



TOBACCO MASTER SETTLEMENT AGREEMENT

Consumer Alert

Citizens are contacting the state asking how to sign up to receive a share of the Tobacco Master Settlement Agreement (Tobacco MSA). Any advertising suggesting that you can sign up and directly receive Tobacco MSA settlement money is false: only states, not individuals, receive MSA payments.

Many of the inquiries about this appear to be coming from online material. The promotional materials misleadingly suggest that individuals can access money from the Tobacco MSA—whether they smoked or not.

This Alert gives you information on how to spot and stop this Tobacco MSA scam.



The Tobacco Master Settlement Agreement (Tobacco MSA)

About twenty years ago, the big tobacco companies signed an agreement with all of the state Attorneys General to settle lawsuits that states had filed to limit tobacco advertising and to recoup tobacco-related health care costs.

According to the terms of the agreement, settlement monies are paid directly to the states (and five U.S. territories). But there is no settlement fund that will give individuals money. The settlement with the tobacco industry does not prevent individuals from filing lawsuits on their own behalf.

The Hook

The advertising promotes an investment opportunity, but that detail is only briefly noted after you are thinking about lottery-like payments.

Most states have borrowed against the anticipated revenue from future Tobacco MSA payments, so there are many municipal tobacco settlement bonds you can buy. When you buy a municipal tobacco settlement bond, you are lending money to the state and in return you receive tax-free municipal bond interest that is backed by the perpetual cash flow from the tobacco settlement payments.

The goal of one promoter is to get consumers to purchase a newsletter subscription describing how to access the Tobacco MSA money (\$4.95 for the first month and then \$99 for a one-year subscription). Some Better Business Bureau reports suggest that once a consumer provides credit card information for a subscription, it is difficult to cancel.

Dana Nessel
Attorney General





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SPOT IT: Signs of a scam

- Claim a tax-free portion of the Tobacco MSA.
- Payments guaranteed by the government.
- Payments too good to be true.
- All you need to do is sign up.
- Smokers and non-smokers are eligible.
- Investments or opportunities that are difficult to understand.

STOP IT: How to avoid being scammed

- Don't expect something for nothing.
- Remember that Tobacco MSA money is paid to the states, not individuals.
- Read the fine print.
- *Purchasing* bonds backed by Tobacco MSA payments to the states is not the same as *receiving* settlement funds.
- Beware of low cost "first month" subscription fees that may lock you into costly, annual subscription fees that are difficult to cancel.
- Consult a trustworthy financial expert before making any investment.

Report Fraud:

If you have been the victim of a Tobacco MSA scam, or if you would like to file a complaint, please contact the Michigan Department of Attorney General:

Consumer Protection Division
P.O. Box 30213
Lansing, MI 48909
517-335-7599
Fax: 517-241-3771
Toll free: 877-765-8388
[Online complaint form](#)



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