



Department of the Treasury

Alcohol and Tobacco Tax and Trade Bureau



Press Release

For Immediate Release
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TTB AND ATF REACH SETTLEMENT WITH TOBACCO PRODUCTS MANUFACTURER

WASHINGTON – The Alcohol and Tobacco Tax and Trade Bureau (TTB) and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) have reached an agreement with Ohserase Manufacturing located on the Saint Regis Mohawk Reservation in New York to come into compliance with Federal law.

The settlement resolves issues related to Ohserase'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).

Ohserase Manufacturing 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, Ohserase Manufacturing and the United States Attorney of the Northern District of New York to bring Ohserase into compliance with Federal laws and regulations.

Ohserase Manufacturing 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, Ohserase agrees to the administrative forfeiture of \$1.75 million.

Ohserase will pay taxes on all cigarettes it manufactures, and keep all required records under the Internal Revenue Code (IRC) and the CCTA. Ohserase's agreement to comply with the applicable provisions of the IRC and the CCTA in the future, and its settlement of the past alleged violations, resolved Ohserase's compliance issues and resulted in the issuance of a TTB permit authorizing Ohserase 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."

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