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**MAYOR BLOOMBERG AND CORPORATION COUNSEL CARDOZO ANNOUNCE
LATEST WIN IN CITY'S CASE TARGETING ILLEGAL RESERVATION CIGARETTE
SALES**

*Federal Appeals Court Denies Repeated Requests by Poospatuck Reservation Sellers to Resume
Their Cigarette Sales*

Mayor Michael R. Bloomberg and Corporation Counsel Michael A. Cardozo today announced another success in the City's ongoing case against Poospatuck Indian reservation cigarette dealers, who illegally sell massive quantities of cigarettes on which State and City taxes have not been paid. The Second Circuit Court of Appeals, a federal appeals court, has denied a series of requests by the Long Island-based dealers to allow them to resume sales. The Court also sent the case back to the district court for further proceedings based on recent amendments to New York's cigarette tax laws. These amendments strengthen the City's efforts to halt cigarette bootlegging. In August 2009, a federal district court issued an injunction against the dealers, blocking their further sales, finding that those sales violate federal cigarette trafficking laws and state law. The Second Circuit's rejection of their appeal of that injunction was issued on Friday.

"We couldn't be happier that a court has yet again prevented a tribe from selling large quantities of cigarettes – 19,000 cigarettes a day for every man, woman, and child on the reservation – without paying the taxes owed and draining billions of dollars from the City and State," said Mayor Bloomberg. "I want to congratulate the men and women of the City's Law Department for their excellent work protecting law-abiding small businesses and taxpayers."

"This latest courtroom success means that the court order issued by Judge Amon of the federal court for the Eastern District of New York that blocks illegal cigarette sales by sellers on the Poospatuck reservation will remain in place," said Corporation Counsel Michael A. Cardozo. "We are confident that with newly enacted laws both at the state and federal level the City will be able to end the massive amounts of illegal cigarette trafficking."

In September 2008, Mayor Bloomberg and Corporation Counsel Cardozo announced that the City had filed a complaint in the Federal District Court for the Eastern District of New York against eight Long Island businesses located on the Poospatuck Indian reservation for illegally

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selling cigarettes on which State and City taxes have not been paid, in violation of the Federal Contraband Cigarette Trafficking Act and State law. The City's investigation had documented sales by these reservation businesses of nearly 24 million cartons of contraband cigarettes since 2004.

Native Americans are permitted by law to purchase and possess unstamped cigarettes on which taxes have not been pre-paid, but only for personal use or re-sale on the reservation to other tribe members. The defendants in the Poospatuck suit purchased cigarettes under the guise that they were for personal use on the reservation, but then illegally sold the cigarettes to the public in sales that are subject to taxation.

The Federal Contraband Cigarette Trafficking Act, 18 U.S.C. § 2341, makes it a felony – and also gives rise to civil liability – for selling cigarettes without tax stamps in States where the cigarettes are subject to tax. The New York Cigarette Marketing Standards Act also gives rise to civil liability for selling cigarettes without including amounts for all taxes required by law. Cigarettes sold by Native Americans to the public are taxable and by law must bear tax stamps in New York.

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