

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION
OFFICE OF ADMINISTRATIVE LAW JUDGES



In the Matter of

Altria Group, Inc.
a corporation;

And

JUUL Labs, Inc.
a corporation.

Docket No. 9393

ANSWER AND DEFENSES
OF RESPONDENT JUUL LABS, INC.

Pursuant to Rule 3.12 of the Federal Trade Commission’s (“FTC” or the “Commission”) Rules of Practice for Adjudicative Proceedings (the “Rules”), Respondent Juul Labs, Inc. (“JLI”), by and through its undersigned counsel, hereby files the following answer to the Commission’s Administrative Complaint (the “Complaint”). All allegations not expressly admitted herein are denied. JLI does not interpret the headings and sub-headings throughout the Complaint as well-pleaded allegations to which any response is required. To the extent such a response is required, JLI denies all allegations in the headings and sub-headings of the Complaint. Use of certain terms or phrases defined in the Complaint is not an acknowledgment or admission of any characterization the Commission may ascribe to the defined terms. Unless otherwise defined, capitalized terms shall refer to the capitalized terms defined in the Complaint, but any such use is not an acknowledgment or admission of any characterization the Commission may ascribe to the capitalized terms. JLI does not concede the truthfulness of sources quoted or referenced in the Complaint. To the extent that a response is required and unless otherwise indicated, JLI denies all

allegations of sources quoted in or referenced in the Complaint. JLI additionally denies that the Commission is entitled to any of the relief sought in the Notice of Contemplated Relief on page 16 of the Complaint. JLI reserves the right to amend and/or supplement this Answer at a later stage of the proceedings as permitted by the Rules.

INTRODUCTION

As of late 2018, JLI was a relatively small and young company with popular e-vapor products and a mission of providing existing adult smokers an alternative to combustible cigarettes. Although its products were fairly well known and achieving some commercial success, JLI faced numerous challenges. These included, among other things, the need for a broader and more efficient distribution system, an increasingly complex regulatory environment, and the need to obtain FDA authorization in order to continue offering its products for sale.

Altria Group, Inc. (“Altria”) was at that time, and still is, a manufacturer of combustible cigarettes with extensive resources, a well-developed distribution network, and decades of experience addressing regulatory issues. On December 20, 2018, Altria made a \$12.8 billion investment for a 35% minority stake in JLI. The parties simultaneously entered into agreements under which Altria would provide JLI valuable resources and FDA expertise. The transaction brought benefits to JLI and to consumers because, with Altria’s assistance, JLI became a more efficient supplier of e-vapor products.

The Commission now challenges this procompetitive transaction under Section 1 of the Sherman Act, Section 7 of the Clayton Act and Section 5 of the FTC Act on grounds supported neither by the facts nor the law. The centerpiece of the Commission’s case is an allegation that Altria discontinued its floundering e-vapor products as a result of its investment in JLI and the parties’ related agreements. But these decisions were made by Altria alone and they were made

before the parties even entered into an agreement. In addition, the Altria products at issue, which had a small market position, were nonfactors in JLI's competitive decision-making. There are also other significant e-vapor products on the market that effectively compete to win sales.

The Commission's case fails because of these circumstances and others discussed below. The relief sought in the Complaint should therefore be denied.

ANSWERS TO INDIVIDUAL PARAGRAPHS

Each paragraph below corresponds to the same-numbered paragraph in the Complaint.

1. JLI denies the first sentence of Paragraph 1. JLI admits that e-vapor products can deliver nicotine to a user by aerosolizing a liquid nicotine solution and that in the case of closed-system e-vapor products, the liquid is typically contained in a pre-filled, sealed cartridge. JLI lacks knowledge sufficient to admit or deny the remaining allegations in Paragraph 1 concerning Altria.

2. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 2 concerning Altria. JLI admits that it introduced JUUL, its pod-based e-vapor product, in 2015 and experienced growth to a point where, according to certain estimates, it had higher sales of e-vapor products to end consumers on a dollar basis than other products such as Vuse, NJOY, Blu, Logic, and MarkTen. JLI lacks knowledge sufficient to admit or deny the remaining allegations in Paragraph 2.

3. JLI lacks knowledge necessary to admit or deny the allegations in Paragraph 3 relating to Altria, except to admit that Altria and JLI engaged in discussions about an Altria investment in JLI at various points and that MarkTen Elite was pod-based and was one of many e-vapor products available for sale at that time. JLI otherwise denies the allegations in Paragraph 3.

4. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 4 regarding Altria and market share in the alleged relevant market. JLI otherwise denies the allegations in Paragraph 4.

5. JLI denies the allegations in Paragraph 5, except to admit that JLI and Altria reached a set of agreements on December 20, 2018.

6. JLI admits the allegations of the first sentence of Paragraph 6. JLI denies the remaining allegations of Paragraph 6 and respectfully refers to the Class C-1 Common Stock Purchase Agreement, by and among Juul Labs, Inc., Altria Group, Inc., and Altria Enterprises, LLC, dated as of December 20, 2018 (the “Purchase Agreement”), the Relationship Agreement, by and among Juul Labs, Inc., Altria Group, Inc., and Altria Enterprises LLC, dated as of December 20, 2018 (the “Relationship Agreement”), the Services Agreement, by and between Altria Group, Inc. and Juul Labs, Inc., dated as of December 20, 2018 (the “Services Agreement”), the Intellectual Property License Agreement, by and between Altria Group, Inc., its Subsidiaries, and Juul Labs, Inc., entered into as of December 20, 2018 (the “Intellectual Property License Agreement”), and the Eighth Amended and Restated Voting Agreement, by and among Juul Labs, Inc., Altria Group, Inc., Altria Enterprises LLC, certain Investors, the Key Common Holders, and each Additional Party, made as of December 20, 2018 (the “Voting Agreement”), for a more complete and accurate statement of their contents.

7. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 7 concerning Altria. JLI otherwise denies the allegations in Paragraph 7 and notes that the Complaint takes the quoted passage out of context and mischaracterizes it. The context of the quote shows that it was referring to Altria spending money on combustible cigarettes; it does not relate to e-vapor products.

8. JLI denies the allegations in Paragraph 8.

9. JLI admits the allegations in Paragraph 9.

10. JLI denies that there have been any anticompetitive effects and therefore denies the allegations of the first sentence of Paragraph 10. JLI denies the allegations of the second sentence of Paragraph 10, except to admit that product development or acquisition requires time and/or capital and that new tobacco products require premarket authorization by the FDA pursuant to statutory and regulatory requirements before such new tobacco products can be marketed and sold in the United States. JLI respectfully refers to the FDA statutory and regulatory requirements for a more complete and accurate statement of their contents.

11. JLI denies the allegations in Paragraph 11, except to admit that it entered into certain amendments with Altria in January 2020 that removed some support that Altria had been providing to JLI but maintained other support, including with respect to regulatory matters, which is ongoing. JLI respectfully refers to those amendments for a more complete and accurate statement of their contents.

12. JLI denies the allegations in Paragraph 12.

13. JLI denies the allegations in Paragraph 13.

14. JLI admits the allegations in Paragraph 14.

15. JLI admits the allegations in Paragraph 15 only with respect to the alleged acts and practices specifically described in other paragraphs of the Complaint, but lacks knowledge sufficient to admit or deny the allegations of Paragraph 15 with respect to unspecified acts or practices.

16. JLI denies that the Transaction comes within the scope of Section 7 of the Clayton Act.

17. JLI admits that Altria Group, Inc. is a holding company incorporated in Virginia and headquartered at 6601 West Broad Street, Richmond, Virginia 23230. JLI admits that Altria is engaged in the manufacture, sale and distribution of cigarettes, cigars, pipe tobacco, and smokeless tobacco products. JLI otherwise lacks knowledge sufficient to admit or deny the allegations in Paragraph 17.

