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# NATIONAL ASSEMBLY

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FIRST SESSION

THIRTY-NINTH LEGISLATURE

Bill 59

(2009, chapter 47)

**An Act to amend the Tobacco Tax Act  
and other legislative provisions primarily  
to counter tobacco smuggling**

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**Introduced 28 October 2009**

**Passed in principle 4 November 2009**

**Passed 18 November 2009**

**Assented to 19 November 2009**

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**Québec Official Publisher  
2009**

## **EXPLANATORY NOTES**

*This Act amends the Tobacco Tax Act and the Act respecting the Ministère du Revenu primarily to provide for various measures to counter tobacco smuggling.*

*The Tobacco Tax Act is amended, in particular to impose a moratorium on the issue of manufacturer's permits, set new conditions for their issue and maintenance in force, and provide for shorter validity periods.*

*The Tobacco Tax Act is further amended to increase the amount of certain fines, impose new fiscal penalties, introduce control measures for tobacco manufacturing equipment, give new intervention powers to police forces and allow the court, in certain circumstances, to order the suspension of the driver's permit of a person convicted of an offence under this Act. Moreover, local municipalities are empowered to institute penal proceedings before municipal courts for offences committed in their territory by consumers of contraband tobacco products.*

*The Act respecting the Ministère du Revenu is amended, in particular to set special rules for the confiscation of seized contraband tobacco.*

*Lastly, amendments similar to those made to the Tobacco Tax Act are made to the Fuel Tax Act, including the introduction of new conditions for the issue and maintenance in force of permits and the reduction of their validity period.*

## **LEGISLATION AMENDED BY THIS ACT:**

- Tobacco Tax Act (R.S.Q., chapter I-2);
- Act respecting the Ministère du Revenu (R.S.Q., chapter M-31);
- Fuel Tax Act (R.S.Q., chapter T-1).

## **Bill 59**

### **AN ACT TO AMEND THE TOBACCO TAX ACT AND OTHER LEGISLATIVE PROVISIONS PRIMARILY TO COUNTER TOBACCO SMUGGLING**

THE PARLIAMENT OF QUÉBEC ENACTS AS FOLLOWS:

#### **TOBACCO TAX ACT**

**1.** Section 2 of the Tobacco Tax Act (R.S.Q., chapter I-2), amended by section 8 of chapter 15 of the statutes of 2009, is again amended by inserting the following definition in alphabetical order:

““tobacco manufacturing equipment” means any machinery or equipment designed or modified specifically for the manufacture, production, mixing, preparation or packaging of tobacco intended for sale;”.

**2.** The Act is amended by inserting the following sections after section 6:

“**6.0.1.** Every person who is in possession of tobacco manufacturing equipment in Québec or brings such equipment or causes such equipment to be brought into Québec shall hold a manufacturer’s permit provided for in section 6.

If the person is not a manufacturer, the permit issued to the person shall be used only for the activities described in the first paragraph.

“**6.0.2.** No manufacturer’s permit may be issued after 27 October 2009.

However, the Government may, by order, suspend the application of the first paragraph or, if it considers it expedient, authorize the issue of a manufacturer’s permit.

The first paragraph does not apply to a permit applied for solely to engage in an activity described in section 6.0.1.”

**3.** Section 6.1 of the Act is amended

(1) by replacing “or by regulation.” in paragraph *h* by “, by regulation or by the Minister;”;

(2) by adding the following paragraph after paragraph *h*:

“(i) at the Minister’s request, enter into an agreement under section 17.”

**4.** Section 6.1.1 of the Act, enacted by section 9 of chapter 15 of the statutes of 2009, is replaced by the following section:

“**6.1.1.** The Minister may require, as a condition for the issue or maintenance in force of a permit, security of a value, in a form and under terms determined by the Minister.”

**5.** Section 6.3 of the Act is amended

(1) by striking out “other” after “the Minister or any”;

(2) by adding the following paragraph:

“Despite the first paragraph, a permit may be issued or renewed for a period of less than two years.”

**6.** Section 6.4 of the Act is repealed.

**7.** The Act is amended by inserting the following section after section 7.10:

“**7.10.1.** The holder of a manufacturer’s permit shall keep, in the manner prescribed by regulation, a register setting out the inventory of the tobacco manufacturing equipment in the permit holder’s possession, its origin and the manner in which it was disposed of, if such is the case, as well as any other information prescribed by regulation.”

**8.** Section 13.1.1 of the Act is amended by replacing “a valid manufacturer’s or importer’s permit” in subparagraph *b* of the second paragraph by “a manufacturer’s permit, other than a permit issued for the activities described in section 6.0.1, or by a person holding an importer’s permit”.

**9.** The Act is amended by inserting the following section after the heading of Division III.1:

“**13.2.0.1.** A member of the Sûreté du Québec or of a municipal police force may enforce sections 9.2 and 9.2.1 throughout the territory in which that member provides police services.

That member may, despite the second paragraph of section 72.4 of the Act respecting the Ministère du Revenu (chapter M-31), sign and issue a statement of offence for any offence under those sections committed in that territory.”

**10.** Section 13.3 of the Act, amended by section 18 of chapter 15 of the statutes of 2009, is again amended

(1) by replacing "section 6.2, and examine the identification of the packages of tobacco being transported" in the first paragraph by "section 6.2, examine the identification of the packages of tobacco being transported and, for that purpose, inspect the vehicle, enter it and open, or order the opening of, any passenger compartment, shipping container, compartment, container or vessel";

(2) by replacing the second paragraph by the following paragraph:

"The person may also order that the vehicle not be moved where the owner, driver or person in charge of it or a passenger refuses to submit to any inspection or examination provided for in the first paragraph, does not hold the documents referred to in that paragraph or produces a manifest or way-bill containing inaccurate or incomplete information or where the person has reasonable grounds to believe that an offence is being or has been committed under paragraph *a* of section 14.1 where it refers to sections 6.2 and 17.10, under subparagraph *a* of the first paragraph of section 14.2 where it refers to sections 6 and 6.0.1, or under section 14.3 where it refers to section 9.2. In any such case, the owner, driver or person in charge of the vehicle or the passenger shall produce identification and surrender for examination the vehicle registration certificate."

**11.** Section 13.3.1 of the Act, amended by section 19 of chapter 15 of the statutes of 2009, is again amended by inserting " , or under subparagraph *a* of the first paragraph of section 14.2 where it refers to section 6.0.1," after "17.10" in the first paragraph.

**12.** The Act is amended by inserting the following section after section 13.3.1:

**"13.3.2.** In the cases covered by section 13.3 or 13.3.1, a member of the Sûreté du Québec, a member of a municipal police force or a person authorized by the Minister for such purposes may cause a road vehicle stopped in contravention of Division II of Chapter II of Title VIII of the Highway Safety Code (chapter C-24.2) to be removed and impounded in the nearest suitable place."

**13.** The heading of Division IV of the Act is replaced by the following heading:

"PENALTIES AND PENAL PROVISIONS".

**14.** The Act is amended by inserting the following sections after the heading of Division IV:

**"13.9.** Any person who contravenes section 3 incurs a penalty equal to the greater of \$1,000 and three times the amount of tax payable under this Act in respect of the tobacco sold contrary to that section.

**"13.10.** Any person who contravenes section 6 incurs a penalty which,

(a) if the activity that is contrary to section 6 involved tobacco, is equal to the greater of \$1,000 and three times the amount of tax that would have been payable under this Act if the tobacco had been sold by retail sale in Québec; and

(b) if the activity that is contrary to section 6 involved raw tobacco, is equal to the greater of \$1,000 and five times the amount of tax that would have been payable under this Act if each gram of the raw tobacco had been a cigarette sold by retail sale in Québec.

**"13.11.** Any person who contravenes section 7 incurs a penalty equal to the greater of \$1,000 and three times the amount of tax that would have been payable under this Act if the tobacco sold or delivered contrary to that section had been sold by retail sale in Québec.

**"13.12.** Any person who contravenes section 7.0.1 incurs a penalty equal to the greater of \$1,000 and five times the amount of tax that would have been payable under this Act if each gram of raw tobacco sold or delivered contrary to that section had been a cigarette sold by retail sale in Québec.

