUGH ITS  
ATTORNEY GENERAL, AUSTIN KNUDSEN,

*Plaintiff,*

v.

NATIONAL ASSOCIATION OF ATTORNEYS  
GENERAL AND THERESIA HELLER, IN HER  
OFFICIAL CAPACITY AS CHIEF FINANCIAL  
OFFICER FOR THE NATIONAL ASSOCIATION OF  
ATTORNEYS GENERAL,

*Defendants.*

Cause No. \_\_\_\_\_

**COMPLAINT FOR DECLARATORY  
RELIEF AND ACCOUNTING**

The State of Montana brings this civil action against Defendants the National Association of Attorneys General and Theresia Heller, in her official capacity as the Chief Financial Officer for the National Association of Attorneys General, for declaratory relief and accounting, and alleges as follows:

## INTRODUCTION

1. Montana’s Founders felt so strongly about protecting Montana’s public fisc that the Constitution they adopted requires “strict accountability” of all public funds. Mont. Const. art. 8, § 12. Buttressing the point, Montana’s Constitution further requires the Legislature to “provide for a unified investment program for public funds” and expressly limits how certain kinds of public money can be invested. Mont. Const. art. 8, § 13.

2. Defendant the National Association of Attorneys General, or NAAG, is a custodian of Montana’s public funds—so its deposits, investments, and reports of Montana’s public funds must comply with Montana’s constitutional and statutory mandates. NAAG holds public money from a series of legal settlements entered by Montana 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 Montana’s Attorney General, NAAG confirmed that assets in the funds belong to Montana and that NAAG is investing the funds on Montana’s behalf.

3. But NAAG does not comply with Montana law governing how public money must be deposited or invested. NAAG operates without oversight from the public officials and entities the Montana Legislature has created to safeguard Montana’s public funds. NAAG also deals with out-of-state and non-state-approved institutions and does not report to the state treasurer or the Board of Investments.

4. To address the inconsistency between NAAG’s actions and what Montana’s laws require, Montana brings this case seeking a declaratory judgment that

NAAG and its Chief Financial Officer are subject to the strict accountability requirement of the Montana Constitution and to the requirements of Title 17 of the Montana Code. Montana also seeks an accounting to determine what share of NAAG's assets are Montana's public funds.

#### **PARTIES**

5. Plaintiff is the State of Montana. Montana sues through the Montana Attorney General, who is the chief legal officer of the state. Mont. Const. art. 6 § 4. His duties include the responsibility to “prosecute or defend all causes ... in which the state has an interest.” Mont. Code Ann. § 2-15-501.

6. The Montana Department of Administration also has authority to bring an action when an entity “has money ... that belongs to the state ... and fails to render an account of the money or personal property to and make settlement with the department ... or fails to pay into the state treasury the money belonging to the state.” *Id.* § 17-4-103(2).

7. Defendant National Association of Attorneys General 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 Theresia Heller is NAAG's Chief Financial Officer. She is responsible for financial planning, reporting, and administration of NAAG's assets. She is sued in her official capacity.

## BACKGROUND

### I. Laws Governing Montana Public Funds

9. The Montana Constitution requires “strict accountability of all revenue received and money spent by the state and counties, cities, towns, and all other local governmental entities.” Mont. Const. art VIII, § 12.

10. The Montana Constitution further requires the Legislature to “provide a unified investment program for public funds.” Mont. Const. art VIII, § 13(1). The Constitution also commands that, with certain exceptions not relevant here, “no public funds shall be invested in private corporate capital stock.” *Id.* And it requires the State’s “investment program” to be “audited at least annually and a report thereof submitted to the governor and legislature.” *Id.*

11. The Montana Legislature has implemented those constitutional mandates through statutory provisions, including specific requirements that govern how public money must be deposited and invested—and who has responsibility for those functions.

12. Start with the “who.” First, the Legislature created a Board of Investments within the Department of Commerce and vested it with authority “for direct investment” of Montana’s public money. Mont. Code Ann. § 2-15-1808(1)-(2).

13. Second, the Legislature created a Department of Administration, and provided that the director of this department serves as the ex officio state treasurer. *Id.* § 2-15-1002. In Montana, “[t]he state treasurer is designated the treasurer of every state agency and institution.” *Id.* § 17-6-105(1). The state treasurer also “is the

custodian of all money ... of the state unless otherwise expressly provided by law.”  
*Id.* § 17-1-111(1).

14. Next, consider statutory requirements that govern how public money must be accounted for, deposited, and invested.

15. The state treasurer must “receive and account for all money belonging to the state, not expressly required by law to be received and kept by some other person.” *Id.* § 17-1-111(2)(a). The state treasurer also “must keep an account of all money received and disbursed,” *id.* § 17-1-111(d), and must “require all persons who have received money belonging to the state but who have not accounted for it to settle their accounts.” *Id.* § 17-1-111(2)(j).

16. What’s more, “[u]nder the direction of the board of investments, the state treasurer shall deposit public money in the treasurer’s possession and under the treasurer’s control in” certain financial institutions “located in the state, except as otherwise provided by law.” *Id.* § 17-6-101(1). Deposits of public money must be federally insured or be secured as the “board of investments may require,” *id.* § 17-6-102(1), by specified “kinds of securities” listed in the Montana code, *see id.* §§ 17-6-103(1)-(16).

17. State agencies must comply with similar depository requirements. “All state agencies shall deposit all money” either in certain kinds of financial institutions “in the city or town in which the agencies are situated” or “with the state treasurer.” *Id.* § 17-6-105(2). Those deposits “must be made in the name of the state treasurer, must be subject to withdrawal at the treasurer’s option, and must draw interest as

other state money.” *Id.* § 17-6-105(4). State law also specifies monetary thresholds that trigger an agency’s deposit requirements and specifies when agencies must make those deposits—unless the Board of Investments expressly approves an alternative deposit schedule. *Id.* § 17-6-105(6), (8). For the purposes of these deposit requirements, an “agency” means any “department[]” or “any other administrative unit[] of state government,” *id.* § 17-1-104(1), and “includes any contractor of an agency if the contractor collects at least \$50,000 annually on behalf of the state from all sources,” *id.* § 17-6-105(10).

18. Beyond that, Montana law does not permit certain public funds to reside with an agency itself absent express permission from the Department of Administration. For “[t]he department of administration *may, in its discretion,* permit any state agency to retain in its possession ... money that would otherwise be deposited in the custodial fund.” *Id.* § 17-2-202 (emphasis added). It does not appear that the Legislature has granted the Department of Administration similar discretionary authority to authorize agency money to reside with an entity such as NAAG.

19. And when the Legislature has been made aware of Montana’s receiving public money through multistate litigation settlements, it has created specific funds for holding that money. *See, e.g., id.* § 17-6-603 (establishing a trust fund for Montana’s funds resulting from the Tobacco Master Settlement Agreement).

20. Besides setting rules that govern deposits of public money, the Legislature has specified how Montana’s public money must be invested. “The unified investment program directed by Article VII, section 13, of the Montana constitution to

be provided for public funds must be administered by the board of investments in accordance with the prudent expert principle.” *Id.* § 17-6-201(1). Among other things, that principle requires managers of Montana’s public money to “discharge the duties solely in the interest of and for the benefit of the funds forming the unified investment program.” *Id.* §17-6-201(1)(c). The Legislature allows the state’s retirement funds to “be invested in common stocks of any corporation,” but “[o]ther public funds may not be invested in private corporate capital stock,” which “means only the common stock of a corporation.” *Id.* §17-6-201(2)(a)-(b).

21. Eliminating all doubt about who controls the investment of state funds, the Legislature specified that “[t]he board has the primary authority to invest state funds.” *Id.* §17-6-201(4). “The board shall direct the investment of state funds in accordance with the laws and constitution of this state.” *Id.* “Another agency may not invest state funds unless otherwise provided by law.” *Id.*

22. If agencies have “surplus cash” available for investment, the Board of Investments must help those agencies “determine if, when, and how much surplus cash is available for investment, determine the amount of surplus treasury cash to be invested,” and “determine the type of investment to be made.” *Id.* § 17-6-201(5)(a)-(c).

23. The Board of Investments can hire investment firms to help invest public funds, but the Legislature has directed the Board to use such firms as “maintain offices in the state and thereby make contributions to the state economy,” and to use

“out-of-state [investment] firms only when there is a distinct economic advantage to the state of Montana.” *Id.* §17-6-211(1).

24. These statutes help to ensure that Montana’s public money is held and invested in accordance with public policy. For example, earlier this year, Governor Gianforte and the Board of Investments announced that “the State of Montana has reaffirmed its commitment to maximizing returns on the over \$26 billion in investments of the state’s financial assets, not advancing a political agenda through Environmental, Social, and Governance (ESG) investing.” *Governor Gianforte, Board of Investments Block ESG Investing of State Funds* (Jan. 18, 2023), [https://news.mt.gov/Governors-Office/Governor\\_Gianforte\\_Board\\_of\\_Investments\\_Block\\_ESG\\_Investing\\_of\\_State\\_Funds](https://news.mt.gov/Governors-Office/Governor_Gianforte_Board_of_Investments_Block_ESG_Investing_of_State_Funds). “Late last year, the Board of Investments revoked the ability of the state’s investment managers to vote the state’s proxies which align with ESG investment decisions.” *Id.* “The use of ESG prioritizes environmental, social, and governance investment principles over traditional investment principles designed to maximize shareholder returns,” and the Board of Investments reaffirmed that it will seek to “grow Montana’s wealth without bias and based solely on what is in the best interest of the beneficiaries of the assets we invest.” *Id.*

## **II. The National Association of Attorneys General**

25. 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.



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

27. 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.

28. Under 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.

29. 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>.

30. NAAG employs a Chief Financial Officer who "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 Montana's public funds.

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

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

33. The Financial Services Fund was created in 2012 from a legal settlement by Montana 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.*

34. The VW Settlement Fund was created in 2016 from a legal settlement by Montana 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 Ass'n of Att'ys Gen. (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.*

35. 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.

36. 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.

37. Details of the funds’ investment history are currently unknown.

38. NAAG’s recent financial reports reveal how the assets are allocated.

39. 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.

40. 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.*

41. 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 Montana’s public funds for litigation finance.**

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

43. 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.

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

45. A recent settlement reached by Montana and other member states illustrates the model.

46. In 2021, Montana 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 Montana and other states received, and it more than 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.*

47. 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.

48. 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**

49. The extent of NAAG's litigation financing operations has only recently come to light.

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

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

52. 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>.

53. Alabama Attorney General Steve Marshall called attention to NAAG's increasingly ideological bent. 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.*

54. In May 2022, the attorneys general of Montana, Missouri, and Texas 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. Ex. D, *Letter from Attorneys General of Texas, Missouri, and Montana to NAAG’s President* (May 4, 2022), at 1.

55. Former 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>. Then-Attorney General Brnovich withdrew Arizona’s membership from NAAG in May 2022. *Id.*

56. 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 Austin Knudsen* (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.*

**CLAIMS FOR RELIEF**  
**COUNT I**  
**(DECLARATORY RELIEF)**

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

58. This Court has jurisdiction to issue a declaratory judgment under Montana Code Ann. § 27-8-201.

59. Montana’s “rights, status, or other legal relations” in its public money “are affected by a statute” and this Court may both “determine[] any question of construction or validity arising under” Montana law and declare “rights, status, or other legal relations” arising from this dispute. *Id.* § 27-8-202. A declaratory judgment “will terminate the controversy or remove an uncertainty.” *Id.* § 27-8-205.

60. Montana’s public funds must be deposited, invested, audited, and reported on in accordance with the requirements of the Montana Constitution and the sections of Title 17 of the Montana Code cited and discussed above.

61. NAAG is an instrumentality of the State of Montana and is responsible for depositing, safekeeping, and investing Montana’s public funds.

62. 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 Montana’s public funds.

63. Neither NAAG nor its Chief Financial Officer have complied with the deposit, investment, auditing, or reporting requirements of the Montana Constitution and the requirements of Title 17 of the Montana Code. This non-compliance

disregards Montana law and threatens the safety of, and ability for the state to exercise appropriate oversight regarding, Montana’s public money.

64. This controversy over NAAG’s failure to comply with the Montana Constitution and Title 17 of the Montana Code 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, e.g., Friends of the Wild Swan v. Dep’t of Nat. Res. and Conserv.*, 2005 MT 351, ¶27, 330 Mont. 186, 127 P.3d 394 (noting that the “strict accountability” provision grants the Legislature “significant discretion in creating a statutory scheme”).

65. Therefore, Montana seeks a declaration that NAAG and its Chief Financial Officer are subject to the strict accountability requirement of the Montana Constitution and to the requirements of Title 17 of the Montana Code.

