

**DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
ABSTRACT AND STATEMENT**

NOT IN SUIT

For briefing offers in compromise of liabilities and/or violations incurred under sections 4181 and 4182 and Chapters 51 and 52 of the Internal Revenue Code and/or liabilities and/or violations incurred under the Federal Alcohol Administration Act.

1. OFFER SUBMITTED BY (Name and address) Lake Erie Tobacco Company 6564 Route 417 Killbuck, NY 14748	OFFER IN COMPROMISE	
	2. ORIGINATING OFFICE TAD	3. AMOUNT OF OFFER 4,833,129.05
	4. PERMIT, LICENSE, OR REGISTRY NO. (if applicable) [REDACTED]	
	5. CASE NUMBER	
	6. DOLLAR AMOUNT OF LIABILITY BEING COMPROMISED (if applicable) \$ 7,070,515.00	
	7. TAXPAYER IDENTIFICATION NUMBER [REDACTED]	

8. CHARGE

VIOLATIONS:
The Proponent underpaid Federal excise tax on large cigars under 26 U.S.C. § 5701(a)(2). Proponent excluded two separate charges from the sale price of its large cigars that should have been included. The two excluded charges were payments made to the United States Department of Agriculture (USDA) Commodity Credit Corporation (also known as the "Tobacco Buy-Out" or "TBO") and a cooperative agreement program fee. The assessment included a 20 percent accuracy-related penalty imposed under 26 U.S.C. § 6662 for negligence or disregard of rules or regulations.

BUSINESS IN WHICH ENGAGED:
The proponent is a manufacturer and importer of tobacco products.

DATE OR PERIOD AND LOCATION OF VIOLATIONS:
The alleged violations occurred for the period August 1, 2013 to May 31, 2017 at the Proponent's premises located at 6564 Route 417, Killbuck, NY 14748.

AMOUNT AND TERMS OF OFFER:
The Proponent offered \$4,833,129.05 in compromise of the tax liability based on doubt as to liability and doubt as to collectability.

RECOMMENDATIONS:
The Deputy Assistant Administrator for Permitting and Taxation, recommends acceptance of the offer. In view of potential litigation hazards, acceptance of this Offer in Compromise as submitted, is warranted.

9. I have considered the proposition to compromise the liability as charged herein, and, for the reasons embodied in the above abstract and statement, am of the opinion that it will be for the best interest of the United States to ACCEPT REJECT the terms proposed.

10. SIGNATURE AND TITLE [REDACTED]	11. DATE
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