



NEW YORK CITY LAW DEPARTMENT  
OFFICE OF THE CORPORATION COUNSEL

Michael A. Cardozo, *Corporation Counsel*

Press Release

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*For Immediate Release*

## **NEW YORK CITY LAW DEPARTMENT ANNOUNCES CONSENT DECREE IN SUIT AGAINST “ROLL-YOUR-OWN” CIGARETTE BUSINESSES**

### ***“ROLL-YOUR-OWN” STORES AGREE TO SHUT DOWN***

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New York, Dec. 20, 2011 – The New York City Law Department announced today that Island Smokes LLC and Island Smokes III LLC, businesses sued by the City for evading cigarette taxes through a “roll-your-own” cigarette business, have entered into a consent decree to be ordered by the court agreeing to close the stores by Feb. 1, 2012.

In addition, the individuals associated with the businesses have agreed not to operate similar businesses in the future. The City had alleged that in providing customers with loose tobacco, tubes of cigarette paper and access to machinery that produced finished cigarettes for the customer onsite, Island Smokes LLC and Island Smokes III LLC were selling or distributing cigarettes, in disregard of tax and other regulatory statutes, and in violation of the Federal Contraband Cigarette Trafficking Act and the New York State Cigarette Marketing Standards Act. (Island Smokes has two stores -- one on Staten Island and one in Chinatown.) The suit also alleged that the defendants were causing a public nuisance by, among other things, selling cigarettes that have not been certified as “fire-safe” as required by New York State law.

“The success of this lawsuit should serve as a reminder to others thinking of ‘gimmicks’ to skirt New York City’s tough cigarette laws that the City will enforce those laws vigorously,” said Corporation Counsel Michael A. Cardozo of the New York City Law Department, whose office brought the case.

“I want to thank the Sheriff’s Office for its heads-up work finding this business and conducting a thorough investigation,” said New York City Finance Commissioner David M. Frankel. “When one business doesn’t play by the rules, it hurts not only the taxpayers, who rely on tax revenue to pay for vital services, but all of the small businesses who do the right thing. It’s our job to help level the playing field for businesses and ensure all tax revenue due to the City is collected.”

Since the City’s lawsuit was filed, City investigators have located several other recently opened “roll-your-own” cigarette businesses, and the City has issued cease and desist letters informing the stores it will commence legal action against them in the event of non-compliance.

As described by fraud investigators with the Sheriff’s Office, Division of Tax Enforcement, customers at “roll-your own” stores purchase loose tobacco and packages of cigarette paper tubes with attached filters. Store employees then assist customers in making cigarettes on machines located in and owned or leased by the store. The machines fill the paper tubes with compacted tobacco to produce completed cigarettes, which the customers then pay for by the pack or the carton.

Sales of non-taxed cigarettes deprive the City of millions of dollars in lost cigarette tax revenues, hurt law-abiding small businesses, and undercut public health measures designed to discourage smoking. The City’s lawsuit against Island Smokes sought an injunction to stop the defendants from continuing their illegal sale, distribution, and advertising of non-taxed cigarettes.

The New York City Law Department is one of the oldest, largest and most dynamic law offices in the world. Tracing its roots back to the 1600's, the Department has an active caseload of 90,000 matters and transactions in 17 legal divisions. The Corporation Counsel heads the Law Department and acts as legal counsel for the Mayor, elected officials, the City and all its agencies. The Department's 650 attorneys represent the City on a vast array of civil litigation, legislative and legal issues and in the criminal prosecution of juveniles. For more information, please visit [nyc.gov/law](http://nyc.gov/law).

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