



STATE OF NEVADA  
OFFICE OF THE ATTORNEY GENERAL

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**VIA EMAIL ONLY**

Dear Tobacco Manufacturer:

The State of Nevada's Annual Certificate of Compliance is due on or before April 30, 2016. This Office has updated the State's annual form for the 2016 reporting period. The forms for Non-Participating Manufacturers (NPMs) may be downloaded from the Nevada Attorney General's website.<sup>1</sup>

Nevada law requires all NPMs to file quarterly certificates of compliance and make quarterly escrow deposits. Quarterly escrow payments must be made on all cigarettes and cigarette RYO sold in the State of Nevada, including those sold on tribal land. Please be aware that beginning with sales year 2016, there is now a new, separate form to be used if an NPM needs to make an escrow amendment following an escrow deposit. This new form can be found on our website under "**Nonparticipating Manufacturer Quarterly Certificate of Compliance Amendment.**"

Also beginning in sales year 2016 after quarterly certifications have been received and reviewed by our Office, NPMs will be notified via letter and email only in the event that escrow is due.

As a reminder, tobacco manufacturers are required to comply with the federal Prevent All Cigarette Trafficking (PACT) Act. Inclusion in the 2016 Nevada Tobacco Directory will not be approved for Manufacturers that are delinquent in their PACT Act reporting to this State. In addition, the following updates have been made to PACT Act reporting:

- All PACT Act reports should be typed (not handwritten) and emailed to the Nevada Office of the Attorney General ([tobaccoenforcement@ag.nv.gov](mailto:tobaccoenforcement@ag.nv.gov)) as well as the Nevada Department of Taxation ([taxation-adminMSA@tax.state.nv.us](mailto:taxation-adminMSA@tax.state.nv.us)). These two state agencies will no longer be accepting mailed PACT Act reports.
- All PACT Act reports should include the cover sheet found on the Nevada Office of the Attorney General's website
- All PACT Act reports should be filed by the 10<sup>th</sup> day of the month

<sup>1</sup> [http://ag.nv.gov/Hot\\_Topics/Issue/Tobacco/](http://ag.nv.gov/Hot_Topics/Issue/Tobacco/)

- **Please be advised that both the Office of the Nevada Attorney General and the Department of Taxation expect monthly PACT Act submissions, even if there were zero cigarettes shipped into the State for that month.**

Failure to comply with reporting requirements can result in civil penalties.

Finally, the qualified escrow fund established by an NPM is governed under state law. Nevada law requires the principal funds deposited in a qualified escrow fund for Units Sold within the State to be maintained for the benefit of releasing parties and prohibits the NPM from “using, having access to or directing the use of the principal” except as consistent with NRS 370A.150. NRS 370A.090. Nevada law also requires that a NPM maintain an executed escrow agreement that has been reviewed and approved by the Attorney General. NRS 370.665(3)(b)(2). The banks, as escrow agents, are required to provide “evidence or verification as may be deemed necessary” to confirm the activity in the qualified escrow fund account. NRS 370.665(3)(f).

The Model Escrow Agreement currently in use by NPMs and their escrow agents must be replaced with the Revised Model Escrow Agreement. The Model Escrow Agreement was revised, in part, to clarify the valuation standards for invested escrow principal and the limitations on investment vehicles for escrow principal to maintain the qualified escrow fund in full compliance with Nevada law. Other revisions include changes regarding information required for account statements. The Revised Model Escrow Agreement will be required to replace the current Escrow Agreement as part of the 2016 Certification Application.

The Revised Model Escrow Agreement is enclosed for your convenience and can be found on the Nevada Attorney General’s website.<sup>2</sup>

If you have any questions, please do not hesitate to contact our Office.

Sincerely,

ADAM PAUL LAXALT  
Attorney General

By:   
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