## **COUNT II (ACCOUNTING)**

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

67. The share of assets under NAAG’s management that consist of Montana’s public funds subject to the requirements of Title 17 of the Montana Code is presently unknown to Montana and cannot be adequately ascertained without a full accounting.

68. Therefore, Montana seeks an accounting to determine the share of NAAG’s assets comprised of Montana’s public funds.



**RELIEF REQUESTED**

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

- a. Declare NAAG to be subject to the strict accountability requirement of the Montana Constitution and to the requirements of Title 17 of the Montana Code;
- b. Declare NAAG's Chief Financial Officer, in her official capacity, to be subject to the strict accountability requirement of the Montana Constitution and to the requirements of Title 17 of the Montana Code;
- c. Order an accounting of assets under NAAG's management to determine the amount of those funds that consist of Montana'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.

Respectfully submitted this 7th day of June, 2023.

AUSTIN KNUDSEN  
Montana Attorney General



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# Exhibit A

**Approved**  
(November 29, 2018)

**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 from a different Regional Conference as defined in Article IX of this Constitution and Bylaws.

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 Regional Conferences 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 Regional Conference 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 with the exception of officers elected at the 2018 Summer Meeting whose term shall be from adjournment of that meeting through 31 December 2019. Officers shall not serve more than one consecutive term in the same office.

Section 4. Duties of the President: The President shall serve as presiding officer at all meetings of the Association, Chair the Executive Committee and shall appoint members to Committees, Task Forces and Working Groups as described in this Constitution and Bylaws, as well as to outside organizations where a member is being requested to serve. The President 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. The President may have a Presidential Initiative and convene a conference on that subject. In addition, the President may appoint a strategic planning committee every five years that 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. 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 that is still a member.

## **ARTICLE V**

### **The Executive Committee**

Section 1. Membership: The Executive Committee shall be composed of twelve members: the President, President-Elect, Vice President, and Immediate Past President of the Association; the Chair of the NAAG Mission Foundation Board of Directors; the four regional Chairs as defined by Article IX of this Constitution and Bylaws, and three additional members appointed by the President, at least one of whom shall be of a political party other than 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.

## **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, or solely by the President. 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 unless otherwise prescribed by this Constitution, the charter, or court which created the Committee. The President shall appoint two Co-Chairs to every committee with consideration being given to ensuring the Co-Chairs are 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. 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.

## **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 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 less 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 and each regional Chair or their designee shall become a member of the Executive Committee of the Association for the ensuing term. The regional Vice Chair shall succeed to and complete the term of office of the regional Chair in the event that the Chair shall resign or otherwise be unable to serve and the new

Chair shall appoint a Vice Chair to fill the remainder of the term. 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 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 1 July 2017 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

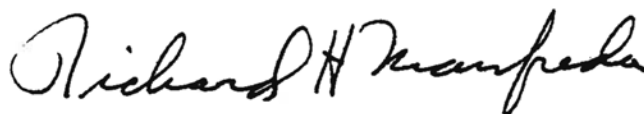
This ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as precedent.

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	<b>Call to Order and Establish Quorum – Action</b> Attorney General Miller
9:01	<b>Approval of November Minutes – Action (Attachment A)</b> Attorney General Miller
9:02	<b>Opening Comments</b> Attorney General Miller
9:10	<b>Finance &amp; Investment Update – Information (Attachment B &amp; C)</b> Theresa Heller, George Hauptfuhrer
9:17	<b>2023 Budget – Action Item (Attachment D)</b> Brian Kane, Theresa Heller, Attorney General Tong
9:25	<b>Governance Recommendations – Discussion (Attachment E)</b> Item A: Subcommittee <ol style="list-style-type: none"><li>1. Rotation of presidency between Democrats and Republicans</li><li>2. Executive Committee composed of a majority of members of the political party different from president</li><li>3. Members given reasonable notice of Executive Committee meetings with agenda and approved minutes (already implemented)</li><li>4. Finance committee chaired by a member of party opposite of president</li><li>5. Presidential initiatives subject to Executive Committee approval</li><li>6. NAAG events conducted in a State should be coordinated with that State's AG</li></ol> Item B: Ongoing Structural Reform Committee <ol style="list-style-type: none"><li>1. Regional Structure</li><li>2. Sign-on Circulation Requirements</li></ol>



- 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**

# **Attachment A**

## 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

### **Call to Order and Establish Quorum**

General Miller called the meeting to order and determined that a quorum was present.

### **Approval of October Minutes**

General Miller called for the approval of the October Minutes. General Stein made a motion. The motion was seconded by General Frey. All voted aye and the minutes were approved.

### **Opening Comments**

General Miller spoke of his term as Attorney General of Iowa coming to a close. He thanked all of his colleagues for all the years of great work. He shared he would like to finish out the restructure of NAAG and move things forward for all members. He thanked Brian Kane for all his great work and his understanding for all the attorneys general.

### **Governance Recommendations**

General Miller referenced **Item 1** of the agenda and asked the committee to move the proposed changes to the NAAG constitution and bylaws. He asked if there were any comments or suggestions.

General Stein shared that he felt the language executes those objectives and they are worthy changes for the full membership to come together and take up.

General Moody thanked General Miller for being a wonderful president in a difficult time. She shared that the changes that have been proposed are a great first step in trying to sure up the strength of the organization. She recommended that when the changes are discussed in December at Capital Forum that they all make a commitment to coming to a resolution quickly.

General Hill thanked General Miller and all the hard work that went into drafting these changes. She asked if they had left out the possibility of the participation of an Independent attorney general. There may come a time when they don't have all Republican and Democrat attorneys general.

General Miller shared that he doesn't want that Attorney General to be left behind, but that specific issue can be addressed when the time comes.

General Frey thanked everyone's hard work for this "necessary refresh". He asked how these changes might impact a less populace and resourced state's attorneys general office. "The regional system appears to be in disfavor with these changes so what will happen with the priority on regional balance". Removing regional identity is a concern.

General Miller shared that there will most likely be a wholesome debate on the regional system and that discussion is ahead of us. General Stein shared that there was discussion

to get rid of Article 9 all together (the regional conferences) but it was pretty wide consensus that nobody wanted to take that step.

General Moody shared that these discussions really came about because some members want to meet changing demands and interests. Over time, a lot of the issues that the attorneys general were working on together became more national, in scope, and less regional. The priorities started shifting more towards national topics instead of regional. General Fitch shared that we really do need to focus on the national bi-partisan issues and take the unified approach. We need to host less small, spread-out meetings and get everyone to come together. General Rosenblum shared that she attended the regional meeting in Maine and praised the event. She shared it was a robust agenda and very balanced yet intimate, and she doesn't want to lose that. She reiterated that this is a topic to be discussed down the road.

General Rosenblum shared she would like to discuss the Presidential Initiative language shared in Article 4, Section 4, Part C stating, "submitted to the Executive Committee for confirmation" and Article 6, Section 3 spoke of the membership and committee members stating, "there has to be approval". She requested more clarification. NAAG Executive Director Brian Kane stated that the whole key is that members have notice of what the Presidential Initiative is and that the Executive Committee can provide guidance and discussion. Regarding the NAAG Committees, the language "has to have approval" is put in place as a check and balance method for that authority of appointing the committees and a vote would take place within the Executive Committee. General Rosenblum shared that maybe there should be more clarification within the text of the amendments regarding the topics she addressed above.

General James thanked General Miller for everything he has done. She asked if there had ever been a discussion regarding when the budget is distributed and/or published to members. She suggested that maybe it be done on a bi-annual basis, or more frequently. She also stated that she agrees with General Rosenblum's comments on the regional meetings.

General Miller asked if there were any further comments. He moved to approve the amendments. General James motioned to approve. General Stein seconded the motion. All voted aye and the motion was approved.

General Miller referenced **Item 2** of the agenda and gave background of the Structural Reform Committee topics that were presented.

General Moody stated that one of the biggest ways to keep NAAG a sustaining organization, while trying to address some of the outstanding concerns and changes, is to suspend NAAG dues for all members. General Weiser recommended that the committee figure out the timeframe and make the changes that need to be done so NAAG can earn trust and

credibility with the reforms and not continue to have ongoing conversations.

General Weiser then referenced a letter from Dave Yost and wanted to address further. There were three states who didn't sign-on to the multistate but held out for higher settlements. General Weiser shared that General Stein could provide more background on the matter as he was involved with the multistate. General Yost shared that he agreed with General Weiser in that there should be a timeframe set for all the structural changes that are being proposed and appreciated General Weiser's comments on the letter he presented.

General Stein shared that the committee should hear from Brian on what the consequences could be from the loss of dues. He wouldn't want to harm NAAG's ability to carry out its job especially when Brian is about to begin an entire organizational review. Brian shared that there is concern but NAAG has prepared reserve funds and has the Mission Fund. These funds were set up in order to be "evergreen resources" for attorneys general as they move forward, but any time we dip into principle it affects the later distributions; it will depend on the timeframe. Brian shared that he is in the middle of reviewing the 2023 budget will have more information at the Finance Committee meeting taking place on November 22.

General Fitch shared that suspending the dues would give a much better setting to unify everyone. The dues are such a critical piece at this moment, and they want everyone to be involved moving forward.

General Racine shared that he agrees with General Stein's previous comments. He would be okay with suspending dues, so long as Brian is okay with it for a short period of time. He recommends that NAAG have in writing an agreement from those attorneys general who have left and are considering leaving NAAG.

General Moody shared that there should be a time limit on the suspension of dues, but by the time the suspension is up, the Structural Committee will have proposed recommendations for the full membership. She recommended in-person meetings in an expedited manner (2 meetings a month for 3 months) until they come to a proposal. From there, members and non-members can decide if they want to stay a member of NAAG.

General James shared that it is important that members of an organization pay dues when they are part of an organization. Individuals need to pay their dues based on either geography, number of committee assignments they have, seniority, or size of the state. She shared for the purposes of discussion, possibly suspending dues for a month, but does not like the idea, especially when they are only appealing 2-3 states.

General Yost stated that General Moody previously covered what he was going to address. He does not think that they would be able to get all membership at in-person meetings to

discuss these issues. NAAG could set up phone conferences as pre-meetings, then have one full day where members come together and discuss all issues. General Yost motioned that the Executive Committee direct Brian to complete an interim 90-day budget and to not collect dues during this period. To allow the next Executive Committee and/or NAAG President to extend for 90 days, but not go past June 30, 2023, all while these issues are being addressed. General Miller asked if there was a second to General Yost's motion. General Moody and General Stein seconded the motion. General Frey and General James voted nay. The motion passed.

General Miller asked if there was a motion to create the Interim Committee. General Yost motioned. General Moody seconded the motion. The motion passed.

General Miller referenced **Item 3** of the agenda. General Moody asked to strike the "automatic escalation" language from Article 7, Section 1 in the drafted amendments. She shared this could be discussed at a later date.

#### **Executive Director Update**

NAAG Executive Director Brian Kane asked the committee if it would be helpful to have a NAAG webinar or discussion group for Attorneys General, Chief Deputies, and budget officers with regard to making budget pitches to their legislatures, as well as incoming Attorneys General. Brian also shared that as part of NAAG's review, we are reviewing the efficacy of our meetings. Brian then presented the idea of moving NAAG's Capital Forum meeting in December and possibly shifting it to the Spring. No comments were made.