**"13.13.** Any person who contravenes section 7.0.2 incurs a penalty equal to the greater of \$1,000 and five times the amount of tax that would have been payable under this Act if each gram of raw tobacco sold or delivered contrary to that section had been a cigarette sold by retail sale in Québec.

**"13.14.** Any person who contravenes section 7.1 incurs a penalty equal to the greater of \$1,000 and three times the amount of tax that would have been payable under this Act if the tobacco sold or delivered contrary to that section had been sold by retail sale in Québec.

**"13.15.** Any manufacturer who contravenes section 7.1.2 incurs a penalty equal to the greater of \$1,000 and three times the amount of tax that would have been payable under this Act if the tobacco involved in the activity that is contrary to that section had been sold by retail sale in Québec.

**"13.16.** Any person who sells, delivers or is in possession of tobacco intended for retail sale in Québec and contained in a package not identified in accordance with section 13.1 incurs a penalty equal to the greater of \$1,000 and three times the amount of tax that would have been payable under this Act if the tobacco had been sold by retail sale in Québec.

**"13.17.** For the purposes of section 13.9, paragraph *a* of section 13.10, section 13.11 and sections 13.14 to 13.16, the following rules apply:

(a) the penalty incurred is equal to the greater of \$2,000 and five times the amount of any tax that, under this Act, is payable in respect of tobacco sold by retail sale in Québec or would have been payable if the tobacco had been sold by retail sale in Québec, if the quantity of tobacco involved in the activity that is contrary to one of those sections is greater than

i. 10,000 cigarettes, tobacco sticks, rolls of tobacco or other pre-rolled tobacco products designed for smoking; or

ii. 10 kilograms of loose tobacco, leaf tobacco or tobacco products other than cigars or tobacco products referred to in subparagraph *i*; and

(b) the penalty incurred is equal to the greater of \$1,000 and 300% of the purchase price determined by the Minister in accordance with section 8.1, if cigars are involved in the activity that is contrary to one of those sections.

**"13.18.** A person who is found guilty of an offence under section 14.1, 14.2 or 15 does not incur, in respect of the same facts, a penalty provided for in the second paragraph of section 13.2 or in any of sections 13.9 to 13.17 unless it was imposed on the person before proceedings were instituted against the person under section 14.1, 14.2 or 15."

**15.** Section 14.1 of the Act is amended by replacing "\$3,000" and "\$37,500" in the portion after paragraph *f* by "\$5,000" and "\$50,000", respectively.

**16.** Section 14.2 of the Act, amended by section 21 of chapter 15 of the statutes of 2009, is again amended

(1) by replacing "\$3,000" in the portion after subparagraph *e* of the first paragraph by "\$5,000";

(2) by replacing subparagraph *a* of the first paragraph by the following subparagraph:

"(a) contravenes section 6, 6.0.1, 7, 7.0.1, 7.0.2, 7.1.1, 7.1.2 or 7.9,";

(3) by replacing "three times" in the second paragraph by "four times".

**17.** Section 14.3 of the Act is amended by replacing "\$300" by "\$350".

**18.** The Act is amended by inserting the following sections after section 15:

**"15.0.1.** Despite section 72 of the Act respecting the Ministère du Revenu (chapter M-31), penal proceedings may be instituted by a local municipality for an offence under section 14.3 committed in its territory.

Proceedings instituted by a municipality are brought before the competent municipal court.



The fine imposed belongs to the municipality if it instituted the proceedings.

The costs relating to proceedings instituted before a municipal court belong to the municipality in which the court has jurisdiction, except the costs remitted to the defendant or imposed on the prosecuting municipality under article 223 of the Code of Penal Procedure (chapter C-25.1).

**"15.0.2.** The provisions of the Act respecting the Ministère du Revenu (chapter M-31) concerning the prescription of penal proceedings, the seizure of a thing and the custody, retention, return, confiscation, sale or destruction of the thing apply, with the necessary modifications, to a member of the Sûreté du Québec, a member of a municipal police force and the municipality empowered to act under this Act.

**"15.0.3.** If a person uses a vehicle to transport or deliver tobacco or raw tobacco and is convicted of an offence under section 14.2 for doing so, the court, in addition to any other penalty that may be imposed, may, when pronouncing the sentence, order the Société de l'assurance automobile du Québec to suspend the driver's licence of the person for a period of

(a) not more than six months, for a first conviction; and

(b) at least six months, for a second or subsequent conviction.

If an order is issued under the first paragraph, the Société de l'assurance automobile du Québec shall suspend the driver's licence of the person in accordance with the order."

#### ACT RESPECTING THE MINISTÈRE DU REVENU

**19.** Section 40.3 of the Act respecting the Ministère du Revenu (R.S.Q., chapter M-31), enacted by section 471 of chapter 15 of the statutes of 2009, is amended by adding the following paragraph after the second paragraph:

"Despite the first paragraph, if the name and address in Québec of the person at whose residence or in whose possession a thing has been seized in relation to an offence against the Tobacco Tax Act (chapter I-2) or a regulation made by the Government under it are unknown to the Minister or cannot be traced, the thing seized is deemed to be confiscated at the expiry of 90 days from the date of seizure. The sixth paragraph of section 68.0.2 applies to such a confiscated thing."

**20.** Section 68.0.2 of the Act, enacted by section 472 of chapter 15 of the statutes of 2009, is amended by replacing the third paragraph by the following paragraphs:

"On application by the Minister within 30 days after a judgment is rendered in proceedings to impose a penal sanction for an offence against a fiscal law



or a regulation made by the Government under a fiscal law, or within 90 days after the date on which a defendant is deemed to have been convicted of such an offence, a judge may also order the confiscation of any thing seized under any of sections 40, 40.1, 40.1.0.1, 40.1.1 and 40.1.3, of the deposit referred to in the second paragraph of section 40.3 or of the sale proceeds referred to in section 40.4.

At the expiry of 30 days after a judgment is rendered in proceedings to impose a penal sanction for an offence against the Tobacco Tax Act or a regulation made by the Government under it or after the date on which a defendant is deemed to have been convicted of such an offence, a thing seized under any of sections 40, 40.1, 40.1.0.1 and 40.1.1 is confiscated by operation of law if the unlawful possession of the thing prevents it from being returned to the person from whom it was seized or to a person who claims to have a right in the thing, unless either of those persons objects within that period to the confiscation. A notice of such a confiscation by operation of law is given with the statement of offence."

**21.** Section 72.1 of the Act is amended by adding the following paragraph:

"The same applies to the Deputy Minister in respect of a judgment rendered in relation to proceedings instituted by a local municipality under section 15.0.1 of the Tobacco Tax Act (chapter I-2)."

**22.** The Act is amended by inserting the following section after section 72.3:

**"72.3.1.** Where proceedings have been instituted by a local municipality under section 15.0.1 of the Tobacco Tax Act (chapter I-2), the Deputy Minister may

- (a) intervene in first instance to take charge of the prosecution;
- (b) intervene in appeal to take the place of the municipality who was the prosecutor in first instance;
- (c) order proceedings stayed before the rendering of judgment in first instance; or
- (d) allow the proceedings to be continued within six months of being stayed under subparagraph c.

The intervention, stay or continuation commences when the representative of the Deputy Minister notifies the clerk. The clerk shall notify the parties without delay."

**23.** Section 72.4 of the Act is amended by adding the following paragraph after the second paragraph:

"A facsimile of the signature of a person referred to in the first or second paragraph that is affixed on the statement of offence has the same force as the person's signature."

#### FUEL TAX ACT

**24.** Section 27.1 of the Fuel Tax Act (R.S.Q., chapter T-1) is amended

(1) by replacing "or by regulation." in paragraph *h* by ", by regulation or by the Minister; and";

(2) by adding the following paragraph after paragraph *h*:

"(i) at the Minister's request, enter into an agreement under section 51."

**25.** The Act is amended by inserting the following section after section 27.1:

**"27.1.1.** The Minister may require, as a condition for the issue or maintenance in force of a permit, security of a value, in a form and under terms determined by the Minister."

**26.** Section 27.3 of the Act is amended

(1) by striking out "other" after "the Minister or any";

(2) by adding the following paragraph:

"Despite the first paragraph, a permit may be issued or renewed for a period of less than two years."

