



**NEWS FROM THE OFFICE
OF ATTORNEY GENERAL
ERIC T. SCHNEIDERMAN**

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**SCHNEIDERMAN SUES TOBACCO RETAILERS FOR ILLEGALLY SELLING
CIGARETTES ONLINE AMID TEEN SMOKING EPIDEMIC**

*Web Sites Offering Cheap, Easy Access to Cigarettes Prey on Youth, Break the Law, & Result in
Hundreds of Millions of Dollars in Lost State Revenues Each Year*

*Attorney General Stands with Local Parents & Anti-Smoking Advocates to Announce Crackdown
on Illegal Tobacco Retailers*

MINEOLA, N.Y. – Attorney General Eric T. Schneiderman today announced the filing of lawsuits against six web site operators that illegally sold cigarettes to New York State residents, part of a disturbing trend that provides teens easy access to tobacco, and encourages a loss of hundreds of millions of dollars in state revenues. After visiting his Nassau County Regional Office and meeting with his staff attorneys there, Schneiderman announced the lawsuits with Long Island parents and anti-smoking advocates concerned about those who would evade New York State law to prey on vulnerable children and families.

“These vendors not only broke the law prohibiting the sale of tobacco online, but also endangered our children by making cigarettes easier and cheaper to purchase,” **Attorney General Schneiderman** said. “With thousands of children becoming addicted smokers each year, and hundreds of thousands more expected to die because of smoking-related illnesses, our fight for a healthier New York is not over. This office has a proud history of standing up to corrupt tobacco corporations, and as Attorney General I will continue to stop those, no matter how big or powerful they might be, who put profits before the health and safety of our communities, and the laws of this state.”

According to the Attorney General’s complaints, the named internet vendors accepted orders from New York State consumers and delivered the cigarettes to New York State addresses. The six vendors are: (1) Totally Tickled Limited, Inc. for discountcigarettesdomestic.com, Kentucky Smokes, and David White; (2) Anton Limited for INeedSmoke.com, and Kyle Williams; (3) Cigarettes-online.biz and John Sparkle; (4) Best Products Solution Limited for

<http://cigoutlet.net/>; (5) Best Products Solution Limited for Smokin4free.com; and (6) Best Products Solution Limited for cigoutlet.biz.

New York State Public Health Law Section § 1399-ll prohibits the shipment of cigarettes to any person in the state unless that person is licensed as a cigarette tax agent or wholesale dealer. Four of the complaints further charge that the internet vendors violated Executive Law section 63(12) by repeating these illegal sales on more than one occasion. The state is seeking fines of up to \$5,000 for each violation and injunction against future sales.

The Centers for Disease Control and Prevention report that 24,100 children under the age of 18 become new daily smokers each year. An estimated 389,000 kids now under the age of 18 in New York will die prematurely from smoking.

In addition to the health effects, the fiscal impact of low-cost cigarettes is staggering. The New York State Department of Health reported that in 2004, the state lost between \$436 million and \$576 million from the sale of low price, mainly untaxed cigarettes. Of that loss, between \$106 million and \$122 million derived from online tobacco sales. Aside from the lost revenue, avoiding the cigarette tax helps smokers avoid quitting: if all smokers paid the average retail price for cigarettes, there would be between 51,026 and 76,539 fewer adult smokers in New York.

Internet tobacco prices are much lower than those in regular brick-and-mortar retail outlets because they almost never include the taxes charged by retail stores. The low-cost cigarettes make internet tobacco products attractive to both adult and underage smokers, and help boost overall smoking levels. There is little to prevent underage online purchases as youth smokers can simply provide false identification to avoid their "age verification" procedures - which is not possible in face-to-face purchases.

Big Tobacco benefits the most from online cigarette sales because they can sell their high-demand, high-priced premium brands cheaply, as these sales are made tax-free. In fact, many sites advertise that they do not report their sales to any government entity. This practice is entirely illegal since federal law requires that internet vendors report all sales to the tax departments of the states into which they are selling.

Scott T. Santarella, President and CEO of the American Lung Association in New York, said, "The sale of untaxed cigarettes does much more harm than just deny the state revenue, it directly contributes to addicting our kids to tobacco. When cheap untaxed cigarettes are available, more kids will try them and many will become addicted. We're grateful Attorney General Schneiderman is going after violators who are contributing to an epidemic that continues to kill 25,000 New Yorkers every year."

Susan Somerville, RN, Executive Director of North Shore University Hospital and a Member of the American Heart Association Board of Directors in Long Island, said: "As many as 30 percent of all coronary heart disease deaths in the United States each year are attributable to cigarette smoking. Smokers have a higher risk of developing many chronic disorders, including atherosclerosis — the buildup of fatty substances in the arteries — which

can lead to a heart attack. Cigarette taxes are a proven strategy to decrease smoking. Every 10 percent increase in the price of cigarettes will reduce youth smoking by about 7 percent and overall cigarette consumption by about 4 percent. Unfortunately, the availability of cheap, tax-free cigarettes grossly undermines the health and economic benefits of New York's cigarette tax."

Susan Kennedy, Director of the Tobacco Action Coalition of Long Island, said, "The Tobacco Action Coalition of Long Island applauds Attorney General Schneiderman for taking action to put our communities first. Protecting our youth from illegal tobacco sales and shutting down those who operate them are important measures in reducing youth smoking and supports the work of the NY Tobacco Control Program."

Gail Volk, School Health Policy Specialist for Healthy Schools NY, said, "Preventing and reducing tobacco use among our children is a critical part of fostering sustainable, healthy lifestyles. New York State's tobacco use prevention efforts for high school shows a drop from 27.1 percent in 2000 to 12.6 percent today. This is thanks to our state's high tobacco product taxes, statewide clean air act, and comprehensive tobacco control efforts. However, the ultimate goal has been undermined by the sale of low-cost tobacco products that appeal to our kids, and also make it less likely for adult smokers to quit. We are thrilled that Attorney General Schneiderman has taken this action to support safer, healthier communities here on Long Island and across the state."

Lisbeth Shibley, Executive Director and President of Manhasset Community Coalition Against Substance Abuse (CASA), said, "Our public health programs can only succeed if our law enforcement officials do the critical job of keeping low-cost and illegal tobacco products away from our kids. These lawsuits will shine a light on the black market providers whose cheap, easy-to-buy cigarettes appeal to our children and encourage addiction. I applaud the Attorney General for taking action to put our communities first."

The New York State Attorney General's Office has long been active in trying to stop the sales of cigarettes over the internet. In 2005, it entered into agreements with the major credit card companies in which they agreed not to permit their credit cards to be used for the sale of tobacco products over the internet. In addition, the Office entered into agreements with three of the largest shippers to stop the delivery of cigarettes to individual consumers anywhere in the country. In recognition of these and other efforts, the Office's Tobacco Compliance Bureau was given the "Champions of 2010" award by Reality Check, a statewide youth program whose goal is to educate teens about the manipulative marketing practices used by the tobacco industry to get teens to smoke.

These cases are being handled by Assistant Attorney General Marc Konowitz under the supervision of Tobacco Compliance Bureau Chief Dana Biberman.

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