October 24, 2007

All Members of the
United States Senate
Washington, D.C. 20510

Re: Senate Bill 1027, the “Prevent All Cigarette Trafficking Act of 2007” (PACT Act)

Dear Senators:

We, the undersigned Attorneys General, write to express our strong support for Senate Bill 1027, the “Prevent All Cigarette Trafficking Act of 2007” (PACT Act), currently pending in the Senate. We applaud congressional efforts to address the growing problems of cigarette smuggling, tax evasion, youth access to tobacco products and cigarette trafficking known to fund terrorist activities and we respectfully request that you pass the PACT Act, a comprehensive bill that corrects these significant issues.

Virtually all online tobacco retailers engage in illegal sales for at least one of the following reasons: (1) they make no effort to verify the age of their customers, as required by state and local laws; (2) they do not report shipments of cigarettes to the tobacco tax administrator of the state into which such shipments are made as required by 15 U.S.C. § 375 et seq. (“the Jenkins Act”); (3) they violate laws in certain states specifically regulating and/or prohibiting the shipment of tobacco products directly to individual consumers; (4) they violate state tax laws; and/or (5) they utilize the Internet and the mail to complete illegal tobacco transactions, in violation of federal wire fraud and mail fraud statutes.

In order to curtail online sales of illegal tobacco products, the PACT Act would:

- Amend the Jenkins Act to require all Internet sellers that sell or deliver into a state to comply with all state laws relating to the collection of state and local taxes on cigarettes and smokeless tobacco products, just as if they were physically located within the state.

- Increase violations of Jenkins from misdemeanor to felony.
• Allow State Attorneys General to compile lists of non-compliant sellers, report them to the U.S. Attorney General who distributes the list to common carriers to block the delivery of illegal tobacco products.

• Require Internet and other remote sellers to use a method of delivery that requires the person accepting delivery to verify that they are old enough to purchase tobacco and then sign for the delivery.

• Make tobacco products “non-mailable matter” for the United States Postal Service (USPS), a much needed change as the USPS now delivers nearly all illegal tobacco products.

• Give the Bureau of Alcohol, Tobacco, Firearms and Explosives (BATFE) inspection authority for distributors of cigarettes and create a penalty for distributors that refuse to comply.

• Make it a felony to sell or cause to be delivered products of a tobacco manufacturer not in compliance with the Model Statute or Qualifying Statute in Master Settlement Agreement states.

The tools contained in this legislation would significantly strengthen the ability of law enforcement, at both the state and federal levels, to put an end to organized criminal operations that evade taxes, put illegal tobacco products in the stream of commerce and in the hands of children, and has been linked to funding terrorists.

We thank the co-sponsors, Senators Kohl, Specter, Leahy, Kyl, Schumer and Collins for their efforts on behalf of S. 1027 and we join together to urge Congress to enact this important legislation.

Terry Goddard
Attorney General of Arizona
NAAG Tobacco Committee Co-Chair

Rob McKenna
Attorney General of Washington
NAAG Tobacco Committee Co-Chair

Troy King
Attorney General of Alabama

Talis J. Colberg
Attorney General of Alaska
Dustin McDaniel
Attorney General of Arkansas

Edmund Gerald Brown Jr.
Attorney General of California

John Suthers
Attorney General of Colorado

Richard Blumenthal
Attorney General of Connecticut

Joseph R. “Beau” Biden III
Attorney General of Delaware

Linda Singer
Attorney General of District of Columbia

Bill McCollum
Attorney General of Florida

Thurbert Baker
Attorney General of Georgia

Alicia G. Limtiaco
Attorney General of Guam

Mark J. Bennett
Attorney General of Hawaii

Lawrence Wasden
Attorney General of Idaho

Lisa Madigan
Attorney General of Illinois
<table>
<thead>
<tr>
<th>State</th>
<th>Attorney General</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indiana</td>
<td>Steve Carter</td>
</tr>
<tr>
<td>Iowa</td>
<td>Tom Miller</td>
</tr>
<tr>
<td>Kansas</td>
<td>Paul Morrison</td>
</tr>
<tr>
<td>Kentucky</td>
<td>Gregory D. Stumbo</td>
</tr>
<tr>
<td>Louisiana</td>
<td>Charles C. Foti Jr.</td>
</tr>
<tr>
<td>Maine</td>
<td>G. Steven Rowe</td>
</tr>
<tr>
<td>Maryland</td>
<td>Douglas F. Gansler</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>Martha Coakley</td>
</tr>
<tr>
<td>Michigan</td>
<td>Mike Cox</td>
</tr>
<tr>
<td>Minnesota</td>
<td>Lori Swanson</td>
</tr>
<tr>
<td>Mississippi</td>
<td>Jim Hood</td>
</tr>
<tr>
<td>Missouri</td>
<td>Jeremiah W. Nixon</td>
</tr>
</tbody>
</table>
Tom Corbett  
Attorney General of Pennsylvania

Patrick Lynch  
Attorney General of Rhode Island

Henry McMaster  
Attorney General of South Carolina

Lawrence Long  
Attorney General of South Dakota

Robert E. Cooper Jr.  
Attorney General of Tennessee

Mark Shurtleff  
Attorney General of Utah

William H. Sorrell  
Attorney General of Vermont

Vincent Frazer  
Attorney General of Virgin Islands

Bob McDonnell  
Attorney General of Virginia

Attorney General of West Virginia

Bruce Salzburg  
Attorney General of Wyoming