

Deputy Assistant Director Donald MacVean to Retire!

By the Editor



After 35 years Donald MacVean, Deputy Assistant Director, Alcohol & Tobacco, is to

retire on January 3, 2001.

Mr. MacVean joined ATF in 1968 as an inspector in Baltimore, and later served in Bureau Headquarters as a management examiner. When the Bureau reorganized in 1972, he served as the first Chief of the Regulatory Enforcement Training Branch. In 1976, Mr. MacVean returned to the field, first serving as the Assistant Chief, Field Operations in Philadelphia, and then as Chief, Field Operations in Chicago. In 1978 he was selected Regional Director (Compliance Operations) for the North Atlantic Region. He was transferred to Bureau Headquarters in 1989 as Chief, Revenue Programs Division, and was selected as Deputy Associate Director, Compliance Operations in February 1990. From March 1995 to October 1996, he was Deputy Associate Director, Regulatory Enforcement Field Operations.

A Washington, DC, native, Mr. MacVean graduated from the University of Maryland in 1968 with a bachelor's degree in Government and politics. He served in the U.S. Air Force from 1960 to 1963. He and his wife have two grown children and reside in Maryland. □

Certificates Required from Importers of Cigarettes



By Bob Ruhf (202) 927-8210

A new law (Section 4004 of Title IV of P.L. 106-476, Imported Cigarette Compliance Act of 2000) has taken effect. It requires four certificates for most commercial imports of cigarettes. At the time of entry, an importer must submit the following certificates to U.S. Customs:

1. From the manufacturer certifying that a list of ingredients has been sent to the Secretary of Health and Human Services.
2. From the importer certifying compliance with placing and rotating the warning labels required by the Federal Cigarette Labeling and Advertising Act.
3. From the importer certifying to the accuracy and effectiveness about placing warnings on cigarette packaging under Federal Cigarette Labeling and Advertising Act.

4. From the holder of the trademark in the United States consenting to the importation.

Imports for personal use are exempt if the quantity of cigarettes is allowed under the Harmonized Tariff Schedule of the United States (subchapter IV of chapter 98). If you have questions about entering cigarettes into the United States, contact the local U.S. Customs Service office at the port of entry. □

Cancellation of Labels **COLA's**

By Ben Willkerson (202) 927-8140


The Alcohol Labeling & Formulation Division (ALFD) is issuing a reminder to all industry members to submit for cancellation any Certificates of Label Approval (COLAs) that are no longer in use. Cancellation is completely voluntary and the submission of these COLA's for cancellation simply helps ALFD to keep track of which COLA's are no longer in use. Through cancellation of COLA's, both the alcohol industry and ATF are helped by ensuring updated and correct information is stored in our database.

For any questions or comments regarding the cancellation of COLA's please feel free to contact our Customer Service Desk via the toll free telephone number at 1-866-927-2533 or via e-mail at alfd@atfhq.atf.treas.gov. □

Questions or suggestions relating to the Alcohol & Tobacco Newsletter should be directed to the Editor by fax at (202) 927-5611 or by mail at the following address: Bureau of ATF, 650 Massachusetts Avenue, NW, Room 8110, Attention: Donna Smith, Editor, Alcohol & Tobacco Newsletter, Washington, DC 20226.

New Method of Electronic Funds Transfer Initiated

By Tom Stewart (202) 927-8200

Treasury's Financial Management Service (FMS) and a financial institution partner have developed a new method of electronic funds transfer (EFT) using digital cash. Digital cash works on the same principals as regular cash. Digital notes are created, issued and guaranteed by a bank. They are small data files that are cryptographically secured, stored on a computer and transmitted over the Internet to pay another party.  These notes are transmitted directly from the payer's computer to the payee's computer without support from an intermediary to complete the transaction.

