



News Release

Bureau of Alcohol, Tobacco, Firearms and Explosives Alcohol and Tobacco Tax and Trade Bureau Washington, D.C.

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ATF AND TTB REACH SETTLEMENT WITH TOBACCO PRODUCTS MANUFACTURER

WASHINGTON – The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and the Alcohol and Tobacco Tax and Trade Bureau (TTB) have reached an agreement with Native Trading Associates (NTA) to make NTA the first manufacturer on the Saint Regis Mohawk Reservation in New York to come into compliance with Federal law.

The settlement resolves issues related to NTA's manufacture of tobacco products on an Indian reservation without the payment of Federal excise tax, manufacturing without a permit or bond, and the distribution of cigarettes in violation of the Contraband Cigarette Trafficking Act (CCTA). NTA will pay taxes on all cigarettes it manufactures, and keep all required records under the Internal Revenue Code (IRC) and the CCTA.

NTA is a member of the Saint Regis Mohawk Tribe and manufactures tobacco products on its reservation in New York.

In 2002, ATF began an investigation into the manufacture of cigarettes on the Saint Regis Reservation. The settlement marks the culmination of efforts by TTB, ATF, NTA and the United States Attorney of the Northern District of New York to bring NTA into compliance with Federal laws and regulations.

For several years, NTA had asserted that it was exempt from Federal regulation of the manufacture of its cigarettes based upon a claim of tribal sovereignty. Under the terms of the agreement, NTA agrees to the administrative forfeiture of \$2 million, to be split between TTB and ATF.

NTA's agreement to comply with the applicable provisions of the IRC and the CCTA in the future, and its settlement of the past violations, resolved NTA's compliance issues and resulted in the issuance of a TTB permit authorizing NTA to operate as a tobacco products manufacturer.

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Mary Ryan, Assistant Administrator for Field Operations (TTB), stated, “I believe this agreement represents a tremendous achievement in the administration of Federal tobacco tax laws and a considerable step forward in TTB’s relationship with manufacturers on Native American Reservations. We hope that the agreement will encourage other similarly situated cigarette manufacturers to willingly come into compliance with the tobacco tax laws.”

“This settlement marks the culmination of many years of hard work by the ATF New York Field Division, TTB and the U.S. Attorney for the Northern District of New York,” said Michael Bouchard, ATF Assistant Director, Office of Field Operations. “It clearly shows what we can achieve when we combine our resources and utilize the collective expertise of our agencies to end illegal operations.”

The Homeland Security Act of 2002 split the former Bureau of Alcohol, Tobacco and Firearms into two new agencies. ATF moved to the Department of Justice, was renamed the Bureau of Alcohol, Tobacco, Firearms and Explosives, and ended its revenue collection and regulation of the alcohol and tobacco industries. Those functions were assumed by the new Alcohol and Tobacco Tax and Trade Bureau (TTB), which remained within the Treasury Department.

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