#### **Other Business**

None

#### **Adjourn**

# **Attachment B1**





## National Association of Attorneys General Consolidated Statements of Activity by Fund

As of October 31, 2022

(In Thousands)	FY 21 YTD Actual	FY 22 10/31/2022	FY 22 Budget	Variance	Burn Rate
<b>REVENUES</b>					
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%
<b>TOTAL REVENUES</b>	<b>23,557</b>	<b>4,676</b>	<b>5,194</b>	<b>(518)</b>	<b>90%</b>
<b>EXPENSES by FUND</b>					
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%
<b>TOTAL EXPENSES</b>	<b>19,005</b>	<b>19,306</b>	<b>21,094</b>	<b>(1,788)</b>	<b>92%</b>
<b>NET REVENUES BEF INVEST/BLDG</b>	<b>\$4,552</b>	<b>(\$14,630)</b>	<b>(\$15,901)</b>	<b>\$1,271</b>	<b>92%</b>
<b>Gain/(Loss) on Investments</b>					
GMF	16,591	(14,697)			
TEF	9,690	(10,009)			
Other Funds (NEF/FSF/VW)	8,556	(12,908)			
<b>Total Investments, NET</b>	<b>34,836</b>	<b>(37,614)</b>	-		
<b>Total Facilities, NET</b>	<b>(501)</b>	<b>(1,021)</b>	<b>(1,000)</b>	<b>(21)</b>	<b>102%</b>
<b>Net Change</b>	<b>\$38,887</b>	<b>(\$53,265)</b>	<b>(\$16,901)</b>	<b>(\$36,365)</b>	<b>315%</b>
<b>NET ASSETS</b>	<b>\$273,005</b>	<b>\$220,512</b>	<b>\$259,105</b>	<b>(\$1,958)</b>	<b>85%</b>
<b>NAAG Funds (Net Assets)</b>					
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			
<b>Total Restricted</b>	<b>263,421</b>	<b>211,986</b>		<b>96%</b>	
<b>Total Net Assets</b>	<b>\$273,005</b>	<b>\$220,512</b>		<b>-19%</b>	



**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>						
<b>REVENUES</b>						
<b>Unrestricted Income</b>						
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%	
<b>Restricted Income</b>						
Settlement Income/Reimbursements	19,299	527	-	527	N/M	
Grant Reimbursements/Other	540	517	593	(76)	87%	
<b>TOTAL REVENUES</b>	<b>23,564</b>	<b>4,676</b>	<b>5,194</b>	<b>(518)</b>	<b>90%</b>	
<b>EXPENSES</b>						
<b>Program Expenses</b>						
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%	
<b>TOTAL EXPENSES</b>	<b>20,084</b>	<b>19,306</b>	<b>21,094</b>	<b>(1,788)</b>	<b>92%</b>	
<b>NET CHANGE OPERATIONS</b>	<b>3,480</b>	<b>(14,630)</b>	<b>(15,900)</b>	<b>1,270</b>	<b>92%</b>	
Net Gain/(Loss) - Restricted Investments	34,828	(37,614)	-	(37,614)		
Rent/Building Operations	578	(1,021)	(1,000)	(21)	102%	
<b>CHANGE IN NET ASSETS</b>	<b>\$ 38,887</b>	<b>\$ (53,265)</b>	<b>\$ (16,900)</b>	<b>\$ (36,365)</b>	<b>N/M</b>	
<b>NET ASSETS</b>						
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%		



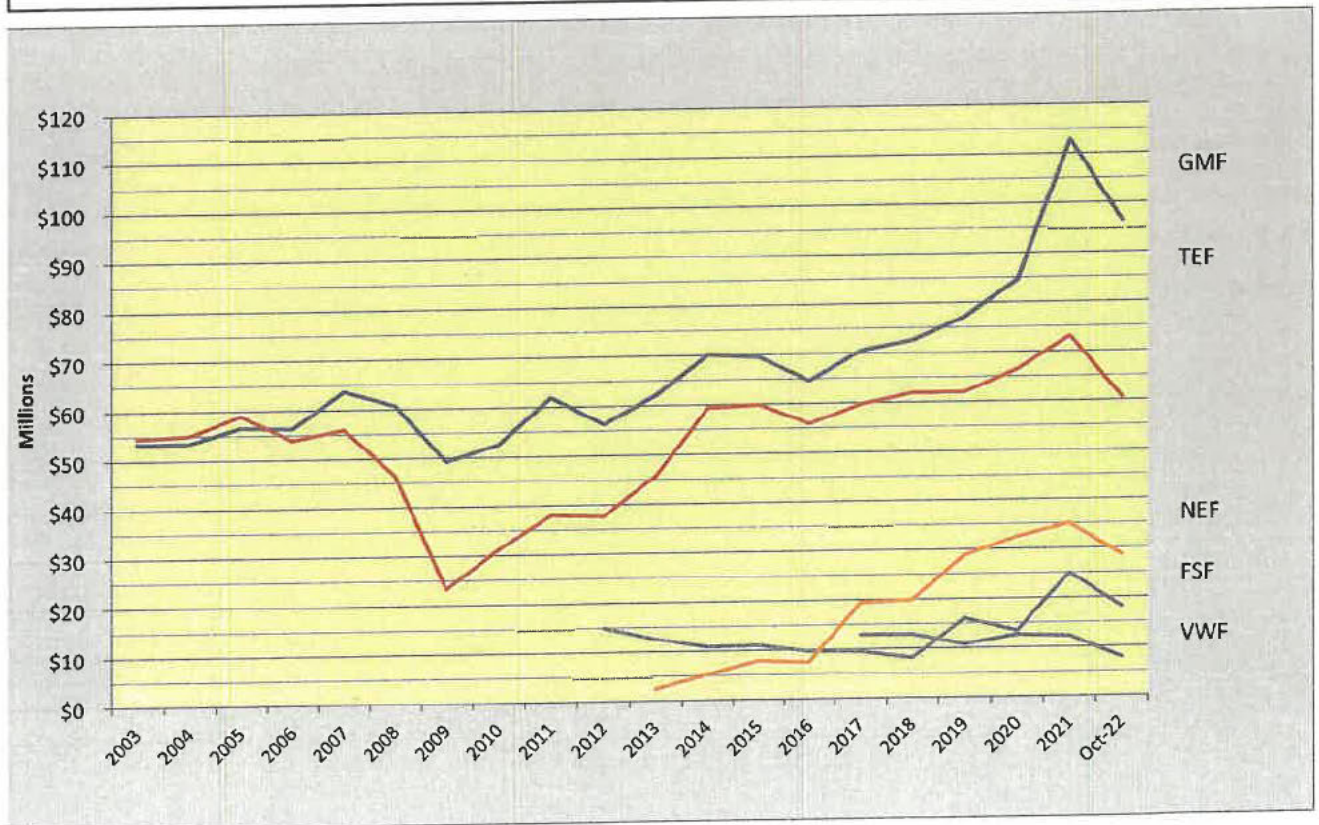
**National Association of Attorneys General**  
**Consolidated Statements of Financial Position**  
As of October 31, 2022

<i>(In Thousands)</i>	12/31/2021			10/31/2022		
	NAAG	Mission Foundation	Consolidated Total	NAAG	Mission Foundation	Consolidated Total
<b>ASSETS</b>						
Unrestricted Cash & Investments						
Cash & Cash Equivalents	\$194	\$1,485	\$1,679	(\$860)	\$842	(\$17)
Investments	3,774	3,855	7,629	3,871	4,125	7,996
Total Unrestricted Cash & Investments	3,968	5,340	9,308	3,011	4,967	7,978
Accounts Receivable & Other	771	322	1,093	1,354	432	1,786
Fixed Assets, Net	-	1,402	1,402	-	1,208	1,208
Restricted Cash & Investments	159,822	110,400	270,222	123,810	92,082	215,892
<b>TOTAL ASSETS</b>	<b>164,561</b>	<b>117,464</b>	<b>282,025</b>	<b>128,175</b>	<b>98,689</b>	<b>226,865</b>
<b>LIABILITIES</b>						
Accounts Payable	1,516	457	1,973	1,119	312	1,431
Other Liabilities	2,995	3,281	6,276	1,265	3,657	4,923
<b>TOTAL LIABILITIES</b>	<b>4,511</b>	<b>3,737</b>	<b>8,248</b>	<b>2,384</b>	<b>3,969</b>	<b>6,353</b>
<b>NET ASSETS</b>						
Unrestricted Net Assets, Reserve	9,685	3,855	13,541	8,345	4,125	12,470
Restricted Net Assets	150,364	109,871	260,236	117,446	90,595	208,041
<b>TOTAL NET ASSETS</b>	<b>160,050</b>	<b>113,726</b>	<b>273,776</b>	<b>125,791</b>	<b>94,720</b>	<b>220,511</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 164,561</b>	<b>\$ 117,464</b>	<b>\$ 282,025</b>	<b>\$ 128,175</b>	<b>\$ 98,689</b>	<b>\$ 226,865</b>

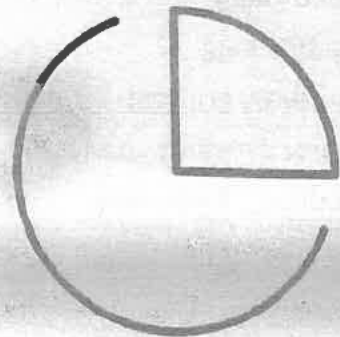
**NATIONAL ASSOCIATION OF ATTORNEYS GENERAL**  
**Investment Performance**  
 As of 10/31/2022

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

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



# **Attachment C**



# Meeting Materials

National Association of Attorneys General  
December 2022

## Prime BUCHHOLZ

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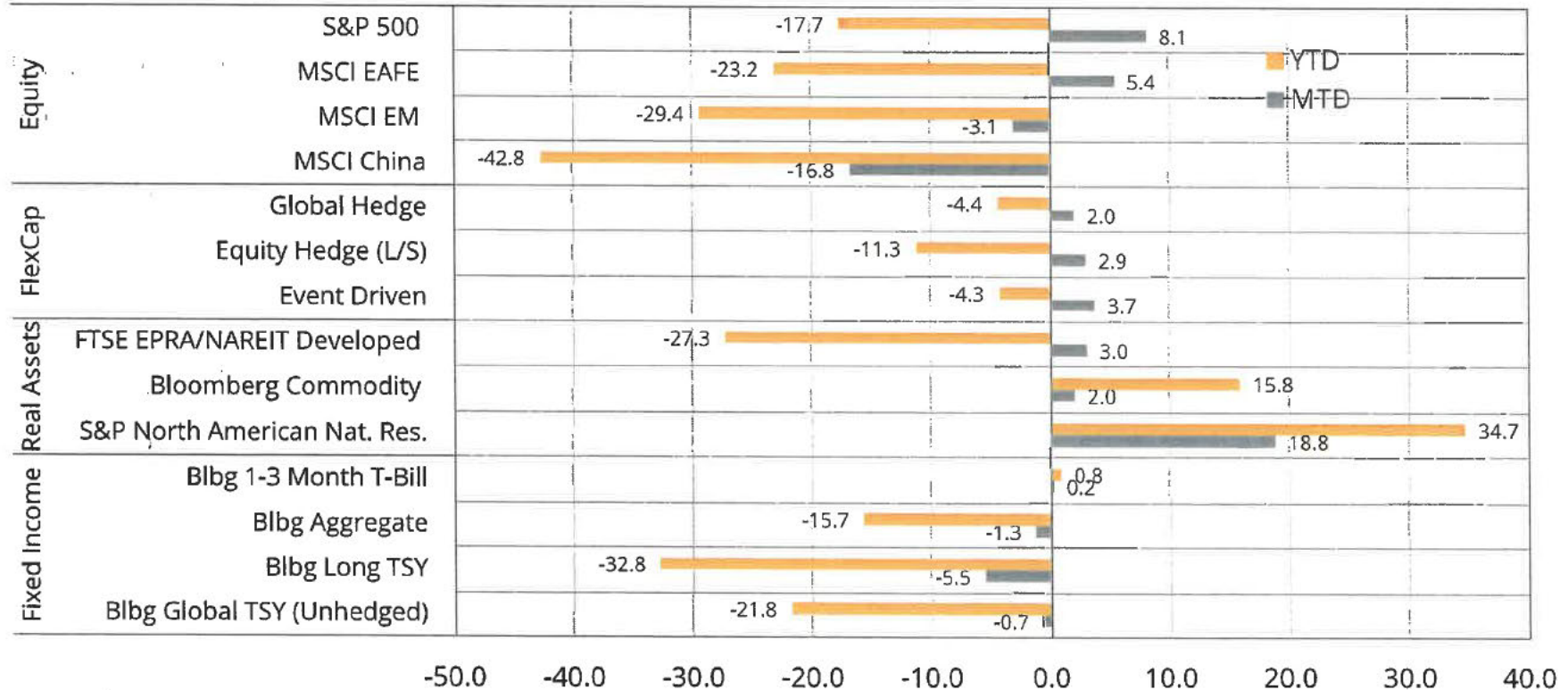
P 603.433.1143  
F 603.433.8661

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# Market Summary

Developed equities and real assets rallied in October amid an expected policy “pivot” by the Fed, but China continued to struggle amid slowing growth.

