



## DEPARTMENT OF THE ATTORNEY GENERAL

### News Release

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GOVERNOR

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News Release No. 2002-13 April 16, 2002

#### **Despite Vigorous Enforcement Program Merchants Continue to Cheat**

Attorney General Earl I. Anzai announced today that despite a vigorous cigarette tax enforcement program merchants continue to cheat the system. Anzai reports that one-year into the tax stamping program and the Attorney General's efforts have proven that a "black market" in cigarettes certainly exists as evidenced by the amount of contraband cigarettes that are seized and the arrests that continue to be made.

In March, Special Investigators from the Attorney General's Office conducted 97 retail inspections throughout the State. Of the 97 businesses that were inspected twenty-six (26) businesses or 26.8% were in possession of contraband cigarettes in one form or another. There were 18 felony arrests for cigarette tax violations. Anzai noted in some cases cigarettes were seized without charges being leveled. In those cases, Special Investigators seize (one or two packs or cartons of unstamped cigarettes) and issue warnings to the stores. Having been warned the stores face prosecution for any subsequent violations.

The stamping of cigarettes began on January 1, 2001. Inspections of retail stores for compliance did not begin until April 1, 2001. Overall Anzai notes that while the enforcement efforts (700+ retail store inspections) have increased cigarette tax revenues by \$20 million over prior years, the past year has also yielded:

- 92 felony arrests; and
- The seizure of over 2 million cigarettes.

As the evasion schemes become more complex Anzai intends to continue his vigorous enforcement activities and will be expanding the investigations into the areas of counterfeit stamping, smuggling, and the prohibition against the sale or distribution of "gray market" or "import prohibited" cigarettes.

Anyone having information regarding possible violations of the Cigarette Tax Stamping law should contact the Department of the Attorney General's Investigations Division at 586-1240 or Crime Stoppers at 955-8300.