



# THE COMMONWEALTH OF MASSACHUSETTS OFFICE OF THE ATTORNEY GENERAL

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## Payment made to the National Association of Attorneys General pursuant to the 2021 McKinsey & Company, Inc. United States Settlements with States

### Instructions and Restrictions

**General Information:** On February 4, 2021, 47 states, the District of Columbia, and 5 territories<sup>1</sup> entered into settlements with McKinsey & Company, Inc. United States (McKinsey), resolving complaints alleging violations of state consumer protection and unfair trade practice laws concerning its role in the opioid crisis. Pursuant to those settlements, the National Association of Attorneys General (NAAG) shall be paid \$15,000,000 not later than 60 days after the Effective Date as defined in the settlement documents. The relevant language in section V, titled “*Payment*,” paragraph 1, is as follows:

*McKinsey shall pay the \$15,000,000 balance of the Settlement Amount to the National Association of Attorneys General (“NAAG Fund”). The NAAG Fund shall be used: first, to reimburse NAAG for the costs and expenses of the States’ opioid investigations in the amount of \$7,000,000 and second to reimburse participating states for documented costs and expenses associated with the investigation of McKinsey submitted by or before March 1, 2021, subject to reasonable parameters to be set by NAAG. The remaining balance of the NAAG Fund shall be used to fund the establishment of an online repository of opioid industry documents for the benefit of the public.*

To effectuate the payment, McKinsey will wire NAAG the funds to an account to be designated by NAAG. Initially, NAAG will place the entire \$15,000,000 (“the McKinsey Payment”) in the NAAG Financial Services Fund (“FS Fund”). While the McKinsey Payment will be separately accounted for and subject to restrictions on its use as outlined in this document, the McKinsey Payment will be invested with other monies in the FS Fund and be considered part of the FS Fund. All activity related to the FS Fund generally and the McKinsey Payment specifically shall be subjected to audits conducted as part of the NAAG annual auditing procedures, including accounting related to these specific funds in question.

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<sup>1</sup> The term *States* includes: Alabama, Alaska, American Samoa, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Guam, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Northern Mariana Islands, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virgin Islands, Virginia, Wisconsin, Wyoming.

**Timing:** Immediately upon receipt of the McKinsey Payment, NAAG will pay the reimbursement described in paragraph (1) below by releasing \$7M of the McKinsey Payment into the general portion of the FS Fund. NAAG will pay the reimbursements described in paragraph (2) below when all necessary documentation and information is received. NAAG will make periodic payments for the document repository described in paragraph (3) below as all necessary documentation and information is received.

**(1) Reimburse NAAG for the costs and expenses of the States' opioid investigations in the amount of \$7,000,000:** The FS Fund has awarded six different grants concerning the investigation and litigation of matters related to opioids. These grants are referred to as Opioids 1 through 6. The \$7,000,000 will be used to reimburse the NAAG FS Fund as follows:

- \$1,400,000 as a reimbursement of the Opioids 1 grant
- \$1,000,000 as a reimbursement of the Opioids 2 grant
- \$500,000 as a reimbursement of the Opioids 3 grant
- \$2,473,651 as a reimbursement of the Opioids 4 grant
- \$1,150,000 as a reimbursement of the Opioids 5 grant
- \$ 476,349 as a reimbursement of the Opioids 6 grant

Any grants that are reimbursed in full will be closed-out unless a grant recipient of a specific grant makes a request to NAAG to keep the grant open, including in the request the reasoning for doing so.

**(2) Reimburse participating states for documented costs and expenses associated with the investigation of McKinsey:** The Massachusetts Attorney General's Office, on behalf of the attorneys general participating in this multistate, shall appoint a point-of-contact to review and approve requests for reimbursement for documented costs and expenses associated with the investigation of McKinsey. The requests must conform to commonly accepted accounting principles and reasonable NAAG requirements (to be provided to the point-of-contact). Participating states must submit requests for reimbursement to the point of contact by or before March 1, 2021, together with supporting documentation and wiring instructions. Promptly thereafter, the point of contact shall provide the NAAG Finance Department ([finance@naag.org](mailto:finance@naag.org)) with a full and complete list of approved requests, together with related documentation and payment instructions. NAAG will pay the reimbursements in a reasonable timeframe thereafter.

**(3) Remaining balance of the NAAG Fund shall be used to fund the establishment of an online repository of opioid industry documents for the benefit of the public:** After NAAG fulfills its duties in regard to paragraphs (1) and (2) above, the remaining balance of the McKinsey Payment shall be restricted to establish and pay for an online repository of opioid industry documents to benefit the public ("repository funds"). NAAG will pay for the costs of this repository as reasonably directed by the Massachusetts Attorney General's Office, which shall serve as the states' initial point of contact for the repository funds. The Massachusetts Attorney General's Office (and any successor point of contact) shall provide NAAG with documentation and information supporting the request for payment(s). All payment and reimbursement requests shall conform to commonly accepted accounting principles and instructions supplied by NAAG. Once all necessary documentation and information is received, NAAG will make the payments/reimbursements in a reasonable timeframe. NAAG understands that these payment requests will be made periodically. Once the repository funds are depleted, NAAG will not have continuing payment obligations with respect to maintenance of the repository. Nothing in this document precludes the establishment of a separate Document Repository Fund should it become advisable.

**Resolution of Issues:** If any issues arise in regard to these funds, or the instructions and restrictions placed thereon, NAAG will work with the relevant attorneys general offices and consult with the FS Fund Committee to resolve those issues.

**Signatures:**

Signed this 24th day of February, 2021.



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