**27.** Section 27.4 of the Act is repealed.

**28.** The Act is amended by inserting the following section after section 40:

**"40.0.1.** In the cases covered by section 39 or 40, a member of the Sûreté du Québec, a member of a municipal police force or a person authorized by the Minister for such purposes may cause any road vehicle stopped in contravention of Division II of Chapter II of Title VIII of the Highway Safety Code (chapter C-24.2) to be removed and impounded in the nearest suitable place."

#### TRANSITIONAL AND FINAL PROVISIONS

**29.** A person to whom the second paragraph of section 6.0.1 of the Tobacco Tax Act (R.S.Q., chapter I-2), enacted by section 2, applies must, before 18 February 2010, send the Minister of Revenue an application for a manufacturer's permit in accordance with the Tobacco Tax Act.

The person is deemed to hold the permit applied for until the date on which the Minister issues the permit or sends the decision denying the permit.

**30.** Section 6.0.2 of the Tobacco Tax Act, enacted by section 2, applies to any application for a manufacturer's permit made to the Minister of Revenue that is pending on 28 October 2009.

**31.** The new provisions enacted by sections 3, 4, 24 and 25 of this Act apply to any permit application made to the Minister of Revenue that is pending on 19 November 2009 and, in the case of sections 4 and 25, to any permit that expires after 18 November 2009.

**32.** This Act comes into force on 19 November 2009, except section 15.0.3 of the Tobacco Tax Act (R.S.Q., chapter I-2), enacted by section 18, which comes into force on 19 May 2010.

# Local Presence.



# Local Impact.

May 3, 2010

Presentation to Provincial Standing  
Committee on Law Amendments



# Canadian Convenience Stores

- Whether convenience stores are located in the heart of a community or near a busy highway, they provide a vital access to economic activity, essential to the economy.



# Canadian Convenience Stores

C-Stores are:

- Major link in the distribution chain for manufacturers and distributors
- Major collector of Government taxes on controlled products such as tobacco, gas & lottery
- Major employer – often to young people and new immigrants
- Business opportunity for new immigrants handed down from generation to generation

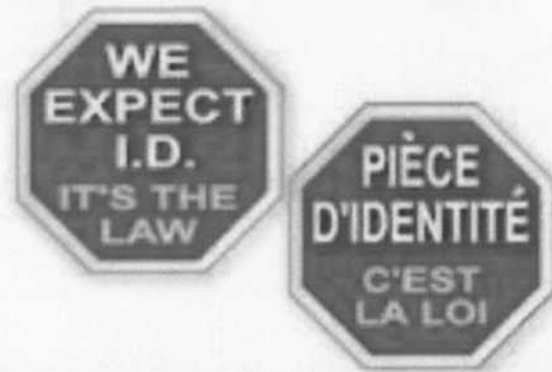
# Canadian Convenience Stores

- 23,500 C-Stores in Canada have 10.4 million customer visits each day (1 in 3 Canadians)
- Little corner stores are evolving into something big – they are now C-Stores offering essentials like gas, food, ATM services
- They serve on average 1,400 customers – about half the amount for a supermarket
- More and more often, the C-Store is the last neighbourhood business left in a rural community



# About the Atlantic Convenience Stores Association

- ACSA is one of four regional associations within the Canadian Convenience Stores Association
- The ACSA represent members' collective economic interests and initiate national programs such as We Expect ID age verification training for the sale of legal age restricted products



# ACSA Board of Directors

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President, ACSA



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**Jason Lutes, Director**

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**Warren Maynard, Director**

Ultramar Ltd. – NS

**Nathan Woodland, Director**

Couche-Tard. – NS



# Why are we here today?

- To thank-you for introducing Bill 51
- Bring attention and ask for your support to fight the illicit trade of contraband tobacco in your area

# C-Stores in Nova Scotia

- In 2008, Nova Scotia C-Stores generated an estimated \$880 million in sales
- There are approximately 1,200 stores operating throughout the Province
- They employ over 8,000 Nova Scotians



(Source: CCSA Industry Overview – Feb. 2009)

# C-Stores in Nova Scotia are...

Under severe economic pressures due to:

- Legislated costs are rising while sales and regulated margins on products such as gas and lottery are not
- Increasing **contraband and tobacco smuggling**



# What is contraband tobacco?

- Illegal cigarettes, often referred to as contraband tobacco, are products that do not comply with Canada's tobacco regulations - specifically those regarding taxation, health warning labels, product testing and reporting, importation, stamping, manufacturing, and distribution

# Contraband at a glance

The rampant distribution and sale of contraband tobacco is flooding the Canadian market with untaxed and unregulated cigarettes





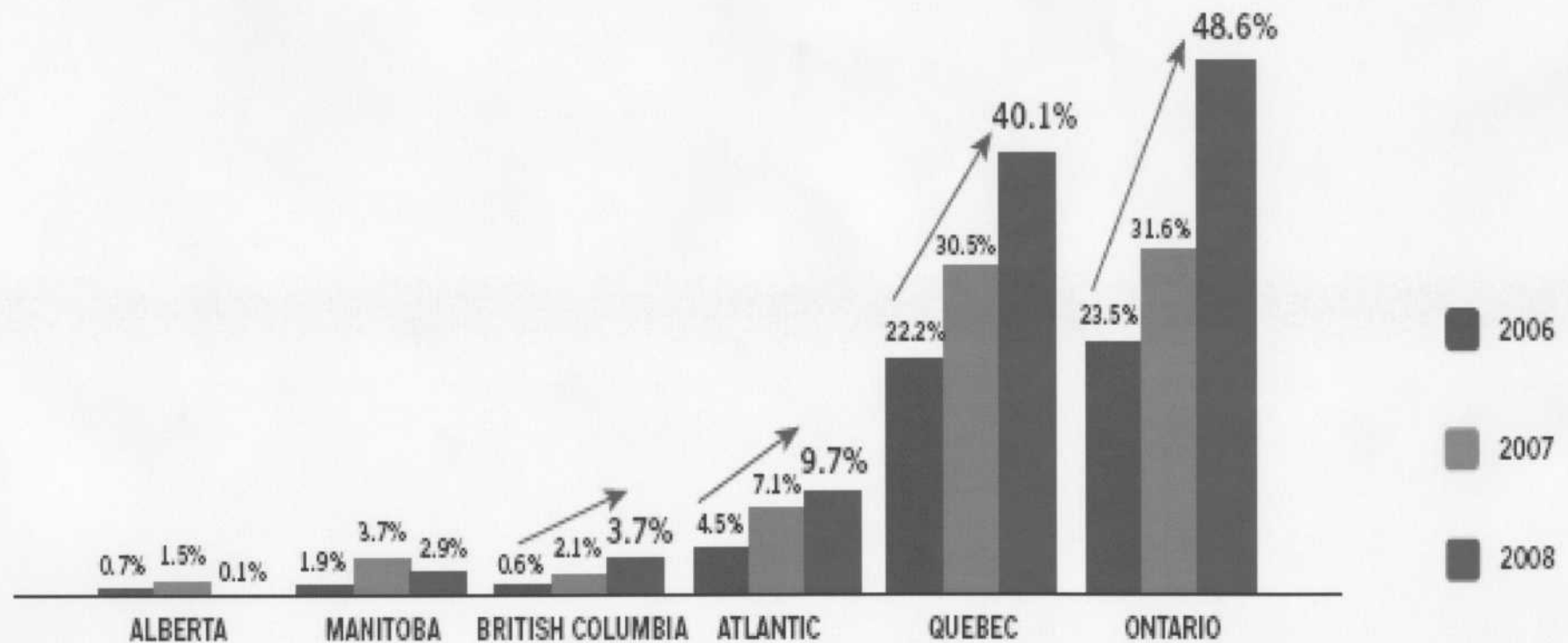
# Contraband at a glance

The RCMP suggests that the vast majority of all contraband tobacco found in Canada is smuggled from the U.S. through the Akwesasne Mohawk Territory aboriginal reserve near Cornwall, Ontario

# How is contraband distributed?

- Contraband tobacco is distributed through a vast network of smugglers in communities across Canada. They bring these cigarettes directly to the doorsteps of consumers, or act as street vendors selling cigarettes out of the trunks of their cars. This illicit activity occurs with absolutely no government inspection, testing, or reviews, meanwhile robbing Canadians of the benefits of billions of dollars in tax revenue each year