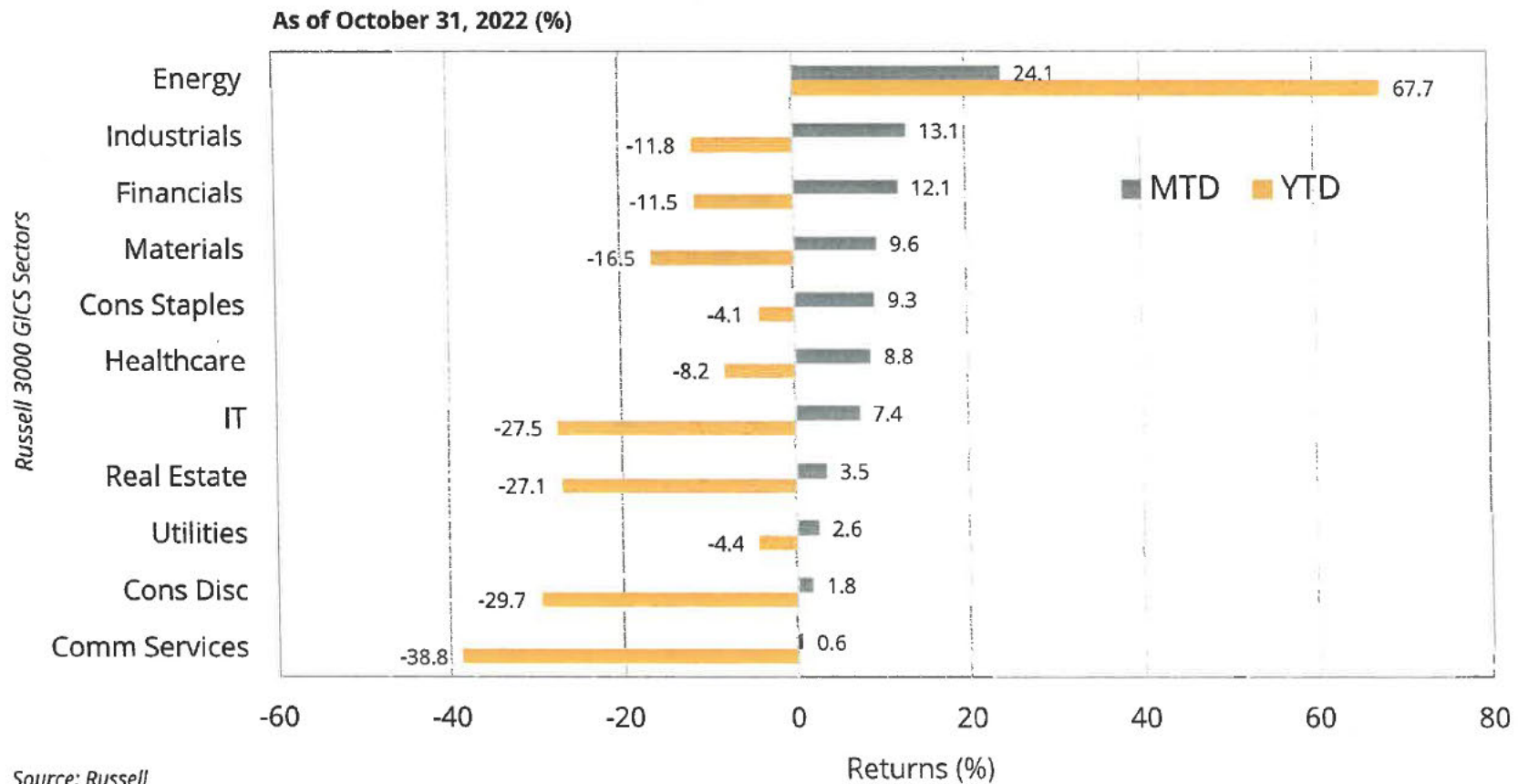
As of October 31, 2022 (%)



Source: Bloomberg, S&P, FTSE, HFRI, MSCI

# Domestic Equity Sector Performance

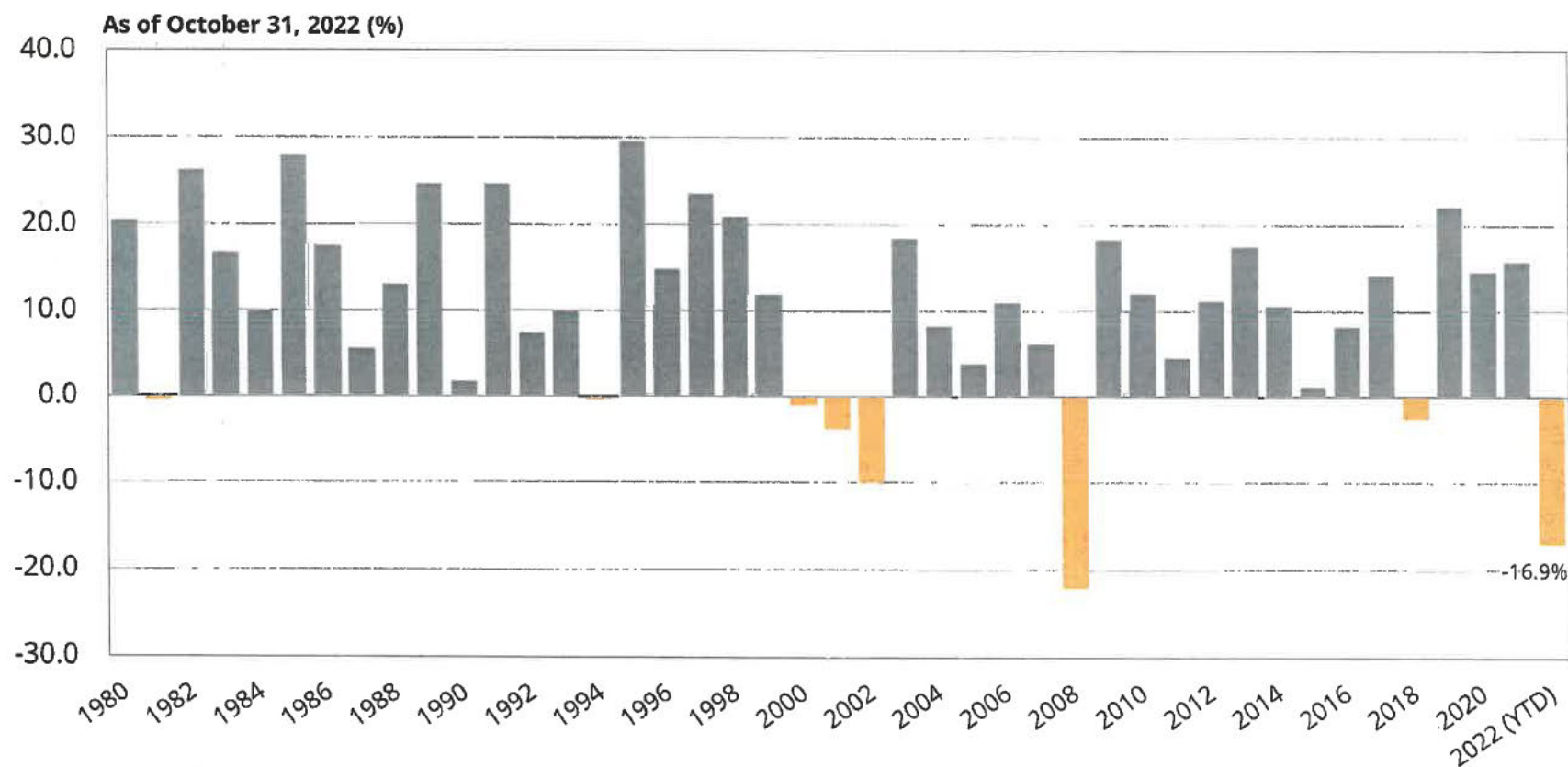
After broad declines in September, all domestic equity sectors flipped positive in October with energy continuing to lead.





# 60/40 YTD Performance

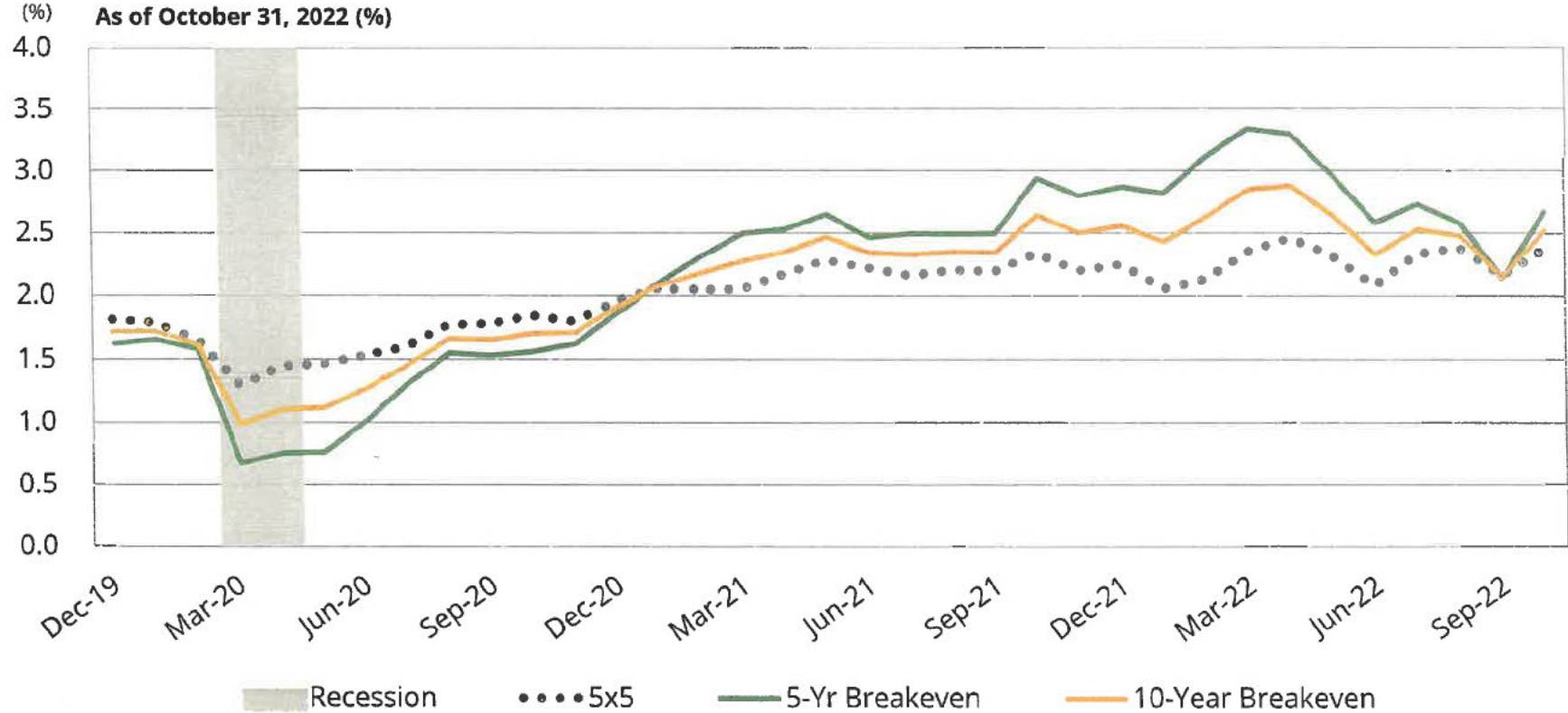
Year-to-date through October, the 60/40 portfolio (60% S&P 500/40% Blbg Agg) is at its lowest level since the Financial Crisis.



Source: S&P, Bloomberg

# Inflation Expectations

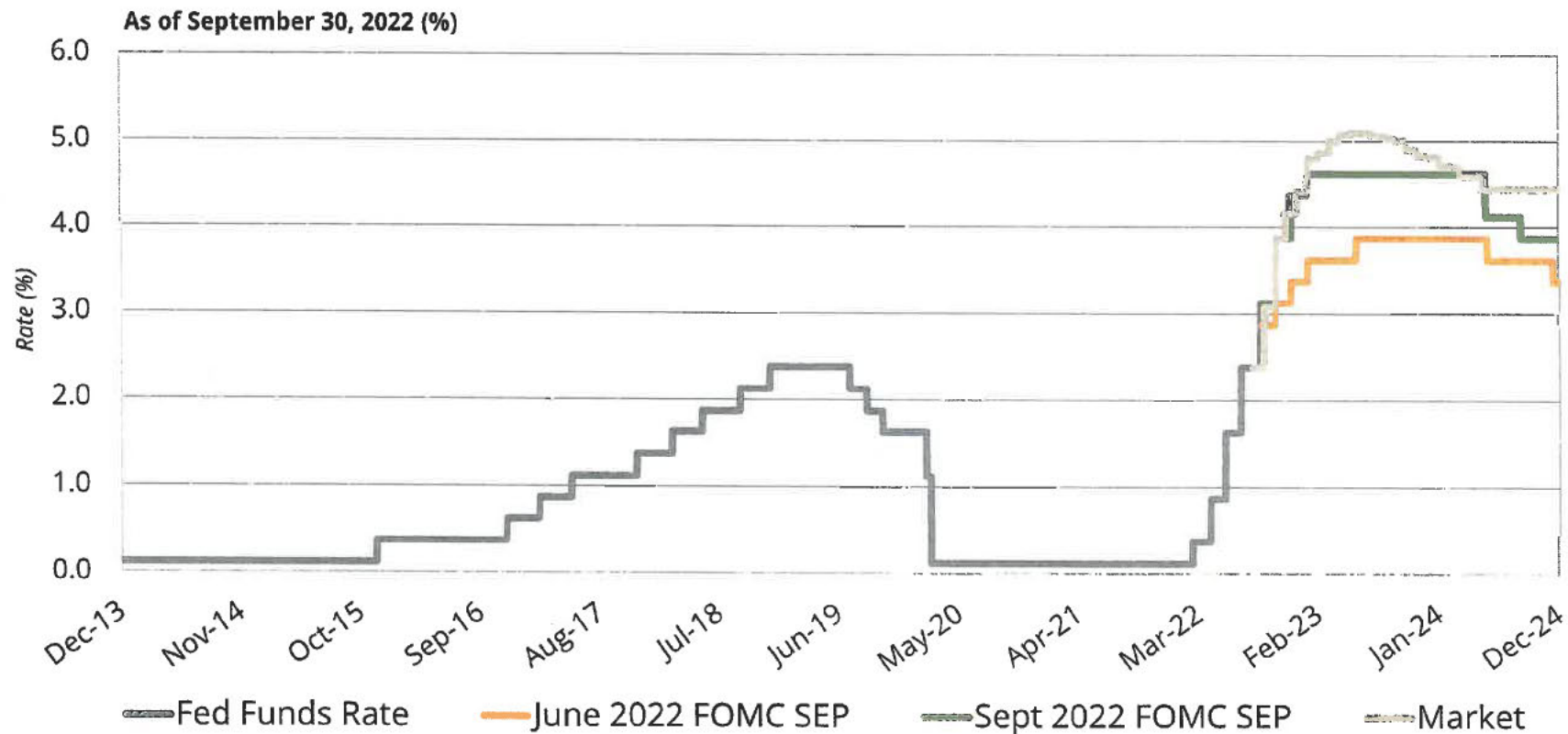
The bond market continued to reflect the expectation that the Fed will bring inflation back down toward the long run target.