18. JLI admits that it is a Delaware corporation and that its principal place of business was in San Francisco and it is in the process of moving its headquarters to Washington, DC. JLI admits that it generated over \$1 billion in sales in 2018, but otherwise denies the allegations of the second sentence of Paragraph 18.

19. JLI denies the allegations of the first and third sentences of Paragraph 19 and respectfully refers to the Purchase Agreement, Services Agreement, Relationship Agreement, Voting Agreement, and Intellectual Property License Agreement for a more complete and accurate statement of their contents. JLI denies the allegations of the second sentence of Paragraph 19, except to admit that Altria's initial investment did not require a notification under the Hart-Scott-Rodino Act.

20. JLI denies the allegations of Paragraph 20 and refers to the Purchase Agreement, Services Agreement, Relationship Agreement, Voting Agreement, and Intellectual Property License Agreement for a more complete and accurate statement of their contents.

21. JLI admits that on February 4, 2019 it filed under the HSR Act with respect to the conversion of Altria's shares into voting shares. To the extent that a response is required, JLI denies the remaining allegations of Paragraph 21.

22. JLI respectfully refers to the Relationship Agreement for a more complete and accurate statement of its contents. To the extent that the allegations of Paragraph 22 are

inconsistent with the Relationship Agreement, JLI denies such allegations. JLI otherwise lacks knowledge sufficient to admit or deny the allegations in Paragraph 22 concerning Altria.

23. JLI respectfully refers to the Services Agreement and Relationship Agreement for a more complete and accurate statement of their contents. To the extent that the allegations of Paragraph 23 are inconsistent with the Services Agreement and Relationship Agreement, JLI denies such allegations.

24. JLI respectfully refers to the Intellectual Property License Agreement for a more complete and accurate statement of its contents. To the extent that the allegations of Paragraph 24 are inconsistent with the Intellectual Property License Agreement, JLI denies such allegations.

25. JLI admits that Altria announced amendments to several of the Transaction agreements on January 30, 2020, including an Amended Purchase Agreement, an Amended Relationship Agreement, an Amended Services Agreement, and a Revised Voting Agreement.

26. JLI respectfully refers to the Revised Voting Agreement for a more complete and accurate statement of its contents. To the extent that the allegations of Paragraph 26 are inconsistent with the Revised Voting Agreement, JLI denies such allegations.

27. JLI respectfully refers to the Amended Relationship Agreement for a more complete and accurate statement of its contents. To the extent that the allegations of Paragraph 27 are inconsistent with the Amended Relationship Agreement, JLI denies such allegations.

28. JLI respectfully refers to the Amended Services Agreement for a more complete and accurate statement of its contents. To the extent that the allegations of Paragraph 28 are inconsistent with the Amended Services Agreement, JLI denies such allegations.

29. JLI admits that it introduced JUUL, its pod-based e-vapor product, in the mid-2010s. JLI otherwise lacks knowledge sufficient to admit or deny the allegations in Paragraph 29, including allegations concerning Altria and other cigarette manufacturers.

30. JLI lacks knowledge sufficient to admit or deny the other allegations in Paragraph 30.

31. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 31, but notes that Howard Willard is the former CEO of Altria.

32. JLI, then operating under the name of PAX Labs, Inc., admits that it introduced a pod-based e-vapor product, JUUL, in 2015. JLI further admits that PAX Labs, Inc. split into two separate companies in 2017, and PAX Labs, Inc. was renamed Juul Labs, Inc. JLI otherwise denies the allegations in Paragraph 32.

33. JLI respectfully refers to the statutes, regulations, guidance, and other materials governing the FDA's premarket authorization regime for a more complete and accurate statement of the regulatory framework. To the extent that the allegations of Paragraph 33 are inconsistent with that regulatory framework, JLI denies such allegations and avers that the PMTA filing date has been adjourned to September 9, 2020.