## Share of Illegal Cigarettes Purchased in Canada



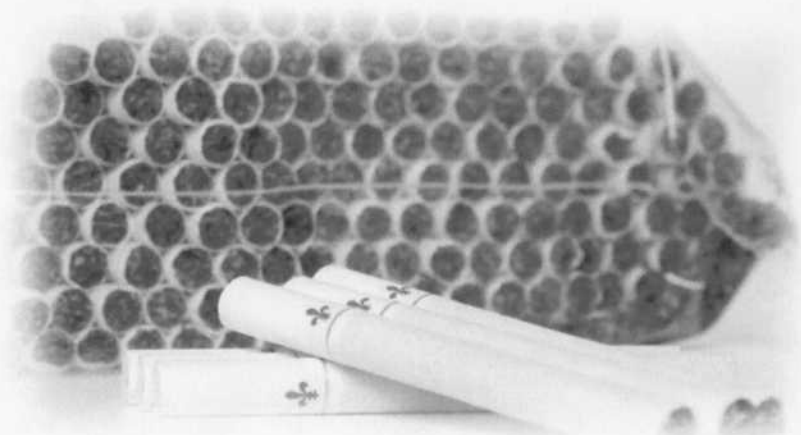
# Organized Crime & Contraband Tobacco

According to the RCMP, there are approximately **105 organized crime groups** currently engaged in the contraband tobacco trade in Canada.

The enormous profit margins generated through the sale of contraband tobacco help provide these groups with cash flow to support other illegal activities.

# Convenience Stores & Contraband

Convenience store owners see a clear link between contraband tobacco and other problems including a decrease in customer traffic and revenue and an increase in the threat of violence.



# **What contraband tobacco means...**

**For young people** - It means cigarettes for sale in the schoolyard that cost less than a pack of gum

**For tax payers** - It means annual tax revenue losses in the billions of dollars – funds which are no longer available to help support health and education initiatives

# What contraband tobacco means...

**For public security** - It means unparalleled revenues flowing into organized crime to fund illegal activities such as arms trafficking and the growth of criminal networks

**For honest merchants** - It means the loss of a significant source of revenue, one that creates jobs and offers an essential service to the community



# C-Store owners don't sell tobacco to minors



Health  
Canada

Santé  
Canada

- Health Canada and others have verified that there has been marked improvement in C-Store owners and clerks who insist on valid ID before a sale is made on age restricted products
- 85% of retailers who were mystery shopped by Health Canada in 2007, 2008, and 2009 refused to sell tobacco to minors

# **Criminals sell contraband to anybody**

Criminals, on the other hand, do not care and do not ask for I.D.



# Contraband Tobacco is in Nova Scotia

Contraband tobacco is a real problem – the most important  
issue for retailers!

**Busts net 350,000 illegal cigarettes**

*Last Updated: Tuesday, April 6, 2010 | 12:46 PM AT*

CBC News

Three people were arrested and 350,000 illegal cigarettes seized in three Nova Scotia busts last week, RCMP said Tuesday.

An investigation by Halifax RCMP and the Truro Customs and Excise Enforcement Section led to the three arrests on Highway 104 on Wednesday.

An Eskasoni man was stopped near Truro and police said they seized 550 cartons of contraband cigarettes, or about 110,000 individual cigarettes.

The 28 year old was arrested and later released. He faces charges under the federal excise and provincial revenue acts.

A second stop near Londonderry led police to arrest a 56-year-old Indian Brook woman. RCMP said they seized another 550 cartons of contraband cigarettes.

The woman was released and faces charges under the federal excise and provincial revenue acts.

A third bust saw a 55-year-old Spryfield man arrested near East Village. Police said they found 650 cartons of contraband cigarettes, or about 130,000 individual cigarettes, in the vehicle.

The man was released and faces charges under the federal excise and provincial revenue acts.

RCMP did not provide the names of the three arrested people, nor did they confirm if the arrests were linked.

# Contraband is growing in Nova Scotia

In 2006, it was estimated that 4.5% of the tobacco in Atlantic Canada was contraband.<sup>1</sup>

In 2009 it is estimated that contraband has tripled or more. The ACSA will announce our results at the end of May.<sup>2</sup>



Source: 1. GfK Research Dynaics (2008); 2. GfK Atlantic Study (2009)

# Conclusion

## So what is the ACSA going to do?

- Do contraband Butt Studies in approximately 15 Nova Scotia locations – including high schools and Government offices
- Bring media attention to the results of these studies
- Build a strong grass roots team of C-Store owners across Nova Scotia that are media trained and ready to speak out on the issues



# Thank you

- **The message from the Atlantic Convenience Stores Association is that this new Bill 51** has additional penalties that are very much welcomed as it help to deter those that think they can profit from smuggling illegal contraband.
- Such increased penalties obviously make it more difficult for those convicted. **Kudos to our elected officials. It is a good first step.**

# Thank-you

- But, Bill 51 is still really dealing with the foot soldiers; and while this is another step in the right direction it is not going to solve the problem.
- Bill 51 will likely have little impact on large criminal organizations that are causing the majority of the problems.
- That is the big picture – that we want legislators to be aware of – essentially, today we are addressing the symptoms of the problem and we have not yet addressed the root causes of the disease.
- This will take more of a concerted effort between Federal and Provincial law enforcement and will involve multijurisdictional co-operation.



- So thanks for the first step, we have also brought copies of Bill 59, from Quebec which was enacted last November; that has more detail and tougher penalties for manufacturers as well as distributors and we look forward to meeting with you again.
- The ACSA is conducting “Cigarette butt Studies” in 40 locations across Atlantic Canada. We will be doing an 8 City Media Tour (including, Bridgewater, Halifax and Truro) later this month to release the findings and make suggestions on what the Federal and Provincial Governments can do to battle this growing and very serious problem

**THANK YOU FOR YOUR TIME!**

**Gordon D Hebb - Imperial Tobacco Canada submission re: Bill 51, An Act to Amend Chapter 17 of the Acts of 1995-96, Revenue Act**

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**From:** <pguy@itl.ca>  
**To:** <legc.office@gov.ns.ca>  
**Date:** 03 May 2010 2:46 PM  
**Subject:** Imperial Tobacco Canada submission re: Bill 51, An Act to Amend Chapter 17 of the Acts of 1995-96, Revenue Act  
**Attachments:** Bill 51submission FINAL.pdf; Atlantic Seizures Apr 22 2010.doc

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Good afternoon,

Please find attached the submission of Imperial Tobacco Canada in consideration of Bill 51, *An Act to Amend Chapter 17 of the Acts of 1995-96, Revenue Act*. We were unfortunately unable to attend the committee hearings this afternoon but we hope you will find the information therein useful and will consider our recommendations. We commend the Nova Scotia government for recognizing the illegal tobacco trade is a very serious problem that is spreading to the Province and for taking action to fight it. Bill 51 is certainly a step in the right direction and we hope you will agree that by accepting our recommendations your efforts will be even more efficient in the fight against illegal tobacco trade.

We remain available to provide further information or answer any of your questions with regards to the attached submission.

Regards,

Pénéla Guy  
Manager, Government and External Relations  
Imperial Tobacco Canada  
(514) 932-6161 ext. 2265



## **Imperial Tobacco Canada Limited**

### **Submission to the Committee on Law Amendments**

#### **In consideration of**

#### **Bill No. 51, *An Act to Amend Chapter 17 of the Acts of 1995-96, the Revenue Act***

**May 3, 2010**

## **Introduction**

Imperial Tobacco Canada (ITCAN) presents the following submission to the Committee. ITCAN is pleased that the Nova Scotia Government recognizes, by introducing Bill 51, *An Act to Amend Chapter 17 of the Acts of 1995-96, the Revenue Act*, that the illegal tobacco problem is a very serious one that is spreading to Nova Scotia. ITCAN commends your Province for acting quickly to introduce measures that will help you fight the illegal tobacco trade.

In this submission ITCAN provides information about the size and scope of the illegal tobacco trade and offers some additional recommendations for the Province to consider as the front lines in this battle move eastward.