FMS indicated that one of ATF's excise taxpayers who had previously decided to participate in the e-filing pilot program would be interested in piloting the digital cash system. As certain excise taxpayers are required to pay via EFT, ATF welcomed the opportunity to explore another avenue of payment. After ensuring that digital cash payments would be compatible with our financial systems, ATF, FMS and the taxpayer made the arrangements for payment. On 12/14/00 this company became the first taxpayer to use digital cash to pay their excise taxes. There were no problems in conducting the transaction reported by either the taxpayer or ATF.

FMS and ATF are working to incorporate the digital cash system into the e-filing program so that the pilot company will be able to electronically file their return and pay with digital cash. The financial institution has had discussions with several of its customers who are also ATF taxpayers about using digital cash to make payments. We hope that ATF will be able to accept digital cash payments as a regular form of EFT by the end of 2001. □

Natural Gasoline May be Used as a Denaturant

By Steven Simon (202) 927-8210

ATF has been asked whether "natural gasoline" is acceptable to make alcohol for fuel use unfit for human consumption. The answer is "yes."

Natural gasoline is not a form of gasoline, but is a derivative of natural gas. It is obtained by recovering the butane, pentane, and hexane hydrocarbons present in small proportion in certain natural gases.

Alcohol for fuel use is regulated under two categories in ATF regulations. There is fuel alcohol, which may only be produced at an alcohol fuel plant (AFP), and there is completely denatured alcohol (C.D.A.) formula no. 20, which may only be produced at a distilled spirits plant (DSP). The formula for fuel alcohol is found in 27 CFR 19.1005, and the formula for C.D.A. 20 is in 27 CFR 21.24. Both fuel alcohol and C.D.A. 20 are restricted to fuel use only.

ATF has allowed natural gasoline to be used in both fuel alcohol and C.D.A. 20. An AFP may add 2 gallons, or more, of natural gasoline to each 100 gallons of spirits, to render fuel alcohol unfit for beverage use; and a DSP may add 2.0 gallons of natural gasoline to each 100 gallons of spirits of at least 195° proof, to produce C.D.A. 20. If more than 2.0 gallons of natural gasoline per 100 gallons of spirits are used in producing C.D.A. 20, the result is technically an "article" (a product made with denatured alcohol). But since such an article with a natural gasoline content up to 5% would not be materially changed in character and composition from C.D.A. 20, we have no objection to its being sold as C.D.A. 20, as long as the exact composition is marked on containers (for example, "95 Percent Ethanol/5 Percent Natural Gasoline"). □

The 21st Amendment Enforcement Act

By Des Wosser (916) 498-5059 ext. 113

President Clinton signed the 21st Amendment Enforcement Act on October 28, 2000, as part of the Victims of Trafficking and Violence Protection Act. The law takes effect 90 days from the time of signing. The law is a federal legislative response to the problem of direct shipping of alcohol beverages into states in violation of state alcohol beverage law. The Act gives states the right to seek injunctive relief in the Federal Court System to stop the illegal shipping of alcohol beverages into their state. The Act does not allow for damages, civil fines or criminal penalties. Thirty states have laws prohibiting the direct shipping of alcohol beverages to consumers within their states. These laws are meant to prohibit sales to minors and efficiently collect state excise taxes.

Illegal direct shipping of alcohol beverages also violates the Federal Webb Kenyon Act (27 U.S.C. 122). Webb Kenyon prohibits the shipment of alcohol beverages into states in violation of state law. In addition, ATF permits issued under the FAA Act are conditioned on compliance with state law. Therefore, ATF permit holders that violate state law also violate the conditions upon which their permit was granted.

ATF will intervene where it is determined that direct shipping is having a continuing, material, adverse impact upon a state through the actions of a basic permittee located outside the boundaries of the affected state. ATF Ruling 2000-1, Direct Shipment Sales of Alcohol Beverages, provides additional information on ATF's role in direct shipping situations. This ruling is available on ATF's website at <http://www.atf.treas.gov/alcohol/info/revrule/rules/2000-1.htm>.

The 21st Amendment Enforcement Act gives states an additional avenue of Federal assistance in addressing the direct shipping situation. □