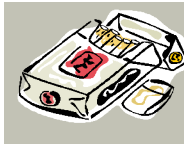


Arrest of Two People Accused of Running Contraband Cigarette Ring

By Vendaryl Jenkins (202) 927-3580



On July 10, 2001, after a 9 month investigation, search and arrest warrants were executed in a joint operation involving law enforcement agents from ATF, IRS, California Bureau of Equalization, and the San Jose Police Department. A total of 27 search warrants were executed for various businesses, residences and vehicles based upon violations involving tax evasion, money laundering, receiving/possessing contraband cigarettes and failure to pay tax. Two arrest warrants were also executed for the arrest of the subjects of the investigation, Luu Thien Le, and his wife, Thao Thi Nguyen, for possessing and selling contraband cigarettes. Approximately 823 cases of contraband cigarettes were seized through the execution of these warrants.

Simultaneously, search warrants were executed by ATF in the greater Los Angeles area for similar violations. These search warrants and consent searches resulted in the seizure of approximately \$10,000 in cash, 120 full cases and 47 half cases of counterfeit and unstamped cigarettes, and a sheet containing approximately 120 counterfeit tax stamps. Officials estimate the activities have cost the state of California \$1,500,000 in unpaid tax revenue. □

New Assistant to the Chief of ALFD



By Tracy McNeil (202) 927-8140

The Alcohol Labeling and Formulation Division (ALFD) welcomes our recently selected Assistant to the Chief, Stephen F. Albrecht. Steve, who hails from Philadelphia, credits his successful transition here to the friendly demeanor of the folks at ATF headquarters and ALFD. He says he is very much impressed with how helpful everyone is.

Steve joined the Bureau of Alcohol, Tobacco and Firearms in 1976, as an inspector in Philadelphia. He then worked as an inspector in Trenton, NJ, and a Special Operations Inspector in Lansdale, PA. In October of 1998, he became an Area Supervisor in Philadelphia. As an inspector, Steve especially enjoyed the challenges of working on liquor diversion, smuggling, and label fraud cases.

Born and raised in a suburb of Baltimore, Steve received a bachelor's degree in zoology from the University of Maryland, College Park, in 1975. An avid rugby player, he played with the Chesapeake and South Jersey rugby teams for almost twenty years. For relaxation, he enjoys non-fiction reading and attending his children's sports activities.

Steve has been married for twenty-one years. His wife, Mary Beth, and children, Stephen, 17, and Sara 14, currently reside in Philadelphia. □

Offers-in-Compromise

By Desmond Wooser (202) 927-8130 and Evelyn Wilson (202) 927-3580



The Bureau has accepted a \$3,500 Offer-in-Compromise from Atlanta Brewing Company for violations of 26 USC 5674(b) 27 USC 204(e) and USC 207. These violations occurred when the brewery removed bottles and kegs without having certificates of label approval.

ATF has accepted an Offer-in-Compromise of \$5,000 from Bedford Brands Ltd. of Larchmont New York for violations of 27 USC 205(e) and 27 USC 215(a). Bedford Brands imported wines without an approved certificate of label approval, government health warning statement, sulfite warning, or importer information.

ATF has accepted an Offer-in-Compromise from the Candle Corporation of America located in Texarkana, Texas for violations of 26 USC 5603(b). The Candle Corporation of America is a user of specially denatured alcohol and failed to maintain required records, follow approved formulas, post the SDA Permit, and give notice of changes in then corporation.

ATF recently accepted an Offer-in-Compromise for \$50,000 from Albertson's, Inc., operators of a large chain of retail stores in the United States. The company violated the Federal Alcohol Administration Act by selling distilled spirits at wholesale without the prerequisite basic permit. Albertson's also violated the Internal Revenue Code for nonpayment of taxes and recordkeeping infractions relative to these sales. This activity occurred at a single Albertson's store in Sacramento, California, where various employees made a succession of large quantity sales of distilled spirits to a single unidentified customer on six or seven occasions between March 1, 1997, and November 30, 1997. This individual allegedly smuggled the distilled spirits into Canada for resale without payment of the required Canadian taxes. □

Helpful Hints from the ATF Lab

By Abdul Mabud, Ph.D. (301) 762-9800



If you are an alcohol importer that imports beverage alcohol products that require laboratory analysis by the ATF National Laboratory as part of the label approval process, here are some tips that can help make the analysis procedure go smoothly.

Importers must submit to the National Laboratory Center:

- A 750 ml sample of the product.
- A list of ingredients contained in the product submitted on the official letterhead of the manufacturer, signed and dated (if in a foreign language, submit the original along with a copy of the English translation).
- A description of the method of manufacture of the product submitted on the official letterhead of the manufacturer, signed and dated (if in a foreign language, submit the original along with a copy of the English translation).
- A copy of the ATF issued Basic Importers Permit (for new importers only).

If the submitted documents are incomplete or incorrect, the laboratory will request further information from the importer, which may delay the sample analysis. Analysis takes a maximum of 21 days beginning on the day all complete/correct documents are received. Hence, to prevent a delay in sample analysis, it is very important that the importer provide the National Laboratory Center with the complete and correct documents mentioned above. Please note, after the laboratory analysis is completed, a report is sent to the Alcohol Labeling and Formulation Division (ALFD) and used by them to classify the product. This may take an additional 21 days to complete. Also remember that ALFD might also request additional information in order to classify a product properly.

Some of the common mistakes made by importers that may delay the sample analysis by the lab include:

- A report of chemical analysis for a product is sometimes submitted in place of the list of ingredients. The list of ingredients is a list of all materials that are used to manufacture the product, e.g., agricultural source of alcohol, additives, spices, colors, etc. A chemical analysis report is not a substitute for a list of ingredients.
- The method of manufacture does not contain the proof at distillation. This information is very important since the regulatory standards of identity for many products mandate a specific proof at distillation. This information must be supplied in order for ATF to determine the proper classification of the product. The common confusion appears to be in understanding the difference between "proof at distillation" and the proof of the finished product. The proof at distillation is the highest proof of the distillate before it is diluted for bottling.

If you have any questions about the laboratory analysis process, please call the ALFD Customer Service Team at 1-866-927-ALFD or e-mail us 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, D.C. 20226.