34. JLI admits that preparing a PMTA requires a significant amount of resources—time, personnel, and money—and notes that the FDA has processes in place to assist small companies in preparing PMTAs and has committed to a streamlined PMTA approval process for small companies. JLI otherwise denies the allegations of Paragraph 34.

35. JLI respectfully refers to the FDA's January 2, 2020 announcement and the referenced statute passed by Congress for a more complete and accurate statement of those

materials' contents. To the extent that the allegations of Paragraph 35 are inconsistent with that announcement and that statute, JLI denies such allegations.

36. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 36.

37. JLI admits the allegations of the third and fourth sentences of Paragraph 37. With respect to the first sentence, and as a general matter, e-liquid is aerosolized as part of the operation of an e-vapor system. With respect to the second sentence, JLI admits that there are two broadly defined, although not exclusive, types of e-vapor products: closed-system devices and open-system devices, but denies that they are their own "categories." JLI denies the remaining allegations of the second sentence. As to the remaining allegations of Paragraph 37, JLI respectfully refers to the referenced FDA statement of enforcement policy for a more complete and accurate statement of its contents. To the extent the remaining allegations of Paragraph 37 are inconsistent with that statement of enforcement policy, JLI denies such allegations.

38. JLI admits that open-tank e-vapor products incorporate refillable tanks that customers manually fill with e-liquid and that they may permit further alterations to the product, such as manual replacement of the batteries and other components. JLI otherwise denies the allegations in Paragraph 38.

39. JLI denies the allegations of Paragraph 39, except to admit that closed-system e-vapor products are sold through multi-outlet channels, as well as other outlets, and open-tank systems are generally sold through retail outlets known as vape shops, as well as other outlets.

40. JLI denies the allegations in Paragraph 40.

41. JLI denies the allegations in Paragraph 41.

42. Paragraph 42 sets forth legal conclusions to which no response is required. To the extent that a response is required, JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 42.

43. JLI denies the allegations in Paragraph 43.

44. Paragraph 44 provides a misleading and incomplete description of the Merger Guidelines. Among other things, the Merger Guidelines do not purport to say anything about illegality. Because the Merger Guidelines speak for themselves and Paragraph 44's description of the Guidelines is incomplete and misleading, JLI denies the allegations of Paragraph 44.

45. JLI denies the allegations in Paragraph 45.

46. JLI denies the allegations of Paragraph 46 and respectfully refers to the testimony of the referenced witnesses for a more complete and accurate statement of its contents.

47. JLI admits the allegations of the first sentence of Paragraph 47, except to deny the characterization of individuals as "lead negotiators" for JLI. JLI denies the remaining allegations of Paragraph 47 and respectfully refers to the quoted term sheet for a more complete and accurate statement of its contents.

48. JLI denies the allegations in Paragraph 48 and respectfully refers to the testimony of JLI's former CFO for a more complete and accurate statement of its contents.

49. JLI admits the allegations in Paragraph 49, except to deny the characterization of individuals as "lead negotiators" for JLI.

50. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 50.

51. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 51.

52. JLI denies the first sentence of Paragraph 52, which purports to describe JLI's reactions to a revised term sheet. The remainder of Paragraph 52 describes an email and a

portion of that revised term sheet; JLI respectfully refers to the email and the term sheet markup for a more complete and accurate statement of their contents.

53. The allegations in Paragraph 53 quote an isolated portion of Board meeting minutes. JLI respectfully refers to those Board minutes for a more complete and accurate statement of those materials' contents.

54. In response to the first two sentences of Paragraph 54, JLI admits that Riaz Valani and Dinny Devitre met in New York on August 15, 2018 to discuss Altria's potential investment prior to a negotiating session in San Francisco. The remaining allegations in Paragraph 54 characterize and quote from a document that is the best evidence of its contents. JLI respectfully refers to JLI's message for a more complete and accurate statement of its contents.

55. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 55 concerning Altria. The remaining allegations in Paragraph 55 characterize and quote isolated portions of documents that are the best evidence of their contents. JLI respectfully refers to the documents for a more complete and accurate statement of their contents.

56. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 56 as it relates to Altria's "concern" and otherwise denies the allegations of Paragraph 56, except to admit that Altria announced it would be removing certain of its vapor products, including MarkTen Elite, from the market.

57. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 57.

58. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 58.

59. JLI admits the allegations in the first sentence of Paragraph 59. The allegations in Paragraph 59 characterize and quote an isolated portion of an email exchange that is the best

evidence of its contents. JLI respectfully refers to the quoted emails for a more complete and accurate statement of their contents.

60. JLI denies the allegations in Paragraph 60, except to admit that it executed and announced the Purchase Agreement and other related agreements on December 20, 2018 and respectfully refers to those agreements for a more complete and accurate statement of their contents.

61. JLI denies the first two sentences of Paragraph 61, and respectfully refers to the Purchase Agreement and other ancillary agreements for a more complete and accurate statement of their contents, including Article 3(a) of the Relationship Agreement which prevents Altria from “tak[ing] actions with the purpose of preparing to engage in the e-Vapor Business, including through engaging in or sponsoring research and development activities.” JLI denies the remaining allegations in Paragraph 61 and notes that the Complaint takes the quoted passage out of context and mischaracterizes it, and JLI respectfully refers to the referenced draft talking points for a more complete and accurate statement of their contents. The context of the quote shows that it was referring to Altria spending money on combustible cigarettes; it does not relate to e-vapor products.

62. JLI denies the allegations in Paragraph 62.

63. JLI denies the first sentence in Paragraph 63. JLI otherwise lacks knowledge sufficient to admit or deny the allegations in Paragraph 63.

64. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 64 concerning Altria. JLI admits that it monitors the prices of other e-vapor products but denies the allegations in Paragraph 64 to the extent they suggest the price of Altria’s e-vapor products

impacted JLI's e-vapor product pricing strategy. JLI otherwise denies the allegations in Paragraph 64.

65. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 65 concerning Altria. JLI admits that it sought to attract existing smokers of combustible cigarettes through product innovation but denies that there was meaningful competition between it and Altria's e-vapor products over innovative features. JLI otherwise denies the allegations in Paragraph 65.

66. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 66.

67. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 67 concerning Altria. JLI denies the remaining allegations in Paragraph 67.

68. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 68 concerning Altria. The allegations in Paragraph 68 otherwise characterize and quote isolated portions of recorded public statements and a transcript of an investigational hearing that are the best evidence of their contents. JLI respectfully refers to those documents and statements for a more complete and accurate statement of their contents.

69. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 69 concerning Altria except JLI denies any alleged lessening of competition.

70. JLI denies the allegations in Paragraph 70.

71. JLI lacks knowledge sufficient to admit or deny the allegations in Paragraph 71 to the extent they concern companies other than JLI. JLI admits that the regulatory approval process for e-vapor products can be time-consuming and expensive, but notes that the FDA has processes in place to assist small companies in preparing PMTAs and has committed to a streamlined PMTA approval process for small companies. JLI is not aware of any e-vapor

products that have received PMTA approval at this time. JLI understands that IQOS, an electronic device from Philip Morris International that heats tobacco-filled sticks wrapped in paper to generate a nicotine-containing aerosol, received PMTA approval in 2019. Additionally, to the extent that portions of the allegations of Paragraph 71 rely on submissions made by JLI to the FTC Staff during its investigation of the Transaction, JLI respectfully refers to those documents and submissions for a more complete and accurate statement of their contents. JLI otherwise denies the allegations in Paragraph 71.

72. JLI denies the allegations in Paragraph 72 and respectfully refers to submissions made by JLI to the FTC during its investigation of the Transaction for a more complete and accurate statement of the requirements for selling an e-vapor product.