The 5x5 forward breakeven inflation rate is a measure of expected inflation (on average) over the five-year period that begins five years from the date the data was reported. Source: Federal Reserve Bank of Cleveland

# Aggressive Fed Tightening Cycle

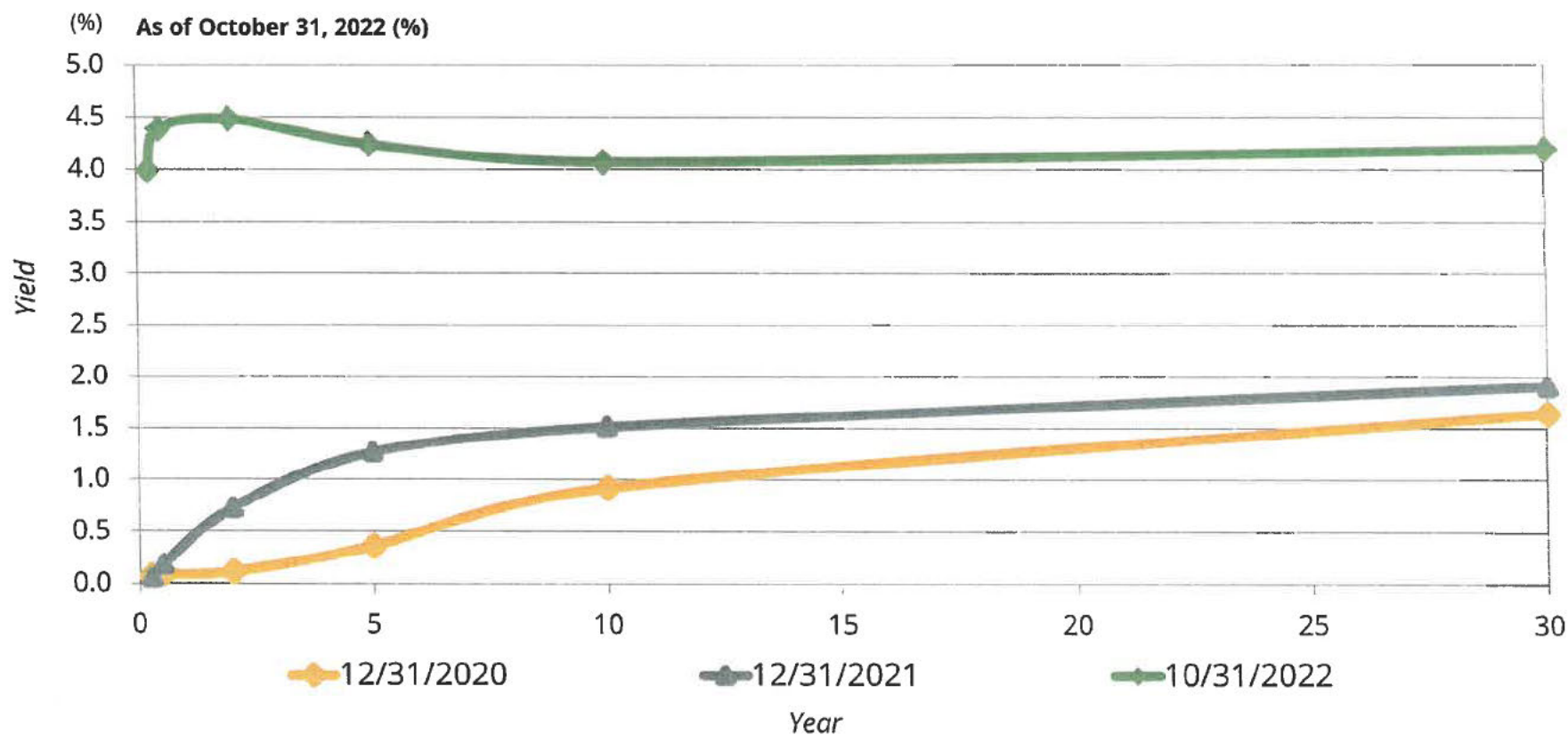
Markets are predicting the fed funds rate will hit 5% by April 2023 and the Fed will shift to an easing cycle beginning in November 2023.



Source: Federal Open Market Committee

# U.S. Treasury Yield Curves

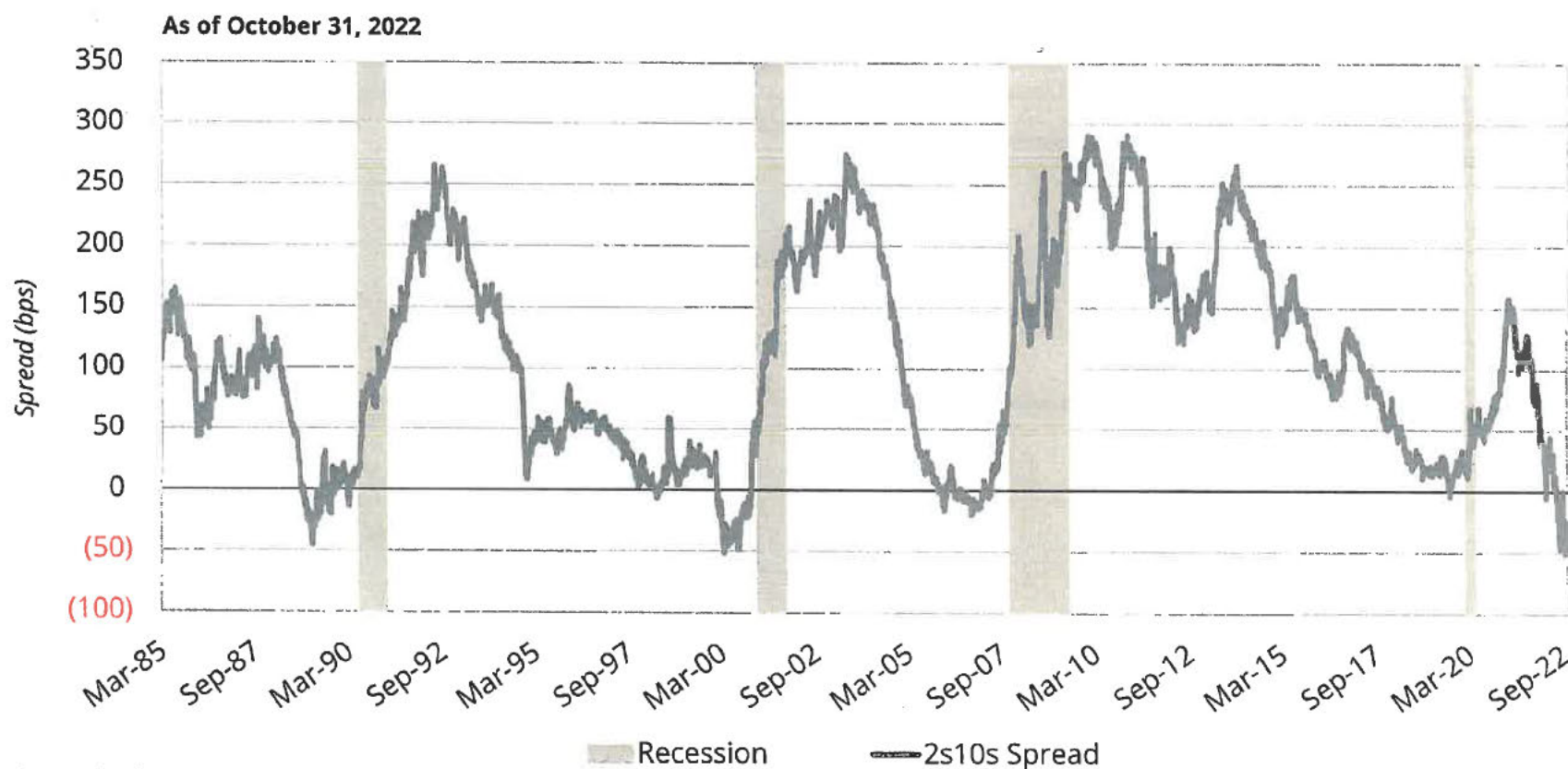
In October, the yield curve inversion persisted with the yield on 2-year Treasuries continuing to exceed the yield on 10-year Treasuries.



Source: U.S. Treasury Department

# 2s10s Spread vs. Recessions

The spread between 2- and 10-year Treasuries is the lowest it has been since the tech bubble, and has often been a precursor to a recession.



Source: FactSet

# Performance and Allocation Summary

Performance Summary as of October 31, 2022

	Market Value	1 Year (%)	3 Year (%)	5 Year (%)	7 Year (%)	10 Year (%)	Inception (%)	Fees*
<b>Mission Foundation</b>	<b>\$96,487,582</b>	<b>-9.9</b>	<b>6.8</b>	<b>5.9</b>	<b>6.7</b>	<b>6.7</b>	<b>6.1</b>	<b>0.83</b>
Policy Index		-14.3	3.7	4.1	5.2	5.5	5.1	
<b>Tobacco Enforcement Fund</b>	<b>\$60,626,486</b>	<b>-11.9</b>	<b>4.6</b>	<b>4.3</b>	<b>5.5</b>	<b>5.9</b>	<b>5.5</b>	<b>0.82</b>
Policy Index		-13.6	4.0	4.4	5.5	5.6	5.1	
<b>NAGTRI Endowment Fund</b>	<b>\$28,593,731</b>	<b>-15.8</b>	<b>4.3</b>	<b>4.0</b>	<b>5.2</b>	<b>NA</b>	<b>4.8</b>	<b>0.41</b>
Policy Index		-13.9	3.8	4.0	5.2	NA	4.8	
<b>Financial Services Fund</b>	<b>\$18,122,944</b>	<b>-15.2</b>	<b>2.7</b>	<b>3.1</b>	<b>4.4</b>	<b>NA</b>	<b>4.3</b>	<b>0.30</b>
Policy Index		-14.4	3.2	3.7	5.0	NA	4.7	
<b>VW Settlement Fund</b>	<b>\$7,813,740</b>	<b>-14.5</b>	<b>3.5</b>	<b>3.7</b>	<b>NA</b>	<b>NA</b>	<b>4.9</b>	<b>0.39</b>
Policy Index		-12.7	3.2	3.6	NA	NA	4.6	
Consumer Price Index		7.7	5.0	3.9	3.3	2.6	2.6	

Asset Allocation as of October 31, 2022

	Mission		Tobacco Enforcement		NAGTRI Endow		Financial Services		VW Settlement	
	Allocation (%)	Target (%)	Allocation (%)	Target (%)	Allocation (%)	Target (%)	Allocation (%)	Target (%)	Allocation (%)	Target (%)
<b>Domestic Equity</b>	27.4	29.0	32.0	30.5	35.2	33.0	34.6	33.0	36.2	33.0
<b>International Equity</b>	17.9	23.5	20.2	24.5	22.8	27.0	22.3	27.0	23.0	27.0
<b>Private Capital</b>	15.4	10.0	8.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Flexible Capital (Hedge)</b>	16.0	15.0	16.7	15.0	15.2	15.0	9.6	10.0	11.1	10.0
<b>Real Assets</b>	11.7	10.0	10.4	10.0	9.9	10.0	9.5	10.0	9.9	10.0
<b>Fixed Income/Cash</b>	11.6	12.5	12.7	15.0	16.8	15.0	24.0	20.0	19.8	20.0

- Periods greater than one year are annualized

\* The portfolio's out-of-pocket fees are very minor because fund fees are reflected in the net asset value performance of the funds. Excludes underlying fund-of-fund manager fees.