## **About Imperial Tobacco Canada Limited**

Established in 1908, Imperial Tobacco Canada Limited (ITCAN) is Canada's leading tobacco company, offering brands like du MAURIER, Player's, Peter Jackson and Matinee to over five million adult Canadians who chose to smoke. ITCAN is headquartered in Montreal and employs 700 people across Canada.

ITCAN is dedicated to conducting our business responsibly, in a manner that meets society's expectations of major corporations. ITCAN is a law abiding corporate citizen that strictly follows the 200-plus laws and regulations that govern our industry, including paying all required taxes and duties.

ITCAN is a legitimate, law abiding tobacco company that pays all required taxes. Unfortunately, the Canadian tobacco market is being taken over by organized crime – and they play by a completely different set of rules.

## **About the Illegal Tobacco Trade in Canada**

According to the most recent published data, illegal tobacco makes up 33% of the market nationally and a staggering 48.6% in Ontario and 40.1% in Quebec.<sup>1</sup> Recent evidence shows the trade spreading rapidly into Western Canada and the Atlantic Provinces. In 2008, 13 billion cigarettes were sold illegally in this country, mainly manufactured on and smuggled through First Nations reserves in Ontario, Quebec and New York State.

These numbers are as alarming as the consequences behind them. These illegal products are unregulated, untaxed (in 2008 governments lost an estimated \$3.0 billion in tax revenues and **losses to the Nova Scotia Government specifically are estimated to be \$34 million** (including PTT and HST)), cheap (roughly \$23 for 200 illegal cigarettes sold in a plastic bag in Nova Scotia<sup>2</sup> versus \$100+ for the same amount of legal cigarettes) and

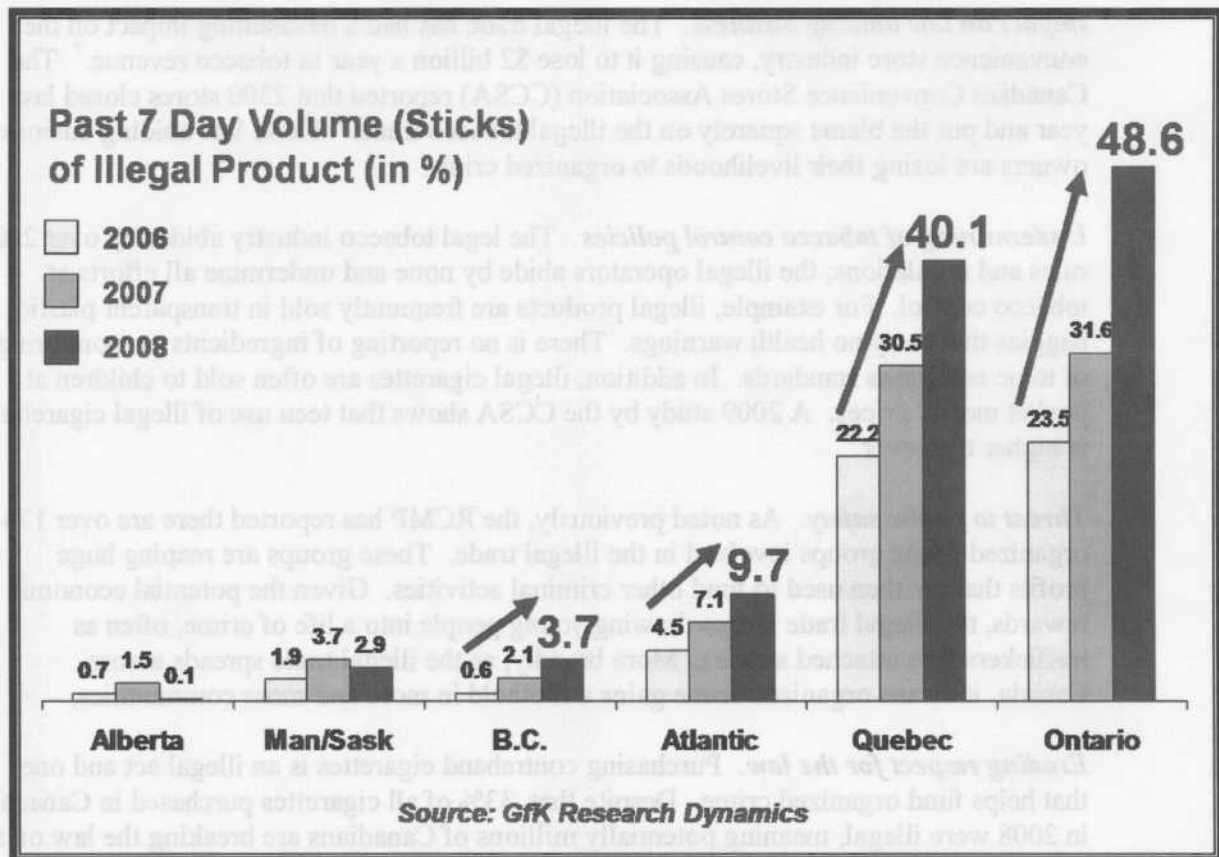
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<sup>1</sup> *Illicit usage of cigarettes – National Study for the CTMC, GFK Research Dynamics, 2008*

<sup>2</sup> *Illicit usage of cigarettes – Atlantic Study for the CTMC, GFK Research Dynamics, 2009*

readily available to children. According to the RCMP, there are more than 175 organized crime groups involved in this illegal trade.<sup>3</sup> These groups also traffic drugs and arms and there have been reports that the profits from the sales of illegal cigarettes may fund international terrorist organizations.<sup>4</sup>

The graph below shows the size of the problem within each region according to the latest information available. You will notice it has at least doubled from 2006 to 2008.



The Nova Scotia Government should be concerned about several facets of the illegal trade.

**Lost revenue.** As noted previously, in 2008 federal and provincial governments lost an estimated \$3.0 billion in tax revenue to the illegal trade. In Ontario the provincial Auditor General estimated in his 2008 report that the difference between the amount of tobacco tax that should have been collected in that province and the amount that was actually collected “could well be in the \$500 million range in 2006/2007.”<sup>5</sup> Considering

<sup>3</sup> Testimony to the House of Commons Standing Committee of Public Safety and National Security, April 27, 2010

<sup>4</sup> Black-market smokes could finance terrorists: RCMP, Canwest News Service, October 27, 2009

<sup>5</sup> Ontario Auditor General Annual Report, 2008



that illegal cigarettes made up “only” 23.5% of the Ontario market in 2006 versus 48.6% in 2008, it is safe to say that figure would be significantly higher now – quite likely over \$1 billion annually. In addition, last March the Quebec government confirmed it is losing \$300 million in tax revenue annually to the illegal tobacco trade.<sup>6</sup> Nova Scotia lost an estimated \$34 million (including PTT and HST) in tobacco tax revenues in 2008 and will encounter more important losses as illegal tobacco gains a greater market share in the Province.

***Impact on law abiding business.*** The illegal trade has had a devastating impact on the convenience store industry, causing it to lose \$2 billion a year in tobacco revenue.<sup>7</sup> The Canadian Convenience Stores Association (CCSA) reported that 2300 stores closed last year and put the blame squarely on the illegal tobacco trade.<sup>8</sup> These law abiding business owners are losing their livelihoods to organized crime.

***Undermining of tobacco control policies.*** The legal tobacco industry abides by over 200 rules and regulations; the illegal operators abide by none and undermine all efforts at tobacco control. For example, illegal products are frequently sold in transparent plastic baggies that carry no health warnings. There is no reporting of ingredients or monitoring of toxic emissions standards. In addition, illegal cigarettes are often sold to children at pocket money prices. A 2009 study by the CCSA shows that teen use of illegal cigarettes is higher than ever.<sup>9</sup>

***Threat to public safety.*** As noted previously, the RCMP has reported there are over 175 organized crime groups involved in the illegal trade. These groups are reaping huge profits that are then used to fund other criminal activities. Given the potential economic rewards, the illegal trade is also drawing young people into a life of crime, often as traffickers (see attached article). More broadly, as the illegal trade spreads across Canada, it means organized crime gains a foothold in more and more communities.

***Eroding respect for the law.*** Purchasing contraband cigarettes is an illegal act and one that helps fund organized crime. Despite that, 33% of all cigarettes purchased in Canada in 2008 were illegal, meaning potentially millions of Canadians are breaking the law on a regular basis.