73. JLI denies the allegations in Paragraph 73.

74. JLI lacks knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 74 and denies them on that basis.

75. JLI denies the allegations in Paragraph 75.

76. JLI denies the allegations in Paragraph 76.

77. JLI incorporates its responses to each of the allegations contained in Paragraphs 1 through 76 as if they were stated in this Paragraph.

78. JLI denies the allegations in Paragraph 78.

79. JLI denies the allegations in Paragraph 79.

80. JLI incorporates its responses to each of the allegations contained in Paragraphs 1 through 76 as if they were stated in this Paragraph.

81. JLI denies the allegations in Paragraph 81.

82. JLI denies the allegations in Paragraph 82.

AFFIRMATIVE AND OTHER DEFENSES

JLI asserts the following defenses with respect to the causes of action alleged in the Complaint, without assuming the burden of proof or persuasion where such burden rests on the Commission. JLI reserves the right to supplement its defenses as discovery progresses.

FIRST DEFENSE

The Complaint fails to state a claim upon which relief can be granted.

SECOND DEFENSE

Count I of the Complaint fails to allege facts sufficient to infer, as a matter of law, that Respondents agreed with one another that Altria would discontinue sales of its existing e-vapor products at any time, including during any period prior to executing the Transaction documents, and therefore does not state a claim under Section 1 of the Sherman Act or Section 5 of the FTC Act.

THIRD DEFENSE

Count II fails to state a claim against JLI under Section 7 of the Clayton Act, as amended, 15. U.S.C. § 18, because that section applies only to acquirers.

FOURTH DEFENSE

To the extent that Counts I and II of the Complaint rely on Altria's discontinuation of any e-vapor products, this is not a cognizable effect of any later agreement reached by Respondents, and Counts I and II therefore fail to state a claim.

FIFTH DEFENSE

The Complaint fails to allege any harm to competition.

SIXTH DEFENSE

The Complaint fails to allege any harm to consumers or consumer welfare.

SEVENTH DEFENSE

The Complaint fails to allege an appropriate relevant market.

EIGHTH DEFENSE

The alleged conduct had and continues to have substantial pro-competitive justifications and benefited and continues to benefit consumers and the public interest. Those pro-competitive justifications outweigh any alleged anticompetitive effects of the alleged conduct.

NINTH DEFENSE

Neither the filing of this administrative action nor the relief contemplated is in the public interest, pursuant to 15 U.S.C. § 45.

TENTH DEFENSE

These proceedings are invalid because the structure of the Commission as an independent agency that wields significant executive power, and the associated constraints on removal of the Commissioners and other FTC officials violates the separation of powers.

ELEVENTH DEFENSE

The structure of these administrative proceedings, in which the Commission both initiates and finally adjudicates the Complaint against JLI, violates JLI's Fifth Amendment Due Process right to adjudication before a neutral arbiter.

TWELFTH DEFENSE

These administrative proceedings violate JLI's Fifth Amendment Due Process right to adjudication before a neutral arbiter as applied to JLI because the Commission has prejudged the merits of the instant action.

THIRTEENTH DEFENSE

The Commission's procedures violate JLI's right to procedural due process under the Due Process Clause of the Fifth Amendment.

FOURTEENTH DEFENSE

The Commission's procedures arbitrarily subject JLI to administrative proceedings rather than to proceedings before an Article III judge in violation of JLI's right to Equal Protection under the Fifth Amendment.

FIFTEENTH DEFENSE

Altria's discontinuation of its e-vapor products did not unreasonably restrain trade or substantially lessen competition to the extent those products would not have received PMTA approval.

SIXTEENTH DEFENSE

Altria's discontinuation of the development of new e-vapor products did not unreasonably restrain trade or substantially lessen competition given the FDA regulatory framework.

SEVENTEENTH DEFENSE

Altria's discontinuation of certain e-vapor products did not unreasonably restrain trade or substantially lessen competition to the extent any such finding by the FTC implicates the scientific or public health expertise held by the FDA.