\*\* CPI inception period is for Mission Foundation and Tobacco Enforcement Fund (December 2003)

# Summary of Asset Growth

**Prime**  
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	Inception Date	Beginning Value	Net Cash Flow	Investment Performance	Ending Value (10/31/2022)
NAAG Mission Foundation, Inc.	Jan-04	\$ 53,462,637	\$ (27,494,176)	\$ 70,519,121	\$ 96,487,582
NAAG Tobacco Enforcement Fund	Jan-04	\$ 54,590,653	\$ (46,410,328)	\$ 52,446,161	\$ 60,626,486
NAGTRI Endowment Fund	Aug-13	\$ 2,471,621	\$ 18,176,905	\$ 7,945,205	\$ 28,593,731
NAAG Financial Services Fund	Aug-12	\$ 15,000,000	\$ (902,532)	\$ 4,025,476	\$ 18,122,944
VW Settlement Fund	Oct-16	\$ 19,842,535	\$ (15,636,213)	\$ 3,607,419	\$ 7,813,740
<b>Total Assets</b>		<b>\$ 145,367,446</b>	<b>\$ (72,266,344)</b>	<b>\$ 138,543,382</b>	<b>\$ 211,644,483</b>
<i>* Net Cash Flow and Investment Performance stated since inception</i>					
<i>** Tobacco Enforcement Fund: To date \$40 million has been received from settlements and recoveries of grant expenses</i>					

# Market Update // as of November 28, 2022

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	Equity Market Returns (%)									
	1 Day	1 Wk	MTD	QTD	YTD	FYTD	1 Yr	3 Yr	5 Yr	10 Yr
S&P 500 Index	-1.5	0.4	2.5	10.8	-15.6	5.4	-12.3	9.7	10.5	13.0
70% S&P/30% Barclays Agg	-1.1	0.6	2.8	8.2	-14.8	3.0	-12.5	6.0	7.4	9.4
Russell 1000 Index	-1.6	0.4	2.3	10.5	-16.6	5.4	-13.9	9.3	10.2	12.8
Russell Midcap Index	-1.8	0.3	2.9	12.1	-15.1	8.2	-13.4	7.4	8.0	11.5
Russell 2000 Index	-2.0	-0.4	-0.7	10.2	-17.5	7.8	-17.3	5.1	4.9	9.9
Russell 3000 Index	-1.6	0.3	2.1	10.5	-16.7	5.6	-14.1	9.0	9.8	12.6
Russell 3000 Growth Index	-1.6	0.5	0.9	7.0	-25.7	3.4	-24.0	9.8	11.6	14.3
Russell 3000 Value Index	-1.6	0.2	3.4	14.1	-6.4	7.8	-2.6	7.3	7.4	10.6
NASDAQ Composite Index	-1.6	0.2	0.7	4.6	-28.8	0.6	-28.0	9.1	10.8	14.5
MSCI ACWI Index	-1.3	1.0	5.4	11.7	-16.9	4.1	-14.3	5.7	6.0	8.5
70% ACWI/30% Global Agg	-0.9	1.1	5.2	9.5	-16.8	2.0	-15.0	2.6	3.7	5.8
MSCI ACWI Local Index	-1.2	0.5	3.8	10.1	-13.9	4.7	-11.4	6.7	7.0	10.0
MSCI ACWI ex-U.S. Index	-0.8	1.9	10.6	13.9	-16.3	2.6	-14.0	1.2	1.2	4.3
MSCI ACWI ex-U.S. Local Index	-0.7	0.7	6.2	9.4	-8.3	4.1	-6.2	3.8	3.6	7.3
MSCI EAFE Index	-0.7	2.7	11.5	17.5	-14.3	6.5	-11.2	1.9	1.9	5.2
MSCI EAFE Local Index	-0.6	1.0	5.9	11.5	-4.6	7.5	-1.5	4.8	4.5	8.3
MSCI EAFE Value	-0.8	2.9	11.0	18.1	-6.8	6.1	-2.9	1.2	0.4	3.9
MSCI EAFE Growth	-0.6	2.5	12.1	17.0	-21.6	7.1	-19.2	1.9	3.1	6.1
MSCI EAFE Small Cap	-1.0	2.6	10.8	15.4	-21.6	4.1	-19.2	0.3	0.6	6.7
MSCI EM Index	-1.1	0.1	9.9	6.5	-22.4	-5.8	-21.6	-1.6	-1.7	1.8
MSCI EM Local Index	-0.9	-0.3	7.5	4.7	-17.0	-3.9	-16.6	1.1	1.0	4.9
MSCI EM Value	-1.1	1.0	8.8	6.9	-18.0	-4.8	-15.8	-1.6	-1.6	0.5
MSCI EM Growth	-1.0	-0.7	11.0	6.1	-26.4	-6.7	-26.7	-1.8	-2.0	2.9
MSCI Frontier Markets Index	0.7	2.3	3.0	-1.4	-26.8	-7.8	-26.8	-2.4	-1.9	3.4
London - FTSE 100* (GBP)	-0.2	1.4	5.7	8.9	4.9	5.9	10.1	3.8	3.9	6.5
Japan - Nikkei 225* (JPY)	-0.4	0.8	2.1	8.6	-0.2	7.7	0.1	8.4	6.7	13.8
Hong Kong - Hang Seng* (HKD)	-1.6	-2.0	17.9	0.6	-23.5	-19.7	-25.6	-11.0	-7.3	1.2
China Shenzhen Comp. Index (USD)	-1.2	-3.2	5.6	-1.1	-35.5	-21.9	-34.8	3.9	-1.8	2.0
MSCI China (USD)	-1.0	-2.2	19.3	-0.7	-31.6	-23.0	-34.7	-9.5	-7.2	1.9
China - Shanghai Composite* (CNY)	-0.7	-0.2	6.4	1.8	-15.4	-9.4	-13.6	2.1	-1.6	4.5

	Domestic Equity Sector Returns (%)									
	1 Day	1 Week	MTD	QTD	YTD	FYTD	1 Yr	3 Yr	5 Yr	10 Yr
S&P Sectors										
Cons. Discretionary	-0.6	2.0	-2.1	-1.8	-31.2	2.4	-31.1	5.2	8.7	12.8
Cons. Staples	-0.3	0.8	4.8	14.2	0.7	6.7	8.7	10.6	9.9	11.0
Energy	-2.7	-1.1	-0.6	24.2	67.5	27.1	69.2	21.7	11.0	6.1
Financials	-1.8	0.0	4.6	17.1	-7.8	13.5	-6.7	7.8	8.0	13.0
Healthcare	-0.7	1.1	2.5	12.5	-2.2	6.7	4.9	13.0	12.6	15.0
Industrials	-1.8	-0.3	5.5	20.1	-4.7	14.5	-1.9	8.4	8.4	12.3
IT	-2.1	0.0	1.9	9.9	-24.7	3.1	-20.8	14.9	16.5	18.9
Materials	-2.2	0.3	8.7	18.5	-9.6	10.0	-4.7	12.5	8.6	10.5
Real Estate	-2.8	-1.6	2.7	4.8	-25.4	-6.8	-18.4	2.5	6.0	8.3
Communications	-1.6	0.3	2.2	2.3	-37.6	-10.7	-37.2	-1.6	3.6	4.7
Utilities	-1.1	1.5	5.1	7.3	0.3	0.8	8.4	7.0	8.0	11.1

Source: FactSet.

	Current		1 Yr Ago	
	Trailing P/E	Forward P/E	Trailing P/E	Forward P/E
S&P 500	18.6x	17.1x	23.5x	20.8x
Russell 1000	18.1x	17.2x	23.0x	21.2x
Russell Midcap	15.4x	15.8x	19.8x	19.8x
Russell 2000	10.9x	19.5x	15.1x	23.7x
Russell 3000	17.5x	17.3x	22.4x	21.3x
Russell 3000 Growth	23.8x	22.5x	32.8x	30.9x
Russell 3000 Value	13.9x	14.2x	16.7x	15.8x
NASDAQ Composite	21.4x	24.0x	28.9x	31.4x
MSCI ACWI	15.4x	14.8x	18.9x	17.8x
MSCI ACWI ex-U.S.	12.1x	12.0x	14.5x	14.0x
MSCI EAFE	12.6x	12.3x	15.3x	14.9x
MSCI EM	10.8x	11.4x	12.8x	12.4x
MSCI Frontier	7.5x	7.2x	13.1x	11.3x
China /Shanghai Composite*	10.3x	9.6x	13.1x	11.6x

\*Values in local currencies

	Central Bank Activity (%)		
	Current	10/31/2022	12/31/21
Fed Funds Rate	4.00	3.25	0.25
Broad Gen Collat. Rate	3.76	3.00	0.05
Sec. Overnight Fin Rate	3.80	3.05	0.05
BOJ Target Rate	-0.10	-0.10	-0.10
ECB Bank Policy Rate	2.00	1.25	0.00
ECB Deposit Facility	0.75	0.75	-0.50
BOE Official Bank Rate	3.00	2.25	0.25

	Inflation Forecast (%)		
	Current	10/31/2022	12/31/21
10-Yr TSY Yield	3.71	4.07	1.51
10-Yr TIPS Yield	1.43	1.58	-1.04
Market Infl. Forecast	2.28	2.49	2.55

	Option-Adjusted Spreads		
	Current	10/31/2022	12/31/21
U.S. High Yield	449	464	283
U.S. Corporate	133	158	92
U.S. IG Financials	145	177	83
Agency MBS	50	73	31
CMBS	127	133	68
ABS - Fixed	100	95	38
ABS - Floating	138	136	68
TED**	54	47	16
Emerging Markets	358	410	285

\*\*3-month U.S. LIBOR minus 3-month U.S. T-bills.

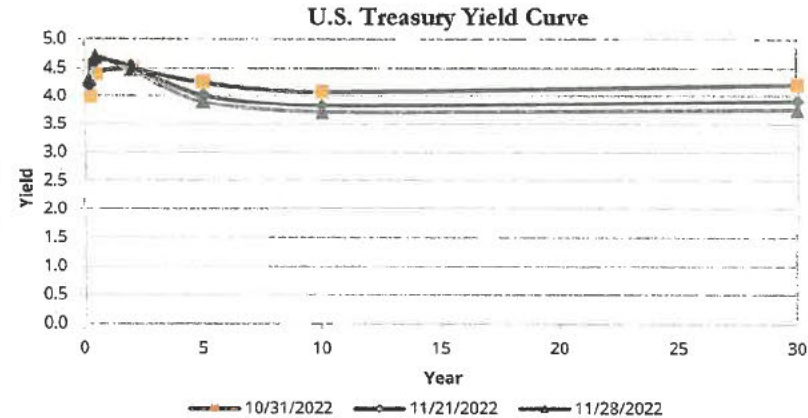


# Market Update // as of November 28, 2022

Bond Market Returns (%)										
	1 Day	1 Wk	MTD	QTD	YTD	FYTD	1 Yr	3 Yr	5 Yr	10 Yr
Bibg Barc 1-3 Month T-Bill	0.0	0.1	0.3	0.5	1.1	1.0	1.1	0.6	1.2	0.7
Bibg Barc UST (1-3)	0.0	0.2	0.4	0.3	-4.2	-1.2	-4.4	-0.5	0.6	0.6
Bibg Barc Aggregate	0.0	1.0	3.4	2.1	-12.8	-2.7	-12.8	-2.7	0.1	1.1
Bibg Barc Long TSY	0.2	2.8	7.4	1.5	-27.8	-8.3	-28.2	-7.7	-1.7	0.6
Bibg Barc U.S. TSY (5-10)	0.1	0.9	2.6	1.6	-12.2	-3.4	-12.2	-2.6	0.1	0.7
Bibg Barc U.S. Govt/Credit: Long	0.0	2.5	8.3	4.2	-26.0	-5.2	-26.0	-6.1	-0.7	1.6
Bibg Barc U.S. Corporate	-0.1	1.2	5.0	3.9	-15.6	-1.4	-15.4	-2.7	0.6	2.0
Bibg Barc U.S. Corporate: Long	-0.3	2.3	9.2	6.7	-24.7	-2.5	-24.6	-5.3	-0.2	2.3
S&P Leveraged Loan 100	0.0	0.1	1.6	3.2	-1.2	4.6	-0.7	2.3	3.0	3.3
BofA ML U.S. Corp (15Y+)(AA-AAA)*	0.0	2.9	9.6	5.7	-25.7	-4.4	-25.9	-6.0	-0.4	2.2
Bibg Barc High Yield	-0.4	0.6	1.8	4.4	-11.0	3.7	-9.1	0.8	2.4	4.2
Bibg Barc EM Local Crncy (Unhedged)	-0.4	0.6	3.5	2.2	-11.6	-2.9	-10.5	-1.9	-0.4	0.1
Bibg Barc EM Local Crncy (Hedged)	0.0	0.4	1.1	1.3	-3.3	1.9	-3.0	-0.3	2.0	1.9
Bibg Barc Global TSY (Unhedged)	-0.1	1.4	5.1	4.4	-17.8	-3.5	-18.2	-5.5	-2.4	-1.3
Bibg Barc Global TSY (Hedged)	0.0	0.4	1.8	1.7	-9.4	-1.4	-9.8	-2.4	0.6	1.8
Bibg Barc Muni Bond Blend 1-10 Yr	0.1	0.4	2.6	2.3	-5.6	0.0	-5.3	-0.3	1.3	1.5

