



## DAILY NEWS CLIPS

March 29, 2012

### **WASHINGTON REPORT: NACS URGES SUPPORT FOR RYO LEGISLATION**

NACS News Blog  
March 29, 2012

*Building on the momentum from last week's successful Day on Capitol Hill event, NACS asks members to appeal to Congress for its support of roll-your-own tobacco legislation.*

NACS urging its members to call on Congress for support of legislation that would close a tax loophole that is allowing customers to mass-produce their own cartons of cigarettes with lower-taxed pipe tobacco.

In recent years, roll-your-own (RYO) tobacco machines have surfaced at various traditional and non-traditional retail locations, which put convenience stores at a competitive disadvantage.

Legislation supported by NACS seeks to provide regulatory certainty that is compromised by the use of lower-taxed pipe tobacco in RYO machines. NACS is urging members of Congress to support H.R. 4134, a bill introduced by Rep. Diane Black (R-TN) that would level the playing field for all retailers selling tobacco products and provide long-term regulatory and tax certainty. Similar legislation has passed in the Senate as part of the Highway bill.

The legislation does not call for a new tax on RYO cigarettes made with a commercial RYO machine — it simply ensures that all state and federal tobacco taxes are legally collected.

Last week attendees of NACS Day on Capitol Hill brought this issue to the attention of members of Congress — but more action is needed — ask your legislator to support H.R. 4134.

Originally published here: <http://www.nacsonline.com/NACS/News/Daily/Pages/ND0329121.aspx>

### **BUMPY REGULATORY PATH RAISES QUESTIONS FOR TOBACCO CATEGORY**

By Melissa Kress  
Convenience Store News  
March 29, 2012

How do you manage a category when much of the management process has been taken out of your hands?

More than a dozen convenience tobacco retailing executives came together for the Convenience Store News Tobacco Roundtable yesterday and tried to answer that very question.

Sponsored by Logic Technology Development and Swedish Match, the event brought together category leaders from CF Capital Assets, Mac's Convenience Stores, The Pantry, Quick Chek, 7-Eleven, Royal Buying Group, Nice N Easy, Circle K Southeast and Jubilee Food Stores.

Topping the agenda was a discussion of the challenges and opportunities facing tobacco retailing today. Although the majority of attendees have "category management" in their titles, all agreed that much of the management process has shifted outside of their control -- subject to government regulations, taxation issues and the tobacco companies.

The Food and Drug Administration is drawing the lion's share of attention from the industry -- given the agency's regulation of flavored cigarettes; the still-up-in-the-air status of menthol in the marketplace; and the question mark surrounding any possible regulation of cigars. State and local policy decisions -- and decision makers -- should not be ignored, however. For example, individual municipalities in California have been pushing for specific tobacco retailing licenses. As one retailer noted, the licenses would not be transferable, so where does that leave franchisees who want to sell their businesses? And in New York State, Madison County officials are working on a tobacco display ban that would force tobacco retailers to essentially go dark.

Canada is not immune to government regulations, either. As of June 30, three-quarters of every cigarette pack will be covered by a graphic image. A similar regulation in the United States will have its day in a federal appeals court next month.

In addition to tobacco regulation and taxes, the group of retail executives also discussed trends in the category's various segments. Other tobacco products (OTP) is growing and taking shelf space from cigarettes in some stores; more retailers are carrying electronic cigarettes now, even if not in all their stores; and except for some pockets in the Northeast and Southeast, sales of small cigars are taking over large cigars -- just to highlight a few.

Check out the April issue of Convenience Store News for in-depth coverage of the roundtable and retailers' take on the category.

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## **LOS ANGELES DISTRIBUTOR GETS PRISON TERM FOR TOBACCO TAX FRAUD**

By Marc Lifsher  
Los Angeles Times (CA)  
March 28, 2012

A federal judge in Sacramento has sentenced a Los Angeles tobacco distributor to 15 months in prison and ordered him to pay \$880,000 to the state of California for his participation in a scheme to defraud the state of more than \$800,000 in excise taxes.

Jawid Wahidi, 34, the owner of LMS International, was sentenced Wednesday. He pleaded guilty in U.S. District Court on May 10 to charges of mail fraud.

According to U.S. Atty. Benjamin B. Wagner, Wahidi filed statements with the California Board of Equalization that "dramatically under-reported the amount of tobacco he sold in the state."

Wahidi sold the majority of his tobacco products, mainly cigars and chewing tobacco, to California buyers at untaxed prices and without official invoices, Wagner said.

In a similar case, Wagner announced that Atef Shehata, 62, also of Los Angeles, pleaded guilty Wednesday to mail fraud by engaging in similar behavior. Shehata, the owner of Classic Wholesale, ordered and received about \$2.5 million in untaxed tobacco products from a Las Vegas company, Wagner said.

Shehata is scheduled to be sentenced by U.S. District Judge John A. Mendez on July 10. He faces a maximum penalty of 20 years in federal prison.

The two investigations were carried out by a task force that includes the U.S. Attorney's Office, the California Attorney General's Office, the U.S. Bureau of Alcohol, Tobacco and Firearms and the California Board of Equalization.

*Originally published here: <http://www.latimes.com/business/money/la-fi-mo-los-angeles-distributor-20120328,0,310585.story>*

## **ROLL YOUR OWN CIGARETTE SHOPS OFFER SAVINGS**

By Clark Howard

ClarkHoward.com (National Consumer News Blog)

March 29, 2012

All over the country, roll your own cigarette shops are opening that allow you to buy cigarettes at a fraction of the usual cost, according to The Wall Street Journal.

The idea is simple: You go in and buy tobacco in bulk. Then you essentially rent time on a machine that rolls your cigarettes.

Pop in your tobacco up on the top, and out of the bottom comes rolled cigarettes, just like the kind you'd buy from a name brand company. But the difference is you'll typically pay half the price you would for a normal carton.

Having said that, I'm also ecstatic that those graphic cigarette labels the big tobacco companies were trying to ban have been deemed constitutional by an appellate court. That's great news and my hope is that they see the light of day and spur people to quit smoking.

So here I am, one side of me is all about the free market to get cheaper cigarettes, and the other side of me is all about the graphic labels to discourage smoking. I am a contradiction, aren't I?

*Originally published here: <http://www.clarkhoward.com/news/clark-howard/health-health-care/roll-your-own-cigarette-shops-offer-savings-smokin/nLdkz/>*