EIGHTEENTH DEFENSE

Counts I and II fail to state a claim because they allege effects in "the U.S. market for e-cigarettes." The Complaint itself defines "e-cigarettes" to include both closed-system and open-

tank e-cigarettes. The Complaint alleges no predicate facts on which to base any finding that competition was lessened in this alleged market.

JLI reserves the right to assert and rely upon any other defenses that may become available or known to JLI throughout the course of this action, and to amend, or seek to amend, its answer and defenses, whether affirmative or otherwise.

NOTICE OF CONTEMPLATED RELIEF

WHEREFORE, JLI respectfully requests the Administrative Law Judge to enter an order:

1. Denying the FTC's contemplated relief;
2. Dismissing the Complaint in its entirety with prejudice;
3. Awarding JLI its costs of suit; and
4. Awarding such other and further relief as the Administrative Law Judge may deem proper.

Respectfully submitted,

Dated: July 27, 2020

/s/ David I. Gelfand
David I. Gelfand
Jeremy Calsyn
CLEARY GOTTLIEB STEEN &
HAMILTON LLP
2112 Pennsylvania Avenue, NW
Washington, DC 20037-3229
T: 202-974-1500
F: 202-974-1999
Counsel for Respondent Juul Labs, Inc.

**CERTIFICATE OF
SERVICE**

I HEREBY CERTIFY that, on July 27, 2020, I caused a true and correct copy of the foregoing Answer and Defenses to the Complaint to be filed through the Federal Trade Commission's E-Filing platform, which will send notifications of such filing to:

Office of the Secretary
Federal Trade Commission
Constitution Center
400 Seventh Street, SW, Suite 5610
Washington, DC 20024

The Honorable D. Michael Chappell
Chief Administrative Law Judge
Federal Trade Commission
600 Pennsylvania Ave., NW, Rm. H-110
Washington, DC 20580

I HEREBY CERTIFY that, on July 27, 2020, I delivered via electronic mail a true and correct copy of the foregoing Answer and Defenses to the Complaint to:

James Abell (jabell@ftc.gov)
Dominic Vote (dvote@ftc.gov)
Peggy Bayer Femenella (pbayer@ftc.gov)
Erik Herron (eherron@ftc.gov)
Joonsuk Lee (jlee4@ftc.gov)
Meredith Levert (mlevert@ftc.gov)
Kristian Rogers (krogers@ftc.gov)
David Morris (dmorris1@ftc.gov)
Michael Blevins (mblevins@ftc.gov)
Michael Lovinger (mlovinger@ftc.gov)
Frances Anne Johnson (fjohnson@ftc.gov)
Simone Oberschmied (soberschmied@ftc.gov)
Julia Draper (jdraper@ftc.gov)
Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580
Phone Number: (202) 326-2289
Fax Number: (202) 326-2071

Complaint Counsel

Marc Wolinsky (MWolinsky@wlrk.com)
Jonathan M. Moses (JMMoses@wlrk.com)
Kevin S. Schwartz (KSchwartz@wlrk.com)
Adam L. Goodman (ALGoodman@wlrk.com)

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019
Phone Number: (212) 403-1000
Fax Number: (212) 403-2000

Counsel for Respondent Altria Group, Inc.

Michael L. Sibarium (michael.sibarium@pillsburylaw.com)
Robert C. K. Boyd (robert.boyd@pillsburylaw.com)
David C. Grossman (david.grossman@pillsburylaw.com)
Pillsbury Winthrop Shaw Pittman LLP
1200 Seventeenth Street NW
Washington, DC 20036
Phone Number: (202) 663-8086
Fax Number: (202) 663-8007

Counsel for Respondent Juul Labs, Inc.

/s/ David I. Gelfand

David I. Gelfand
Jeremy Calsyn
CLEARY GOTTlieb STEEN &
HAMILTON LLP
2112 Pennsylvania Avenue, NW
Washington, DC 20037-3229
T: 202-974-1500
F: 202-974-1999
Counsel for Respondent Juul Labs, Inc.