### **Spread of the Illegal Trade to Nova Scotia**

Illegal cigarette sales doubled between 2006 and 2008 in Atlantic Canada, mirroring the rate of growth in Ontario and Quebec.<sup>10</sup> Without decisive government action, the illegal trade will continue to grow and spread geographically. Over the past year, media reports

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<sup>6</sup> 2010 – 2011 Budget – Choices for the Future – Economic and Budgetary Action Plan (Quebec)

<sup>7</sup> Industry Overview, Convenience Stores in Canada, February 2009

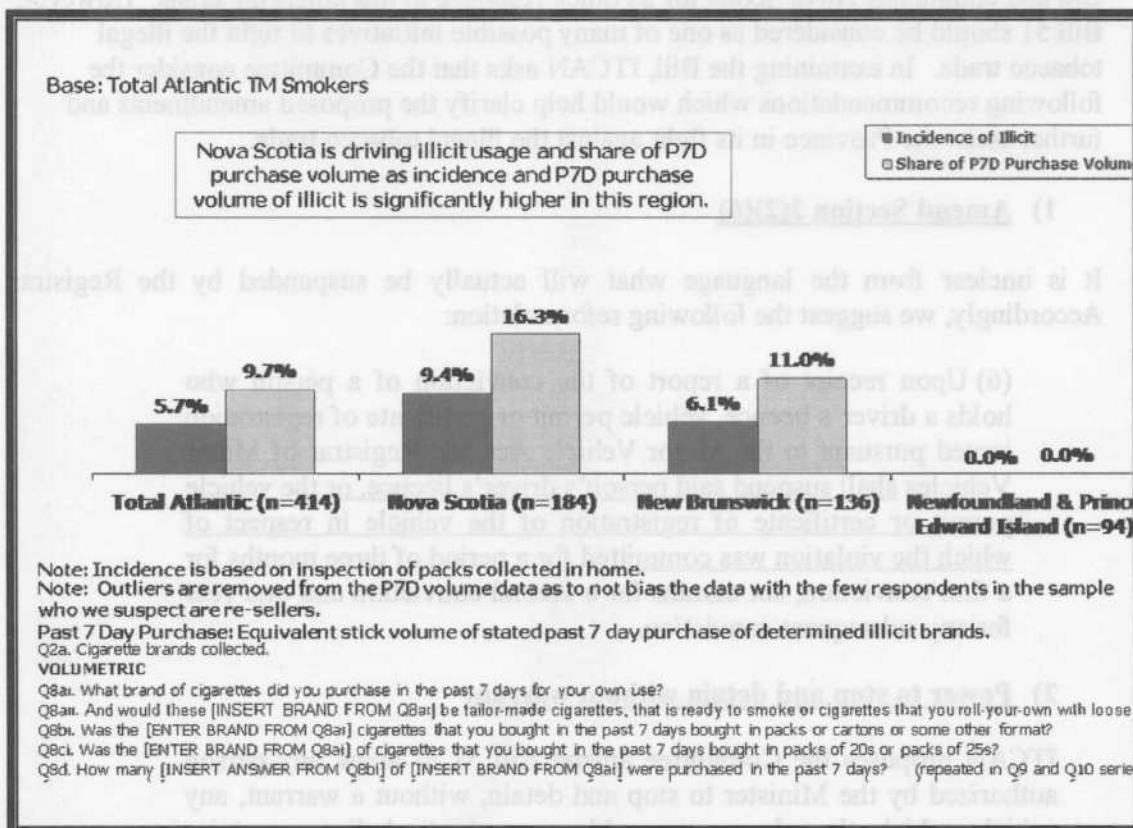
<sup>8</sup> CCSA, State of the Industry report, 2010 Edition

<sup>9</sup> Youth contraband Tobacco Study, 2009

<sup>10</sup> Illicit usage of cigarettes – National Study for the CTMC, GFK Research Dynamics, 2008

and RCMP seizures suggest that there has been an increase in illegal product destined for Nova Scotia and other parts of Atlantic Canada (see attached seizure report).

A study by GfK Research Dynamics reveals that 16.3% of the Nova Scotia tobacco market is made up of illegal product. It also revealed that distribution networks are well-established in Nova Scotia. Indeed, 75% of the respondents interviewed stated that they purchased illegal cigarettes from a relative or colleague and 9% have stated contraband tobacco is delivered directly to their home.<sup>11</sup>



The primary driver for the growth of the illegal tobacco market in Nova Scotia is the fact that illegal cigarettes are considerably cheaper than legal ones. Indeed, the provincial tax content on cigarettes increased by 30% in June 2009. Today, Nova Scotia has the third highest tobacco tax rate in the country. Tobacco taxes have increased by 346% over the past nine years and will increase by a further 2% when the *Harmonized Sales Tax* is increased later this year. In these conditions, the incentive for consumers to purchase illegal cigarettes is significant.

Higher taxes stimulate the illegal tobacco trade. Therefore, it is critical that Nova Scotia adopt a tough stance on this illegal trade to prevent its further market penetration in the

<sup>11</sup> *Illicit usage of cigarettes – Atlantic Study for the CTMC, GfK Research Dynamics, 2009*



Province. Ontario and Quebec realized this too late, which is why illegal tobacco now makes up 48% and 40% of their markets, respectively.

### **Bill 51**

Bill 51 is a good first step by Nova Scotia to prevent ending up with a completely out of control illegal tobacco problem like that in Central Canada. ITCAN fully supports the Bill and commends Nova Scotia for its quick response to this emerging crisis. However, Bill 51 should be considered as one of many possible initiatives to fight the illegal tobacco trade. In examining the Bill, ITCAN asks that the Committee consider the following recommendations which would help clarify the proposed amendments and further assist the Province in its fight against the illegal tobacco trade.

#### **1) Amend Section 2(2)(6)**

It is unclear from the language what will actually be suspended by the Registrar. Accordingly, we suggest the following reformulation:

(6) Upon receipt of a report of the conviction of a person who holds a driver's licence, vehicle permit or certificate of registration issued pursuant to the Motor Vehicle Act, the Registrar of Motor Vehicles shall suspend said person's driver's licence, or the vehicle permit or certificate of registration of the vehicle in respect of which the violation was committed for a period of three months for a first conviction, six months for a second conviction and one year for any subsequent conviction.

#### **2) Power to stop and detain without warrant**

ITCAN proposes the Committee amend Bill 51 to allow any person authorized by the Minister to stop and detain, without a warrant, any vehicle which they have reasonable grounds to believe contains evidence of any contravention of the *Revenue Act*. Section 13.3 of the *Quebec Tobacco Tax Act* and section 24 of the *Ontario Tobacco Tax Act* contain similar provisions.

Currently, Nova Scotia's *Revenue Act* requires a warrant for any search unless there are "exigent circumstances" (which includes potential loss of life or destruction of evidence). It also does not expressly grant the authorized person the right to stop vehicles (s. 79), providing only that vehicles can be detained if a search finds evidence of a contravention of the Act (s. 80).

### **3) Delegation of power to municipal police forces**

ITCAN proposes the Committee amend Bill 51 to allow for delegation of power to municipal police forces under Part III of the *Nova Scotia Revenue Act*. Section 13.2.0.1 of the *Quebec Tobacco Tax Act* contains a similar provision.

### **4) Sale and purchase of tobacco products priced below the value of all aggregated taxes**

ITCAN proposes the Committee amend Bill 51 to prohibit the sale or purchase of tobacco products priced below the value of all aggregated taxes. Sections 7.1.1 (sale) and 9.2.1 (purchase) of the *Quebec Tobacco Tax Act* contain similar provisions.

### **5) Power to issue a statement of offence**

ITCAN proposes the Committee amend Bill 51 to allow the issuance of statements of offence (tickets) for offences of simple possession of illegal tobacco products and of sale or purchase of tobacco products priced below the value of all aggregated taxes. Section 13.2.01 of the *Quebec Tobacco Tax Act* contains a similar provision.

### **6) Controls over manufacturing equipment**

The *Quebec Tobacco Tax Act* requires that any person who is in possession of tobacco manufacturing equipment in Quebec, or brings or causes such equipment to be brought to Quebec, must hold a permit (section 6.0.1). ITCAN suggests the Nova Scotia adopt a similar provision.