Real Asset Returns (%)											
	1 Day	1 Wk	MTD	QTD	YTD	FYTD	1 Yr	3 Yr	5 Yr	10 Yr	
FTSE EPRA/NAREIT Developed Index	-2.1	-0.4	4.3	7.5	-24.1	-4.7	-20.4	-3.9	1.1	4.4	
EPRA/NAREIT US Index	-2.8	-1.5	1.5	6.3	-24.0	-4.4	-18.2	-1.1	3.3	6.5	
EPRA/NAREIT Europe Index	-1.4	1.0	10.4	15.5	-39.7	-9.5	-38.7	-11.9	-5.1	2.4	
EPRA/NAREIT UK Index	-1.8	-0.3	8.9	15.6	-37.9	-14.3	-34.8	-9.8	-3.2	1.6	
EPRA/NAREIT Asia Index	-0.3	2.1	9.0	6.6	-13.3	-3.2	-13.5	-5.8	-0.6	1.9	
North American Natural Resources Index	-2.7	-0.5	1.5	20.6	36.7	18.0	39.0	18.0	9.1	4.4	
MSCI AC / World Metals and Mining	-1.6	2.5	16.4	19.1	-2.0	11.0	5.7	14.7	9.9	3.2	
S&P Global Clean Energy Index	-2.0	0.7	8.5	6.7	-2.2	8.2	-11.8	25.1	20.2	14.4	
S&P Global Infrastructure Index	-1.0	1.6	7.2	12.6	1.2	1.7	6.0	3.5	4.1	7.0	
FTSE Environmental Opp. All Share	-1.7	1.2	6.8	10.2	-20.7	5.4	-18.2	11.3	9.1	11.8	
S&P GSCI Index	-0.2	-2.3	-4.5	1.9	24.1	-8.6	29.1	11.4	6.8	-3.4	
Bloomberg Commodity Index	-0.4	-0.7	1.2	3.3	17.3	-1.0	16.1	14.3	7.0	-1.5	
Agriculture Subindex	0.3	0.3	-1.2	-0.1	12.7	-0.3	11.6	21.0	8.3	-1.6	
Energy Subindex	-0.7	-2.3	-2.0	2.3	53.2	-3.2	45.3	10.5	5.8	-5.8	
Industrial Metals Subindex	0.2	1.1	9.8	9.2	-8.5	1.3	-2.6	12.0	5.1	1.2	
Precious Metals Subindex	-1.1	0.2	7.3	6.2	-6.2	-1.9	-4.3	5.0	4.5	-2.0	
Livestock Subindex	-1.5	-2.7	-0.8	5.4	4.4	8.1	3.8	-4.0	-4.7	-3.5	
Alerian MLP Index	-1.1	0.0	-1.5	12.6	33.9	21.7	32.3	12.9	6.2	1.9	
Barclays Capital TIPS Index	-0.3	0.6	0.8	2.1	-11.8	-3.2	-11.6	1.3	2.2	1.1	
Barclays Capital US 0-5 Year TIPS Index	-0.1	0.2	-0.1	0.9	-3.2	-1.8	-3.1	2.6	2.5	1.4	
	1 Day	1 Wk	MTD	QTD	YTD	FYTD	1 Yr	3 Yr	5 Yr	10 Yr	Price
Gold \$/OZ.	-0.8	0.2	6.4	4.7	-4.8	-2.5	6.2	6.1	0.1	1740.1	
WTI Crude Oil \$/bbl	1.3	-3.5	-10.7	-2.8	2.7	13.3	10.0	5.9	-1.1	77.2	
Brent Crude Oil \$/bbl	-0.5	-4.9	-10.4	-2.3	7.0	14.4	9.1	5.5	-2.7	83.2	
Natural Gas Henry Hub	-4.4	7.7	33.7	4.9	75.7	36.1	39.7	18.4	6.2	6.7	

HFRI Index Returns (subject to one-day lag)										
	1 Day	1 Week	MTD	QTD	YTD	FYTD	1 Yr*	3 Yr*	5 Yr*	10 Yr*
Fund Weighted	0.1	0.3	0.0	1.4	-5.0	0.7	-5.8	6.4	4.6	4.8
FI - Convertible Arb.	0.0	0.3	1.4	2.2	-2.0	3.2	-2.9	6.2	4.8	5.1
Equity Hedge (L/S)	0.2	0.3	0.2	2.2	-11.9	-0.2	-13.0	6.5	4.6	5.6
Eq. Market Neutral	0.2	0.3	-0.3	-0.4	0.1	0.3	0.9	2.6	1.9	3.0
Event Driven	0.0	0.0	-0.1	2.4	-5.6	2.0	-5.7	6.0	4.4	5.1
Macro/CTA	0.1	0.1	-2.3	-1.7	8.6	0.0	9.5	8.4	5.3	3.4
Merger Arbitrage	-0.2	0.2	-0.4	1.7	2.1	4.0	2.9	6.7	5.6	4.8
Relative Value Arb.	0.1	0.5	1.5	1.7	-0.4	1.7	-2.2	3.5	3.3	4.1



Date	U.S. Treasury Yields (%)					U.S. TIPS Yields			
	3-Mo T-Bill	6-Mo T-Bill	2-Yr Note	5-Yr Note	10-Yr Note	30-Yr Note	5-Yr TIPS	10-Yr TIPS	30-Yr TIPS
12/31/2021	0.05	0.19	0.73	1.26	1.51	1.90	-1.61	-1.04	-0.44
10/31/2022	3.99	4.39	4.49	4.24	4.07	4.20	1.60	1.58	1.69
11/21/2022	4.21	4.63	4.52	4.01	3.82	3.91	1.63	1.52	1.57
11/28/2022	4.29	4.69	4.46	3.89	3.71	3.75	1.59	1.43	1.47

	Currency Rates (% per U.S. Dollar)									
	1 Day	1 Week	MTD	QTD	YTD	FYTD	1 Yr	3 Yr	5 Yr	Spot Rate
Dollar Spot	0.7	-1.1	-4.3	-4.8	11.2	1.9	11.0	2.7	2.7	106.7
Canadian Dollar	-0.5	0.5	1.5	2.3	-6.0	-4.0	-4.8	-0.4	-0.9	1.3
Japanese Yen	0.3	2.3	7.1	4.3	-17.0	-2.1	-18.5	-7.6	-4.3	138.8
British Pound	-0.5	2.1	4.6	7.8	-11.1	-0.9	-9.7	-2.3	-1.9	0.8
Euro	-0.1	1.5	5.2	6.1	-8.6	-0.5	-8.1	-1.9	-2.6	1.0
Australian Dollar	-0.9	1.5	4.6	4.1	-8.0	-2.7	-6.1	-0.4	-2.5	1.5
Swedish Krona	-0.6	2.2	5.4	5.9	-13.6	-2.2	-13.2	-3.0	-4.5	10.5
Swiss Franc	0.2	1.5	5.9	4.1	-3.6	1.3	-2.4	1.9	0.8	0.9
Russian Ruble	-0.3	-0.3	1.0	0.0	-22.8	-10.4	23.7	1.6	-0.9	61.1
Mexican Peso	0.2	0.9	2.8	4.2	6.0	4.5	13.0	0.6	-0.8	19.3
Brazilian Real	-0.3	-0.4	-2.3	0.7	3.7	-2.7	4.0	-7.5	-9.8	5.4
Israeli Shekel	-0.3	1.2	2.5	3.6	-9.3	2.0	-7.2	0.4	0.4	3.4
China Renminbi	-0.5	-0.5	1.4	-1.5	-11.5	-7.0	-11.2	-0.8	-1.7	7.2
GBP/Euro	-0.4	0.6	-0.6	1.6	-2.8	-0.3	-1.8	-0.4	0.8	0.9
Yen/Euro	0.4	0.7	1.8	-1.7	-9.3	-1.6	-11.3	-5.8	-1.8	144.3
Bitcoin	-2.1	0.2	-20.7	-19.1	-66.3	-14.8	-70.4	30.7	10.2	16141.95

NOTE: HFRI returns are based on monthly HFRI Index data. HFRX indexes are used when HFRI data is not available.  
\*As of most recent month-end data provided by HFRI. Source: FactSet.

# Market Update // *as of November 28, 2022*

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# **Attachment D**



NATIONAL  
ASSOCIATION OF  
ATTORNEYS GENERAL

## **Proposed Budget CY 2023**

**As of 12/6/2022**

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NATIONAL  
ASSOCIATION OF  
ATTORNEYS GENERAL

	NAAG Dues Cal Year 2022	NAAG Dues Cal Year 2023
California, Florida, Georgia, Illinois, New York, Ohio, Pennsylvania, Texas,	\$95,364	\$98,225
Arizona, Massachusetts, Michigan, New Jersey, North Carolina, Virginia, Washington, Tennessee	\$82,837	\$85,322
Alabama, Colorado, Indiana, Maryland, Minnesota, Missouri, South Carolina, Wisconsin	\$70,484	\$72,599
Connecticut, Kentucky, Louisiana, Oklahoma, Oregon, Puerto Rico, Utah	\$57,725	\$59,456
Arkansas, Kansas, Iowa, Mississippi, Nevada, New Mexico, Nebraska	\$47,158	\$48,573
Hawaii, Idaho, Maine, Montana, New Hampshire, Rhode Island, West Virginia	\$34,160	\$35,185
Alaska, Delaware, District of Columbia, North Dakota, South Dakota, Vermont, Wyoming	\$21,329	\$21,969
American Samoa, Guam, Northern Marianas, Virgin Islands	\$12,381	\$12,752
<b>TOTAL 56 States</b>	<b>\$3,161,612</b>	<b>\$3,256,460</b>
Less 4 states: AL, MO, MT, TX		(\$278,607)
<b>TOTAL 52 States</b>		<b>\$2,977,853</b>

