

Dept. of Justice: Wisconsin DOJ and 32 other states finalize \$435 million agreement with JUUL labs

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MADISON, Wis. – The Wisconsin Department of Justice announced today that it and 32 other states and territories finalized a \$435 million agreement with JUUL Labs, resolving a two-year bipartisan investigation into the e-cigarette manufacturer's marketing and sales practices. Wisconsin's allocated share of the agreement is more than \$14.7 million. In addition to the financial terms, the settlement would force JUUL to comply with a series of strict terms severely limiting their marketing and sales practices.

"This agreement is the result of a bipartisan effort to hold JUUL accountable for marketing e-cigarettes to young people," said Attorney General Josh Kaul. "We must continue working to keep kids safe from e-cigarettes."

"We applaud the efforts of the Wisconsin DOJ in reaching this settlement that will prevent JUUL from engaging in further deceptive marketing practices that target youth," said Wisconsin Department of Health Services Secretary-designee Karen Timberlake. "Preventing the exposure of Wisconsin's children and young adults to harmful nicotine products reduces their chance of developing addiction and other nicotine-related health risks. This is a win for Wisconsin families as we work to protect the health and safety of the youth in our state and across the nation."

JUUL was, until recently, the dominant player in the vaping market. The multistate investigation revealed that JUUL rose to this position by willfully engaging in an advertising campaign that appealed to youth, even though its e-cigarettes are both illegal for them to purchase and are unhealthy for youth to use. The investigation found that JUUL relentlessly marketed to underage users with launch parties,

advertisements using young and trendy-looking models, social media posts and free samples. It marketed a technology-focused, sleek design that could be easily concealed and sold its product in flavors known to be attractive to underage users. JUUL also manipulated the chemical composition of its product to make the vapor less harsh on the throats of the young and inexperienced users. To preserve its young customer base, JUUL relied on age verification techniques that it knew were ineffective.

The investigation further revealed that JUUL's original packaging was misleading in that it did not clearly disclose that it contained nicotine and later packaging implied that it contained a lower concentration of nicotine than it actually did. Consumers were also misled to believe that consuming one JUUL pod was the equivalent of smoking one pack of combustible cigarettes. The company also misrepresented that its product was a smoking cessation device without FDA approval to make such claims.

The \$435 million will be paid out over a period of six to ten years, with the amounts paid increasing the longer the company takes to make the payments. If JUUL chooses to extend the payment period up to ten years, the final settlement would reach \$472.6 million.

As part of the settlement, JUUL has agreed to refrain from:

- Youth marketing
- Funding education programs
- Depicting persons under age 35 in any marketing
- Use of cartoons
- Paid product placement
- Sale of brand name merchandise
- Sale of flavors not approved by FDA
- Allowing access to websites without age verification on landing page
- Representations about nicotine not approved by FDA
- Misleading representations about nicotine content
- Sponsorships/naming rights
- Advertising in outlets unless 85 percent audience is adult
- Advertising on billboards
- Public transportation advertising
- Social media advertising (other than testimonials by individuals over the age of 35, with no health claims)

- Use of paid influencers
- Direct-to-consumer ads unless age-verified, and
- Free samples.

The agreement also includes sales and distribution restrictions, including where the product may be displayed/accessed in stores, online sales limits, retail sales limits, age verification on all sales, and a retail compliance check protocol.

Joining Wisconsin in signing the agreement are the states of Alabama, Arkansas, Connecticut, Delaware, Georgia, Hawaii, Idaho, Indiana, Kansas, Kentucky, Maryland, Mississippi, Missouri, Montana, North Dakota, Nebraska, New Hampshire, New Jersey, Nevada, Ohio, Oklahoma, Oregon, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Vermont, and Wyoming.

For information on consumer protection and deceptive practices in Wisconsin or to file a complaint, contact the Wisconsin Department of Agriculture, Trade and Consumer Protection's Consumer Protection Hotline toll-free at (800) 422-7128 or visit DATCP's website at datcp.wi.gov.

This resolution does not relate to a civil action filed by the State of Wisconsin. The requirements of 2017 Wis. Act 369 do not apply.