



State of North Carolina

ROY COOPER
ATTORNEY GENERAL

Department of Justice
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July 28, 2004

North Carolina Senate President *Pro Tempore* Marc Basnight
North Carolina House of Representatives Speaker James Black
North Carolina House of Representatives Speaker Richard T. Morgan
Co-Chairs, Joint Legislative Commission on Governmental Affairs

Senator Scott Thomas
Representative Joe R. Kiser
Representative R. Phillip Haire
Co-Chairs, Appropriations Subcommittees on Justice and Public Safety

North Carolina General Assembly
Raleigh, North Carolina 27601-1096

RE: N.C.G.S. § 114-2.5; Report of Court Orders in Favor of the State
State of New York, et al. v. Salton, Inc.

Gentlemen:

N.C.G.S. § 114-2.5 requires that not less than thirty (30) days prior to disbursement of funds received by the State or State agency pursuant to a settlement agreement or final orders of judgment of the case where the amount of funds exceed \$75,000, the Attorney General shall report to the Joint Committee on Governmental Operations and the Chairs of the Appropriations Subcommittees on Justice and Public Safety on the payments received by the State. Pursuant to that statute, I am writing to report as follows:

On Sept. 2, 2002, North Carolina, 43 other states, Puerto Rico and the District of Columbia entered into a \$8.2 million court-approved national settlement with housewares manufacturer Salton, Inc. to resolve allegations that: 1) Salton entered into agreements with retailers to fix the resale price at which they sold Salton Contact Grills; and 2) Salton entered into agreements with retailers, or otherwise engaged in anti-competitive conduct, that resulted in retailers declining to sell grills made by other manufacturers.

On May 30, 2003, the U.S. District Court for the Southern District of New York entered an order granting final approval of the settlement. Under the settlement, Salton will pay \$8

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million in damages, and \$200,000 in investigative and notice costs. On March 10, 2004, North Carolina filed its Proposed Cash Distribution Plan with the Court, which was approved by the Court on 10 May 2004. A copy of the plan is enclosed. North Carolina received \$226,266.00 as its portion of *cy pres* funds to be distributed in accordance with the court-approved plan. In addition, North Carolina received \$2,500.00 as reimbursement of its attorneys fees and investigative costs.

We will be happy to respond to any questions you may have regarding this report. Please feel free to contact me at (919) 716-0042. With warm regards, I am

Very truly yours,

Julia White
Chief of Staff

JW/dlm

Enclosure

cc: Nels Roseland, Chief Fiscal Officer, NC DOJ
Jim Johnson, Director of Fiscal Research, NCGA
Chloe Gossage, Fiscal Research, NCGA