**Consolidated Budget- By Funding Source  
FY 2023**

	Core	Grants	NEF/Bosch	Tobacco Center	Mission	Total	Investigative Funds	TEF Grants/Mtg	SAGE	Total bef Elimination	Elimination	Total
<b>REVENUES:</b>												
Dues (all states, 3% increase)	\$ 3,256,460	\$ -	\$ -	\$ -	\$ -	\$ 3,256,460	\$ -	\$ -	\$ 23,000	\$ 3,279,460		\$ 3,279,460
Interest Income - Operating	225,000	-	-	-	-	225,000	-	-	-	225,000		225,000
Administrative Fee Income	577,000	-	-	-	-	577,000	-	-	-	577,000	(355,000)	222,000
Registration Fees	-	-	-	-	-	-	-	-	-	-		0
Contributions/Misc	80,000	210,000	-	-	-	290,000	-	-	-	290,000		290,000
ICR/Miscellaneous	815,000	-	-	-	-	815,000	-	-	-	815,000	(600,000)	215,000
<b>TOTAL REVENUES</b>	<b>4,953,460</b>	<b>210,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,163,460</b>	<b>-</b>	<b>-</b>	<b>23,000</b>	<b>5,186,460</b>	<b>(955,000)</b>	<b>4,231,460</b>
<b>EXPENSES</b>												
<u>Program</u>												
Compensation & Benefits - Programs	2,856,472	25,700	1,526,800	1,074,850	20,000	5,503,822	-	-	-	5,503,822		5,503,822
Conferences and Trainings	-	134,300	538,200	25,000	3,225,000	3,922,500	867,500	195,000	18,000	5,003,000		5,003,000
Consultants/Experts for Programs & Investi	-	-	-	50,000	75,000	125,000	2,078,000	1,000,000	-	3,203,000		3,203,000
Information Technology/Web	-	-	-	-	244,500	244,500	-	-	-	244,500		244,500
<b>Total Program Expenses</b>	<b>2,856,472</b>	<b>160,000</b>	<b>2,065,000</b>	<b>1,149,850</b>	<b>3,564,500</b>	<b>9,795,822</b>	<b>2,945,500</b>	<b>1,195,000</b>	<b>18,000</b>	<b>13,954,322</b>	<b>0</b>	<b>13,709,822</b>
<u>Administration</u>												
Compensation & Benefits - Administration	1,639,178	-	-	-	-	1,639,178	-	-	-	1,639,178		1,639,178
G&A/IT/ICR	445,000	50,000	-	640,000	160,000	1,295,000	355,000	-	5,000	1,655,000	(955,000)	700,000
Information Technology/Web	-	-	-	-	570,500	570,500	-	-	-	570,500		570,500
Rent	-	-	-	60,000	-	60,000	-	-	-	60,000		60,000
<b>Total Administration Expenses</b>	<b>2,084,178</b>	<b>50,000</b>	<b>-</b>	<b>700,000</b>	<b>730,500</b>	<b>3,564,678</b>	<b>355,000</b>	<b>-</b>	<b>5,000</b>	<b>3,924,678</b>	<b>(955,000)</b>	<b>2,969,678</b>
<b>TOTAL EXPENSES</b>	<b>4,940,650</b>	<b>210,000</b>	<b>2,065,000</b>	<b>1,849,850</b>	<b>4,295,000</b>	<b>13,360,500</b>	<b>3,300,500</b>	<b>1,195,000</b>	<b>23,000</b>	<b>17,879,000</b>	<b>(955,000)</b>	<b>16,679,500</b>
<b>NET REVENUES Bef Invest. &amp; Office Space</b>	<b>\$ 12,810</b>	<b>\$ -</b>	<b>\$ (2,065,000)</b>	<b>\$ (1,849,850)</b>	<b>\$ (4,295,000)</b>	<b>\$ (8,197,040)</b>	<b>\$ (3,300,500)</b>	<b>\$ (1,195,000)</b>	<b>\$ -</b>	<b>\$ (12,692,540)</b>	<b>\$ -</b>	<b>\$ (12,448,040)</b>

**National Association of Attorneys General  
CORE Budget  
Proposed Budget CY 2023**

	Actuals CY 2021 12/31/2021	Actuals CY 2022 10/31/2022	Approved CY 2022 Budget	Proposed CY 2023 Budget	Change over Prior Year		
					\$	%	
<b>REVENUES</b>							
Dues	3,062,680	\$ 2,487,304	\$ 3,161,612	\$ 3,256,460	\$ 94,848	3%	3% increase, 56 states
Interest Income	209,412	101,350	225,000	225,000	-	0%	
Administrative Fees	795,068	606,233	655,000	577,000	(78,000)	-12%	based on current projections
Interfund Transfer/Contrib	(257,566)	34,000	50,000	50,000	-	0%	
Miscellaneous	24,598	30,245	30,000	30,000	-	0%	
Indirect Cost Recoveries	814,719	720,690	840,000	815,000	(25,000)	-3%	
<b>TOTAL REVENUES</b>	<b>4,648,911</b>	<b>3,979,822</b>	<b>4,961,612</b>	<b>4,953,460</b>	<b>(8,152)</b>	<b>0%</b>	
<b>EXPENSES</b>							
Compensation, incl OT	3,054,680	2,736,871	3,550,000	3,485,000	(65,000)	-2%	
Benefits	817,799	728,494	1,050,000	1,010,650	(39,350)	-4%	current projections for benefits/includes parking
Travel/Naag Function	35,328	68,244	35,000	150,000	115,000	329%	staff travel to DC/AG visits
Insurance/Prof Fees	200,568	147,612	240,000	220,000	(20,000)	-8%	Commercial Ins/payroll/legal
Rent	230,004	0	-	-	-	0%	
G&A	62,123	65,966	75,000	75,000	-	0%	
<b>TOTAL EXPENSES</b>	<b>4,400,503</b>	<b>3,747,186</b>	<b>4,950,000</b>	<b>4,940,650</b>	<b>(9,350)</b>	<b>0%</b>	
<b>NET REVENUES</b>	<b>\$ 248,409</b>	<b>\$ 232,636</b>	<b>\$ 11,612</b>	<b>\$ 12,810</b>	<b>\$ 1,198</b>		



National Association of Attorneys General

Center for Tobacco and Public Health  
Proposed Budget CY 2023

	Actuals	Approved	Proposed	Change over Prior Year	
	CY 2022 10/31/2022	CY 2022 Budget	CY 2023 Budget	\$	%
<b>REVENUES</b>					
Investments	\$ (10,009,317)				
TEF Grant Reimbursements	73,756				
<b>Total Revenues</b>	<b>(9,935,561)</b>	-	-	-	-
<b>EXPENSES</b>					
Compensation, incl OT	702,611	792,000	830,000	38,000	5%
Benefits	179,245	233,640	244,850	11,210	5%
Prof Develop/Other Travel	2,288	25,000	25,000	-	0%
MSA - Independent Auditor PWC	448,827	500,000	500,000	-	0%
Contractual/Prof Fees	14,879	50,000	50,000	-	0%
Rent	50,000	60,000	60,000	-	0%
G&A	7,755	40,000	40,000	-	0%
<b>Expenses before ICR</b>	<b>1,405,604</b>	<b>1,700,640</b>	<b>1,749,850</b>	<b>49,210</b>	<b>3%</b>
Indirect Cost Recoveries	500,000	600,000	600,000	-	0%
<b>TOTAL EXPENSES after ICR</b>	<b>1,905,604</b>	<b>2,300,640</b>	<b>2,349,850</b>	<b>49,210</b>	<b>2%</b>
		3.2%	3.9%		
<b>Tobacco Grants</b>	850,253	1,000,000	1,000,000	-	0%
<b>Tobacco Meetings</b>	61,548	275,000	195,000	(80,000)	-29%
<b>Total Expenses - TEF</b>	<b>2,817,405</b>	<b>3,575,640</b>	<b>3,544,850</b>	<b>(30,790)</b>	<b>-1%</b>
<b>NET REVENUES/(Draw fr Fund)</b>	<b>\$ (12,752,966)</b>	<b>\$ (3,575,640)</b>	<b>\$ (3,544,850)</b>	<b>\$ 30,790</b>	<b>-1%</b>
<b>Tobacco Enforcement</b>					
<b>Fund Balance</b>	<b>\$ 67,717,056</b>	<b>\$ 72,000,000</b>	<b>\$ 60,000,000</b>		
	18.8%	5.0%	5.9%		

**National Association of Attorneys General  
Mission Foundation  
Proposed Budget CY 2023**

	<u>Actuals</u> CY 2022 10/31/2022	<u>Approved</u> CY 2022 Budget	<u>Proposed</u> CY 2023 Baseline Budget	<u>Proposed</u> CY 2023 6% Spending	<u>Change over</u> <u>Baseline</u> \$
<b>Meeting Expenses, net of fees</b>					
<b>Meetings and Member Services</b>					
AG Events	257,194	560,000	815,000	954,000	139,000
Chief Dep/State Sol/Other	362,097	468,100	345,000	365,000	20,000
Trainings (NAGTRI+online)	1,322,286	1,618,000	1,850,000	2,150,000	300,000
General Member Support (AG Travel, Other)	193,072	230,200	63,000	63,000	-
Management Reviews	-	10,000	30,000	40,000	10,000
EWG	17,522	10,000	25,000	30,000	5,000
Supreme Court Fellows/Moot Courts	80,376	117,000	117,000	117,000	-
<b>TOTAL DIRECT MEMBER SUPPORT EXPENSES</b>	<b>2,232,548 #</b>	<b>3,013,300</b>	<b>3,245,000</b>	<b>3,719,000</b>	<b>474,000</b>
<b>Other Services</b>					
IT Support	539,099	526,100	600,000	700,000	100,000
Communications (Web/Publications)	171,749	180,900	215,000	280,000	65,000
Consultants	27,428	125,000	75,000	100,000	25,000
Professional and Partnership Development/IA	8,647	110,000	50,000	75,000	25,000
Strategic Plan	-	0	40,000	50,000	10,000
Management and General	286,878	73,500	70,000	80,000	10,000
<b>Total Other Expenses</b>	<b>1,033,800</b>	<b>1,015,500</b>	<b>1,050,000</b>	<b>1,285,000</b>	<b>235,000</b>
<b>Net Expenses before</b>					
<b>Office Space and Investments</b>	<b>3,266,349</b>	<b>4,028,800</b>	<b>4,295,000</b>	<b>5,004,000</b>	<b>709,000</b>
Investment Income and Gain/Loss	(14,697,062)				-
Office space Expenses, Rent, net	(1,021,334)	(1,000,000)	(1,000,000)	(1,000,000)	-
<b>TOTAL EXPENSES, Net</b>	<b>\$18,984,745</b>	<b>\$5,028,800</b>	<b>\$5,295,000</b>	<b>\$6,004,000</b>	<b>\$266,200</b>
<b>Net Asset Balance excluding Fixed Assets</b>					
<b>Average</b>	<b>\$82,492,940</b>	<b>\$82,492,940</b>	<b>\$84,552,936</b>	<b>\$84,552,936</b>	
Spending Policy Budget Total (5%)	4,124,647	4,124,647	4,227,647	5,073,176	
less: Total Proposed Expenditures	(3,266,349)	(4,028,800)	(4,295,000)	(5,004,000)	
Avail. Balance per Spending Policy	858,298	95,847	(67,353)	69,176	
<i>* based upon prior 36 month balances</i>	<b>4%</b>	<b>5%</b>	<b>5%</b>	<b>6%</b>	

# Attachment E

**Approved**  
(November 29, 2018)

**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 -and advanced in a manner that will alternate the officers so that no one party has successive terms as President of the Association officers shall alternate

~~annually between the political parties from a different Regional Conference as defined in Article IX of this Constitution and Bylaws.~~

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~~Regional Conferences~~ 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~~Regional Conference~~ 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 ~~with the exception of officers elected at the 2018 Summer Meeting whose term shall be from adjournment of that meeting through 31 December 2019 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 rotate~~ alternate annually so that no political party has consecutive presidential terms.

(B) (1) ~~On all committees having an even number of members, the President shall chair the Executive Committee and shall appoint one-half of the members comprising the membership of these 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 these 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 as well as 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. The President may have a Presidential Initiative and convene a conference on that subject.~~

(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) ~~In addition, the President may appoint a bipartisan Strategic Planning Committee every five years with the advice and consent of the President-Elect and subject to confirmation by the Executive Committee. The Strategic Planning Committee that will be~~

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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 that who~~ is still a member.

## ARTICLE V

### The Executive Committee

Section 1. Membership: The Executive Committee shall be composed of ~~thirteen~~~~twelve~~ members: the President, President-Elect, Vice President, and Immediate Past President of the Association; the Chair of the ~~NAAG Mission Foundation Board of Directors Finance Committee~~; ~~five~~~~four~~ members appointed by the President-Elect ~~the four regional Chairs as defined by Article IX of this Constitution and Bylaws~~; and ~~four~~~~three~~ additional members appointed by the President, ~~at least one of whom shall be of a political party other than 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, ~~or solely~~ 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 and confirmed by 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 with consideration being given to ensuring~~ the Co-Chairs ~~shall be from~~ are 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 ~~headed including by a single chair. -The Chair of the Finance Committee shall not be off from the same 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 ~~less-fewer~~ than 36 of the members signed on are no longer in office.

## ~~ARTICLE IX~~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, ~~and each regional Chair or their designee shall become a member of the Executive Committee of the Association for the~~

~~ensuing term. The regional Vice Chair shall succeed to and complete the term of office of the regional Chair in the event that the Chair shall resign or otherwise be unable to serve and the new Chair shall appoint a Vice Chair to fill the remainder of the term.~~ 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 ~~XIX~~**

### **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~~ ~~July 2017~~ and remain in effect until amended or rescinded in accordance with Article X.

# 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 Austin Knudsen  
Montana Office of the Attorney General  
P.O. Box 201401  
215 North Sanders  
Helena, MT 59620

*Sent electronically*

Attorney General Knudsen:

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](mailto:astempson@naag.org) or Theresia Heller at [theller@naag.org](mailto:theller@naag.org).

Very respectfully,

A handwritten signature in cursive script that reads "Christopher Toth".

Chris Toth  
NAAG Executive Director