


ARNOLD & PORTER

**Privileged and Confidential
Attorney-Client Communication**

Memorandum

To: Amy Rothstein
From: Marti Cochran 
Jeff Richman
Date: April 27, 1999
Re: **Draft Model State Statutes for Expenditure of Funds Received under the Master Settlement Agreement for Effective Youth Smoking Prevention Program**

Enclosed are three versions of a draft statute to provide grant money for youth smoking prevention programs. The drafts are designed to capture moneys received by a state under the Master Settlement Agreement and to target those funds for effective youth smoking prevention programs.

We have attempted to address the written suggestions we received in the fax from Issues Management as well as the suggestions made in the conference call last week. In the call, we were asked to prepare two different options for structuring the governance of the grant program. We also have added a third option, discussed further below.

Under Version 1, a Youth Smoking Prevention Commission would administer the program in conjunction with an existing state department. While the Commission would be located in the department for administrative purposes, this version provides the Commission with control over the grant program. It also permits the Commission to use department staff (in addition to hiring its own Executive Director), thereby limiting the

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need to use monies from the Youth Smoking Prevention Fund to hire additional personnel. In the states like Florida and New York, which constitutionally limit the number of permissible state agencies, this type of structure may be compatible with those limitations.

Version 2 would create an independent Commission, essentially having the status of separate state agency or corporation, with all of the authority necessary to administer the program, including the hiring of all necessary staff. This option could create significant legal issues in those states that already have reached their constitutional limits on the number of permissible agencies.

Version 3 delegates responsibility for administering the program to an existing state agency. This option would not create any issue regarding the number of state agencies.

We look forward to talking with you after you have had an opportunity to review these drafts.

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