



March 9, 2015

James McPherson
Executive Director
National Association of Attorneys General
2030 M Street, NW
Eighth Floor
Washington, DC 20036

Dear Mr. McPherson:

We are writing on behalf of the Society of Independent Gasoline Markets of America (SIGMA) and the National Association of Convenience Stores (NACS). We are aware of the correspondence the National Association of Attorneys General sent to the major oil companies on February 10, 2015, regarding the sale of synthetic drugs ("bath salts") at branded gas stations and convenience stores. First and foremost, we want to assure you that SIGMA and NACS members are eager to cooperate with law enforcement to ensure compliance with all state and federal laws pertaining to synthetic drugs. Second, we would like to clarify certain aspects of our business operations and relationships.

SIGMA and NACS represent fuel marketers and retailers across the United States and Canada. Some of our members market fuels under the trademarks of the major oil companies. Our branded members are licensed by the owners of those marks (frequently major integrated oil companies) to use their brand names. Some of our members also serve as sub-licensors of those brand names to other, independent sub-licensees.

In our industry, use of a brand name does not signify ownership or control of a retail outlet by a brand licensor or sub-licensor. With very few exceptions, the owners and occupants of retail locations are independent business persons over whom the licensors have no control. In fact, our licensor-licensee relationships have been carefully designed and structured to avoid any confusion about the fact that individual retail outlets, licensed to employ a brand name, are independent businesses. Today, the integrated oil companies own and operate fewer than 3% of retail outlets in the United States.

Notwithstanding the above, it is almost always the policy of brand licensors and sub-licensors to condition continued use of the brand name on a retailer's compliance with all applicable laws and regulations. Thus, it is in the interest of our industry and all of our members to sell lawful products in a lawful manner. SIGMA and NACS members share your concerns about the dangers of synthetic drugs and have no interest in promoting their distribution or use.

We would be happy to sit down with representatives from your organization to discuss specific ways in which fuel marketers and retailers can help accomplish our mutual objectives.

Sincerely,

Handwritten signature of R. Timothy Columbus in black ink.

R. Timothy Columbus
Counsel
Society of Independent Gasoline Marketers of America

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Handwritten signature of Lyle Beckwith in black ink.

Lyle Beckwith
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