## **Federal Support**

There is an additional non-legislative recommendation for the Committee, and it is a critical one in the fight against the illegal tobacco trade. As noted previously, the illegal tobacco flowing into Nova Scotia is coming from unlicensed factories in First Nations communities in Ontario, Quebec and New York State. On April 27, the RCMP testified to a parliamentary committee in Ottawa that they are aware of approximately 50 unlicensed manufacturers in Canada. In response to questioning from Members of Parliament, the RCMP conceded that they have not shut down a single unlicensed operator since the launch of their Contraband Tobacco Enforcement Strategy in May 2008 – almost two full years ago.<sup>12</sup> These are the illegal cigarette manufacturers supplying Nova Scotia and until that supply is addressed, this problem will not go away.

Addressing the supply issue is a federal government responsibility. Health Canada is supposed to enforce the *Tobacco Act*, which governs the manufacture and sale of

<sup>12</sup> House of Commons Standing Committee on Public Safety and National Security, April 27, 2010

tobacco. However, the federal government is not applying the *Tobacco Act* on First Nations reserves, meaning the illegal manufacturers operate with virtual impunity. Likewise, the federal government should be ensuring the integrity of Canada's borders, which is not the case right now with illegal product flowing in huge quantities from New York State into Quebec and Ontario. Because of this federal inaction, billions of illegal cigarettes are flowing off reserves and across Canada.

Therefore, ITCAN strongly encourages the Committee to include in its report back to the Legislature a recommendation that Nova Scotia formally request federal government action on illegal tobacco, including shutting down the unlicensed manufacturers and ensuring the integrity of Canada's borders to prevent the smuggling of illegal goods like tobacco.

## **Conclusion**

Simply acknowledging the spread of the illegal tobacco crisis to Nova Scotia is an important step in the fight against it. Bill 51, *An Act to Amend Chapter 17 of the Acts of 1995-96, the Revenue Act*, takes an important step in this fight by imposing strict penalties on those who run afoul of the law. The recommendations included in this submission outline additional measures Nova Scotia can put in place to counter the spread of the illegal trade. We hope these measures can be included in Bill 51.

Lastly, we hope that the Nova Scotia Government will raise this issue with its federal counterparts and demand effective and immediate action.

Thank you for the opportunity to share our views. ITCAN fully supports the efforts of the Province of Nova Scotia to fight the illegal tobacco trade and remains available to provide information and answer questions.



## Media Watch

### Atlantic Seizures

Date	Outlets	Story
01/12/09	The Advertiser (Kentville, NS)	The court fined Gerald Clarence Wolsey, 59, South Berwick; for unlawfully having in his possession a tobacco product (manufactured tobacco in the form of cigarettes) not stamped in accordance with the Excise Act 2001.
02/12/09	Victoria Star	The driver was not seriously injured, but police at the scene discovered approximately 150,000 contraband cigarettes in the truck. The RCMP's Police Dog Services discovered another 130,000 cigarettes hidden in the woods along the riverbank. The cigarettes are believed to have been destined for Nova Scotia.
02/12/09	The Daily Gleaner (Fredericton)	RCMP officers from Minto and Chipman seized illegal cigarettes and marijuana after a search last week.
03/12/09	The Chronicle-Herald	RCMP officers made seven arrests Wednesday in Annapolis, Digby and Halifax counties, punching a big hole in a veritable pipeline of drugs and illegal cigarettes flowing between Digby and Halifax.
10/12/09	New Brunswick Telegraph-Journal	RCMP seized more than 2,000 illegal cigarettes after searching a property on Route 313 in Pointe-Cano.
17/12/09	The Hants Journal (Windsor, NS)	Police recovered a quantity of cocaine, cannabis, marihuana, illegal unstamped tobacco, and prescription pills as well and seized a large quantity of cash.
24/12/09	The Hants Journal (Windsor, NS)	The court fined Kendall Clayton Hill, 52, Kennetcook, for unlawfully having in his possession a tobacco product: manufactured tobacco in the form of cigarettes, not stamped in accordance with the Excise Act 2001 and the regulations thereunder.
22/12/09	Cape Breton Post	Two men face charges after RCMP seized 85,000 contraband cigarettes, two vehicles and cash in Middleton, N.S.
28/12/09	Times & Transcript (Moncton)	Two Nova Scotia men are facing charges after police seized more than 85,000 contraband cigarettes on Christmas Day.
30/12/09	New Brunswick Telegraph-Journal	"It isn't a huge chunk but there's no question that New Brunswick is the corridor for Atlantic Canada for contraband activity," Snider said.
05/01/10	Thunder Bay Chronicle-Journal	An elderly Manitoba man has been charged with possession after a patrol officer found 140,000 unmarked cigarettes in the back of a pickup truck Sunday near Terrace Bay. The truck's driver, a 39-year-old Winnipeg man, was also charged with possession after the cigarettes were seized.



## Media Watch

### Atlantic Seizures

Date	Outlets	Story
12/01/10	Times & Transcript (Moncton)	RCMP say a 22-year-old N.S. man faces several charges after police found thousands of contraband cigarettes in a search of a vehicle in New Brunswick last week.
12/01/10	New Brunswick Telegraph-Journal	RCMP found 180,000 contraband cigarettes after pulling over a vehicle on Highway 2 near Saint-Léonard. The driver and lone occupant of the vehicle, a 22-year-old man from Nova Scotia, was arrested and is facing charges in the matter.
13/01/10	Miramichi Leader	A Miramichi couple accused of growing marijuana and possession of unmarked tobacco have pled not guilty and are set to go to trial.
15/01/10	The Daily Gleaner (Fredericton)	A Red Bank man who was fined in 2009 for possession of illegal tobacco was sent to jail for more than a year Thursday for defaulting on the fine.
15/01/10	The Daily News (Truro)	Trying to transport 90,000 illegal cigarettes amounted to stupidity of monumental proportions, admitted a Bible Hill man who was fined \$15,300 in provincial court.
18/01/10	The Evening News (New Glasgow)	A 57-year-old Caribou man is facing several charges following the seizure of around 960 cartons of contraband cigarettes, 16 illegally stored firearms and a quantity of marijuana.
20/01/10	Victoria Star	The driver and lone occupant of the vehicle, a 22-year-old man from Nova-Scotia, was found to be in possession of 180,000 contraband cigarettes.
22/01/10	The Daily Gleaner (Fredericton)	Mounties found 184,000 contraband cigarettes when they stopped a car on the highway near Saint-Leonard on Jan. 8. The driver, a 45-year-old Montreal man was arrested and later released. Another vehicle was intercepted Jan. 10, carrying 180,000 illegal cigarettes.
26/01/10	The Western Star (Corner Brook)	Phillip Doody, the 40 year old man alleged to have been caught with contraband cigarettes in his possession, will be back in Stephenville Provincial Court on Monday, Feb. 1 for facts and sentencing.
27/01/10	Victoria Star	"Disrupting the contraband tobacco trade is an RCMP priority, and it's important to the well-being of our communities," stated Cpl. Robert Fullerton. "We encourage anyone with information regarding tobacco smuggling or illegal cigarettes to contact police or Crimestoppers at 1-800-222-TIPS (8477) if they have any information regarding this incident or other criminal activity."
27/01/10	The Guardian (Charlottetown)	A Kensington man found with 14 cartons of illegal smokes was fined almost \$4,000 in Summerside provincial court recently.





