

North Dakota

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Panel with N.D. in tobacco suit

By JAMES MacPHERSON
Associated Press

BISMARCK, N.D. (AP) — An arbitration panel has sided with North Dakota in a dispute over payments from a 1998 multistate settlement with tobacco companies, ending a decade-long legal fight, Attorney General Wayne Stenehjem said Thursday.

Tobacco companies had withheld \$2.6 million from North Dakota's 2003 annual payment, saying the state did not "diligently enforce" provisions of the 1998 deal. The settlement requires states to collect escrow payments on cigarette sales by tobacco companies that did not join the agreement.

The three-member arbitration panel ruled Wednesday that North Dakota enforced the provision as required.

Thirty other states have been involved in similar disputes.

Stenehjem said 16 have settled, eight have received favorable arbitration decisions and six unfavorable decisions.

The state Supreme Court in 2007 ruled that the dispute should be handled by an arbitration panel, not the courts. Stenehjem said attorneys from his office have been working on the case for 10 years.

"This is a big victory for us," Stenehjem said. "It's been a very time-consuming process."

The 1998 settlement resolved state legal claims over tobacco marketing and the cost of treating tobacco-related health problems. The tobacco companies that took part agreed to pay more than \$200 billion to the states over 25 years.

North Dakota has received nearly \$339 million in payments since 1999, Stenehjem said. North Dakota divides the money among funds that benefit educa-

tion, water projects and state and local health initiatives. The panel's decision means North Dakota's 2003 payment of \$23 million is no longer in question, though tobacco companies can still launch challenges for other years, Stenehjem said.

"With the solid victory we received from the panel, it's far less likely for tobacco companies to claim that we weren't diligently enforcing provisions of the agreement for other years," Stenehjem said.

North Dakota's arbitration trial was held in Chicago last October. The decision by the panel, comprised of retired federal judges, cannot be appealed.

Stenehjem said he expects the \$2.6 million withheld by tobacco companies to be sent to North Dakota immediately.

"I'm hoping the check is already in the mail," Stenehjem said.