Notice of Electronic Service

I hereby certify that on July 27, 2020, I filed an electronic copy of the foregoing Answer and Defenses of Respondent Juul Labs, Inc., with:

D. Michael Chappell
Chief Administrative Law Judge
600 Pennsylvania Ave., NW
Suite 110
Washington, DC, 20580

Donald Clark
600 Pennsylvania Ave., NW
Suite 172
Washington, DC, 20580

I hereby certify that on July 27, 2020, I served via E-Service an electronic copy of the foregoing Answer and Defenses of Respondent Juul Labs, Inc., upon:

David Gelfand
Cleary Gottlieb Steen & Hamilton LLP
dgelfand@cgsh.com
Respondent

Jeremy Calsyn
Cleary Gottlieb Steen & Hamilton LLP
jcalsyn@cgsh.com
Respondent

Jessica Hollis
Cleary Gottlieb Steen & Hamilton LLP
jhollis@cgsh.com
Respondent

Matthew Bachrack
Cleary Gottlieb Steen & Hamilton LLP
mbachrack@cgsh.com
Respondent

James Abell
Attorney
Federal Trade Commission
jabell@ftc.gov
Complaint

Dominic Vote
Attorney
Federal Trade Commission
dvote@ftc.gov
Complaint

Peggy Bayer Femenella
Attorney
Federal Trade Commission
pbayer@ftc.gov
Complaint

Erik Herron
Attorney

Federal Trade Commission
eherron@ftc.gov
Complaint

Joonsuk Lee
Attorney
Federal Trade Commission
jlee4@ftc.gov
Complaint

Meredith Levert
Attorney
Federal Trade Commission
mlevert@ftc.gov
Complaint

Kristian Rogers
Attorney
Federal Trade Commission
krogers@ftc.gov
Complaint

David Morris
Attorney
Federal Trade Commission
DMORRIS1@ftc.gov
Complaint

Michael Blevins
Attorney
Federal Trade Commission
mblevins@ftc.gov
Complaint

Michael Lovinger
Attorney
Federal Trade Commission
mlovinger@ftc.gov
Complaint

Frances Anne Johnson
Attorney
Federal Trade Commission
fjohnson@ftc.gov
Complaint

Debbie Feinstein
Arnold & Porter Kaye Scholer LLP
debbie.feinstein@arnoldporter.com
Respondent

Robert Katerberg
Partner
Arnold & Porter Kaye Scholer LLP
Robert.Katerberg@arnoldporter.com
Respondent

Justin Hedge
Arnold & Porter Kaye Scholer LLP

justin.hedge@arnoldporter.com
Respondent

Francesca Pisano
Arnold & Porter Kaye Scholer LLP
francesca.pisano@arnoldporter.com
Respondent

Le-Tanya Freeman
Arnold & Porter Kaye Scholer LLP
tanya.freeman@arnoldporter.com
Respondent

Marc Wolinsky
Wachtell, Lipton, Rosen & Katz
mwolinsky@wlrk.com
Respondent

Jonathan Moses
Partner
Wachtell, Lipton, Rosen & Katz
jmmoses@wlrk.com
Respondent

Kevin Schwartz
Wachtell, Lipton, Rosen & Katz
kschwartz@wlrk.com
Respondent

Adam Goodman
Wachtell, Lipton, Rosen & Katz
ALGoodman@wlrk.com
Respondent

Michael L. Sibarium
Pillsbury Winthrop Shaw Pittman LLP
michael.sibarium@pillsburylaw.com
Respondent

Robert C. K. Boyd
Attorney
Pillsbury Winthrop Shaw Pittman LLP
robert.boyd@pillsburylaw.com
Respondent

David C. Grossman
Pillsbury Winthrop Shaw Pittman LLP
david.grossman@pillsburylaw.com
Respondent

David Gelfand
Attorney