

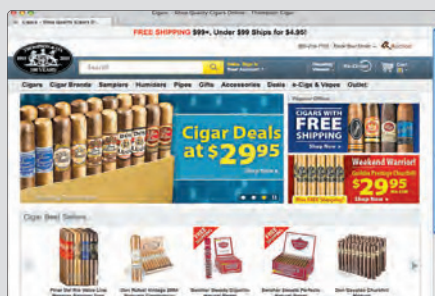
# Mail Order Cigar Industry: Keeping Cigars Away from Minors

The industry has every interest, and is fully committed, to keeping cigars out of the hands of minors. >BY CRAIG WILLIAMSON

There's an old saying that a lie can travel halfway around the world before the truth can get its shoes on. As president of the Cigar Association of America, I'm used to hearing a full range of falsehoods about our industry. One of the worst of these is the notion that the cigar industry isn't serious about restricting our products to adults.

It's a ridiculous accusation. The cigar industry is made up of mothers, fathers, neighbors, and good citizens who don't want kids smoking any more than the next guy. And our companies are acting with consistent responsibility.

Century-old reputation are very important to them. That's why they use a third-party online age and identity verification service from Veratad Technologies. This age-verification system compares names and addresses against billions of public data records. If a potential customer has his identity and legal age confirmed by Veratad, the order is processed. If the identity is confirmed but the buyer is underage, the order is not processed. If the verification attempt has ambiguous results, Thompson attempts to contact the customer so proof of age/ID can be obtained.



> Both Thompson & Co., (above), and Cigars International, (right), exemplify the serious approach that cigar companies embrace in restricting their products to adults.



There's no doubt the business has changed over the last one hundred years—and especially over the last dozen or so. With the advent of the Internet and online retail stores, cigar companies had to put new systems in place to keep cigars out of the hands of kids.

Thompson & Co. is a great example of a company that has weathered these changes. Thompson is a 100-year-old business that started out by sending postcards and letters to customers, then moved to catalogs, then to toll-free phone numbers, and has now added Internet sales as well.

Thompson is family owned and operated, and their good name and cen-

Founded in 1996, Cigars International is newer to the industry—but their commitment to restricting products to adults is just as strong. That's why they also use Veratad to assure that their purchasers are of legal age. "We do it because we believe it's the right thing to do," said Craig Reynolds, president of Cigars International; "We don't want anyone underage buying cigars."

Can underage purchasers still slip by? No system is 100 percent foolproof. Cigar companies are doing their due diligence to prevent underage purchases, but good old-fashioned parental vigilance should always go hand-in-hand in order to ensure the best results.

## INTERNET TAXES LOOM IN WINGS

Of course, underage purchasing isn't the only hurdle facing the mail order cigar industry. In fact, it might not even be the biggest. Looming ominously on the horizon is the threat of the Marketplace Fairness Act, also known as the Internet Tax Bill. Under this bill, online retailers with U.S. sales of more than \$1 million annually would have to collect and remit sales tax from out-of-state consumers who would not have to pay sales tax under current law.

Consumers focus on increased taxes, a legitimate concern for sure. But for a mail order retailer, MFA is less about tax and more about a massive penalty.

"In its current form as passed by the Senate, MFA would force businesses to assume the burden of collecting and remitting customer taxes across thousands of jurisdictions—jurisdictions in which the tax codes are frequently changing," said Alix Franzblau, c.o.o. of Thompson & Co. "That would cost us \$200,000 a year. I understand that states need revenue, but Congress needs to work harder to find a fair solution."

Fortunately, MFA has been stalled again, and won't be considered until February.

In the meantime, I want to leave you with a statistic that makes me proud to be part of the cigar industry. The most recent national studies show youth cigar usage on the decline. The results from the 2010 National Survey on Drug Use and Health: Summary of National Findings showed that cigar usage dropped from 4.5 percent in 2002 to 3.2 percent in 2010 among kids between 12 and 17 years old.

I speak for the entire industry when I say we couldn't be happier about this. A big part of this success is thanks to online age verification programs. As an industry, we will continue to be 100 percent dedicated to the enjoyment of cigars by those legally permitted to enjoy them, and keeping our products out of the hands who aren't. **S**

*Craig Williamson is president of the Cigar Association of America, Tel: (202) 223-8204, Web: www.cigarassociation.org.*