

Illegal Tobacco Task Force Minutes

Meeting Date: Tuesday, February 9, 2016

Meeting Time: 10:30 AM

Meeting Location: 100 Cambridge Street, 2nd Floor, Conference Room D – Boston, MA

Members Present: Kajal Chattopadhyay (Co-Chair), Steve Fennessy (Co-Chair), Thomas Bocian, David Solet, Michael Sweeney, , Shawn Collins, Christy Fedor, Amber Villa (slightly late arrival)

Others: Brenda McConville, David Toy, Evan Garcia, Molly Parks, Allyson Perry, Chris Bauthin, Joshua Brabazon, Peter French, Molly Slingerland, Patricia Henley, Michael Spinosa, Michael Szrama, Janet Mullins.

Call to Order:

- Meeting was called to order at 10:40AM by Co-Chair Kajal Chattopadhyay.
- The previous meeting minutes were submitted and read independently by every member. David Solet made a motion to approve the minutes and was seconded by Michael Sweeney. All members voted unanimously to approve the minutes. (Ms. Villa was not present for the vote).
- Mr. Chattopadhyay briefly discussed the ISA forms in each Task Force member's folder. He explained there were two ISA forms, a general ISA that governs what each agency contributes and a financial ISA which authorizes the transfer of funds from the operating budget to a member agency.
- With the help of Task Force member Christy Fedor, Mr. Chattopadhyay also reviewed and discussed the Dept. of Public Health's Retail Data Management System (RDMS). As part of the Task Force, member agencies will have access to the RDMS to assist with Task Force initiatives and efforts.

Connecticut Tobacco Enforcement Unit Presentation:

- Mr. Chattopadhyay introduced Patrick Bernardo of the CT Dept. of Revenue's Tobacco Enforcement Unit to the Task Force.
- Mr. Bernardo gave an in-depth presentation about the structure and operation of the CT Tobacco Enforcement Unit. Currently the unit operates with four agents, along with forensic and analytic support. With an initial appropriation of \$13 million, the CT Dept. of Revenue Services began creation of the unit.
- Their team began inspections and quickly shifted into investigations and surveillance of the illicit tobacco market and sellers. Their observation has been that the illicit tobacco market is very profitable, thereby enticing drug dealers to also enter the tobacco black market as well.
- According to Mr. Bernardo, Virginia and the Carolinas seem to be hot beds for cheap, out-of-state tobacco coming into CT. He also mentioned that international tobacco smuggling through the United State Postal Service is also common. Some countries from which they've seized merchandise include China, Israel and Moldova.

- Mr. Bernardo also discussed his team's successful warehouse raids, seizing thousands of cartons of illegal cigarettes and other tobacco products (OTP), approximately 81,000 counterfeit tobacco stamps (4,200 of those were Massachusetts counterfeit stamps). Cash was also seized as well.
- Before their efforts really kicked off, Mr. Bernardo mentioned the CT Dept. of Revenue Services was seeing a decline in tax compliance and collections. Following the recent efforts of the Tobacco Enforcement Unit, collections have significantly increased.
- Mr. Bernardo outlined some key tips and tools that he feels are essential for a Task Force. He outlined that press coverage of their sting operations has sent the message to criminals and potential criminals that enforcement of illicit activities has significantly increased.
- Mr. Bernardo opened the floor for questions and discussion. He fielded questions which ranged from dealing with the general fund and money seizures, storage for seized product, how the courts are dealing with offenders and the cost of running their unit.

New York Cigarette Strike Force Presentation

- Mr. Chattopadhyay introduced New York Dept. of Tax & Finance's Cigarette Strike Force. On hand for the presentation were Mike Szrama, Mike Spinosa and Janet Mullins. The Cigarette Strike Force is one of the first task forces devoted to investigation and prosecution of illicit tobacco offenders.
- Mr. Spinosa led the presentation and outlined the work of the Cigarette Strike Force in New York City and New York State. Currently, the team operates seven offices throughout the state and partners with 12 federal and local law enforcement agencies.
- The team has been successful in their efforts, according to Mr. Spinosa. In the first 6 months, they confiscated almost 12,000 cartons of cigarettes and thousands of packages of OTP, yielding a monetary value of \$1.68 million. Mr. Spinosa said the noted barrier in seizing funds is the small percentage they get (approximately 1%-2%), and lack of support from some federal agencies.
- The Strike Force is seeing tobacco products in NY from Pennsylvania, the Carolinas and Virginia. In 2015, according to Mr. Spinosa, the team made 133 cigarette arrests and seized 25,000 cartons of cigarettes. All seized tobacco is destroyed.
- Mr. Spinosa and his team also informed the Task Force of an additional program in the NY area called CARP (Crimes Against Revenue Programs) that is helpful in getting cross-agency support. The CARP program provides cities, towns and local DA's offices with grant funds to combat revenue crimes.
- In terms of prosecuting criminals, Mr. Spinosa and Mr. Szrama mentioned that high profile cases take precedence. It's not often that tobacco criminals are going to jail. However, civil penalties have been updated to levy a \$600 per carton penalty on illicit tobacco. The increased penalties especially help in cases involving big dealers and large amounts of contraband tobacco products.

Other Business

- Mr. Chattopadhyay says he is still awaiting approval of the draft language supplied to ANF of the legislative changes. He would like to email them and/or add a meeting prior to meeting in March to talk about the legislative proposals and about the Task Force's report to the Legislature.

Meeting adjourned at 12:55pm