



ROY COOPER  
ATTORNEY GENERAL

## State of North Carolina

Department of Justice  
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REPLY TO: Richard L. Harrison  
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December 29, 2014

Ray Starling, General Counsel  
The Honorable Thom Tillis, Speaker of the House  
North Carolina House of Representatives  
16 W. Jones Street, Room 2305  
Raleigh, North Carolina 27601

Andrew Tripp, General Counsel  
The Honorable Phil Berger, President Pro Tempore  
North Carolina Senate  
16 W. Jones Street, Staff Room 2005 LB  
Raleigh, North Carolina 27601

Bob Stephens, Legal Counsel  
Office of the Governor  
20301 Mail Service Center  
Raleigh, North Carolina 27699-0301

RE: N.C. to receive escrow funds from federal criminal tobacco case  
U.S. vs. Belcorp Tobacco, Inc., et al, USDC, Western Dist. of Virginia

Dear Sirs:

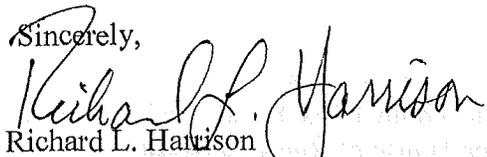
North Carolina, along with ten other states, has resolved a dispute with the U.S. government in a federal criminal case involving the owner of Belcorp Tobacco, Inc., a Florida based nonparticipating tobacco manufacturer which sold cigarettes in North Carolina for many years. The company's owner and others pled guilty in federal court to conspiracy to violate the Contraband Cigarette Trafficking Act, commit fraud, wire fraud, mail fraud and other crimes related to illegal cigarette sales and are now serving time in federal prison.

Under an order of forfeiture in the case, the federal government seized millions of dollars held in escrow for the sale of cigarettes in N.C. and other states and froze other accounts holding escrow funds held for the benefit of the states. This Office, along with other states' AG offices, petitioned the Federal District Court in the Western District of Virginia objecting to the seizure of

escrow funds deposited for legal cigarette sales unrelated to the committed crimes. The states argued that some actions taken by the government were contrary to federal law and grossly exceeded the government's authority in the forfeiture action.

This Office has now reached a settlement with the federal government whereby North Carolina will receive approximately \$2,194,000 which had been set aside by Belcorp for the benefit of this State pursuant to our escrow statutes. The funds should be received by the State in the coming months and once available, per N.C. General Statute §143C-9-3, be deposited into the Special Reserve Fund and be included in General Fund availability as nontax revenue.

I will keep you informed as funds become available.

Sincerely,  
  
Richard L. Harrison  
Special Deputy Attorney General

Cc: Grayson G. Kelley, Chief Deputy Attorney General