

D.C., Inc., d.b.a.

DIRT CHEAP

March 14, 2007

Director
Regulations and Rules Division
Alcohol and Tobacco Tax and Trade Bureau
P.O. Box 14412
Washington D.C. 20044-4412

Re: Notice No. 65

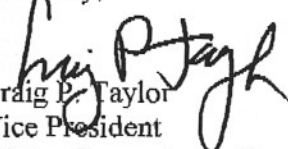
Dear Sir:

I wish to comment in **opposition** to the proposed revisions in the rules regarding little cigars. Our firm owns and operates thirty convenience and cigarette/tobacco stores in the states of Missouri and Kentucky. The marked increase in sales of little cigars is directly related to the implementation of the Master Settlement Agreement (MSA) which led to a partnership between the states (National Association of Attorney Generals) and Big Tobacco. When the MSA was signed the large cigarette manufactures raised their prices to increase their profits and to cover the cost of the settlement agreement. That occurrence, coupled with an increase in state cigarette taxes, created a market for alternative value priced products like little cigars which were not subjected to the MSA payment structure and taxed at a lower federal rate. It was only after the increased sales of little cigars began to erode the market share of the Big Tobacco companies and ultimately led to the lowering of their payments to the states did they (NAAG and Big Tobacco) cry foul and insist in a change in the tax law which has been in place for decades. It is purely a ploy by NAAG and Big Tobacco to limit small lower priced manufactures and importers of these products from competing.

Changing the regulations will be devastating to those individuals who manufacture, distribute and sell little cigars ultimately leading less competition in an already anti-competitive industry.

I appreciate your consideration. If you require additional information please contact me at 636-343-9770.

Sincerely,



Craig P. Taylor
Vice President
U-Gas Convenience Stores
Dirt Cheap Cigarettes, Beer and Liquor