## Media Watch

### Atlantic Seizures

Date	Outlets	Story
27/01/10	The Guardian (Charlottetown)	Two Charlottetown area men face charges for illegal tobacco after their car was stopped and searched by police on Jan. 22.
28/01/10	The Evening News (New Glasgow)	An Eskasoni man has been handed a series of fines that total enough cash to buy a home. Russell Patrick Lewis, 56, was pulled over by the RCMP on the Trenton Connector last March after reports were made to police that he was hauling a load of illegal tobacco from Quebec.
01/02/10	New Brunswick Telegraph-Journal	A Miramichi woman will have to pay more than \$1,000 in fines after police seized a bag of unmarked cigarettes from her home.
02/02/10	New Brunswick Telegraph-Journal	Police seized 10,200 illegal cigarettes during a search executed on a Grand Falls home.
02/02/10	L'Acadie Nouvelle	Au total, en janvier, la GRC a saisi près de 375 000 cigarettes illégales dans le Nord-Ouest.
04/02/10	New Brunswick Telegraph-Journal	RCMP have seized more than one pound of marijuana, 6,400 contraband tobacco cigarettes, six unregistered firearms and cash from a Sainte-Anne-de-Madawaska residence.
08/02/10	The Daily Gleaner (Fredericton)	A 39-year-old man from Sainte-Anne-de-Madawaska was arrested and later released. He faces several charges including possession of drugs for the purpose of trafficking, possession of contraband tobacco and unsafe storage of firearms.
10/02/10	Victoria Star	A 44-year-old man and a 49-year-old woman were arrested for being in possession of 10,200 illegal cigarettes and for unsafe storage of a firearm. J Division RCMP seized nearly 375, 000 illegal cigarettes in New Brunswick in January 2010.
10/02/10	La Nouvelle Union (Victoriaville)	Sur les lieux, les policiers ont découvert 68 plants de cannabis, 263 cigarettes de contrebande, des objets contaminés, de l'équipement de production et différents documents.
11/02/10	Journal Le Madawaska	Rappelons qu'en janvier 2010, la Division J de la GRC a saisi près de 375 000 cigarettes illégales au Nouveau-Brunswick.
11/02/10	Journal Le Madawaska	Selon le gendarme Nelson Lévesque, plus d'une livre de marihuana, 6 400 cigarettes de contrebande, six armes non enregistrées et de l'argent ont été saisis.
11/02/10	The Canadian Press	RCMP officers in Shelburne County have seized more than 10,000 contraband cigarettes from a home and vehicle.



## Media Watch

### Atlantic Seizures

Date	Outlets	Story
12/02/10	New Brunswick Telegraph-Journal	A 52-year-old Saint John man has been arrested in northern New Brunswick for allegedly transporting illegal cigarettes believed to be headed for the Port City.
12/02/10	La Nouvelle Union édition Weekend (Victoriaville)	La perquisition policière avait permis à la GRC de saisir plus de 22 500 cigarettes de contrebande, 32,5 g de cannabis, 9 g de haschisch, 12 cigares et 11 bouteilles de boissons alcoolisées illégales.
12/02/10	La Cataracte	Un homme de 44 ans et une femme de 49 ans ont été arrêtés pour la possession de 10 200 cigarettes illégales et pour avoir entreposé une arme à feu de façon non sécuritaire.
14/02/10	The Canadian Press	A Nova Scotia man has received a large fine for possessing illegal cigarettes. Fifty-two-year-old Richard Lee White of Yarmouth County was fined \$335,000 under the provincial Revenue Act and the federal Excise Act.
14/02/10	New Brunswick Telegraph-Journal	A Grand Falls couple will appear in provincial court on April 20 to face charges stemming from the seizure of illegal cigarettes.
16/02/10	The Chronicle-Herald	A Yarmouth County man has received a large fine for possessing illegal cigarettes. Fifty-two-year-old Richard Lee White was fined \$335,000 under the provincial Revenue Act and the federal Excise Act.
16/02/10	The Coast Guard (Shelburne, NS)	A 67-year-old Sandy Point man is facing charges after RCMP from the Shelburne County Street Crime Enforcement Unit seized more than \$11,600 worth of contraband cigarettes in searches of a house and vehicle.
18/02/10	Journal Le Madawaska	Notons que cette deuxième personne est accusée présentement de possession de drogues dans le but d'en faire le trafic, possession de tabac illégale, fraude et possession de biens criminellement obtenus.
23/02/10	The Chronicle-Herald	Black market tobacco is making its way across Nova Scotia. In Shelburne County alone, four contraband tobacco seizures in the last eight months netted police 2,075 cartons, or 415,000 individual cigarettes.
24/02/10	Victoria Star	A 40-year-old woman and a 43-year-old man, both from Nova-Scotia were arrested. Investigators believe the illegal cigarettes were destined for the Halifax area.



## Media Watch

### Atlantic Seizures

Date	Outlets	Story
24/02/10	The Hants Journal (Windsor, NS)	Edward Freeman Henry Babin, 57, of Windsor, was fined for possessing cigarettes not stamped in accordance with the Excise Act 2001. The court has fined Howard Frederick Sherman, 70, Vaughan, for possession of cigarettes not stamped in accordance with the Excise Act 2001.
24/02/10	La Presse Canadienne	La GRC a saisi environ 220 000 cigarettes de contrebande. L'homme de 25 ans a été libéré sous certaines conditions et il comparaitra de nouveau à Campbellton le 4 mai.
25/02/10	The Telegram (St. John's)	Police also weren't releasing much information about the arrest and seizure Wednesday, when they showed off evidence bags filled with tobacco, tablets and pills of all shapes and colours.
03/03/10	Victoria Star	The \$37,400 fine had been handed down pertaining to a conviction stemming from the possession of illegal tobacco products on July 18, 2008 near Perth- Andover.
03/03/10	The Digby Courier (NS)	RCMP officers from the Digby detachment executed a search warrant at a residence on Middle Cross Road in Marshalltown on Thursday and seized 30,000 cigarettes and a quantity of money.
04/03/10	New Brunswick Telegraph-Journal	An RCMP search of a residence on Boulevard de la Mer in Sainte- Marie, Saint-Raphaël earlier this week resulted in the seizure of drugs and illegal cigarettes.
04/03/10	L'Acadie Nouvelle	M. Savoie est accusé de possession de cocaïne, de marijuana et de cigarettes non estampillées.
05/03/10	The Chronicle-Herald	A Lunenburg County man will appear in Bridgewater provincial court next month after the RCMP seized more than 7,000 illegal cigarettes from a New Canada home.
06/03/10	The Telegram (St. John's)	RCMP Customs and Excise Sergeant Jim Power has indicated that contraband tobacco sales have surged in Newfoundland and Labrador. Right now, in St. John's, smokers can buy illegal contraband for \$40 a carton or less, which is less than half the cost of legal tobacco.
10/03/10	Bugle-Observer	On March 4, the ICRU executed a search warrant at a residence on McBurney Road in Ashland. A man and woman, both 38, were arrested and later released. A quantity of methamphetamines and contraband tobacco was seized, along with drug paraphernalia.
16/03/10	Amherst Daily News (NS)	McCully entered guilty pleas to one count of production of marijuana and three counts of possession of cannabis marijuana, morphine and MS Contin. He also pleaded guilty to one count of possession of unstamped tobacco and one count of possession of unmarked tobacco.





## Media Watch

### Atlantic Seizures

Date	Outlets	Story
17/03/10	New Brunswick Telegraph-Journal	RCMP have seized more than 150,000 illegal cigarettes from a van near Saint-Jacques. Police discovered the contraband tobacco in plain view inside the van after pulling it over for inspection. The driver and sole occupant of the van, a 75-year-old Quebec resident has been arrested and criminal charges are pending.
17/03/10	New Brunswick Telegraph-Journal	As well, many of these seizures also involve other illegal drugs, contraband tobacco and illegal firearms, she said. "You can say that illegal drug operations have the potential to bring violence to our communities," she said.
18/03/10	L'Acadie Nouvelle	Il devra aussi payer une amende de 1141 \$ pour possession illégale de tabac et de 230 \$ pour possession illégale d'armes à feu.
18/03/10	Journal Le Madawaska	Angéline Agnès Thorpe, 49 ans, d'Edmundston, a plaidé coupable à des accusations de possessions de méthamphétamines, de cigarettes de contrebande et d'omission de se conformer à une ordonnance.
22/03/10	New Brunswick Telegraph-Journal	Miramichi RCMP seized marijuana and illegal cigarettes during raids on two residences in Porter Cove, near Miramichi.
24/03/10	New Brunswick Telegraph-Journal	At the same time as the Wednesday bust, RCMP searched a house and seized 12, 000 illegal cigarettes.
24/03/10	The Hants Journal (Windsor, NS)	Illegal cigarettes are not a victimless crime because suppliers are often associated with other crimes. But instead of tying up resources fighting this crime, the government could eliminate it simply by reducing taxes to the point where cigarettes were more affordable.
24/03/10	The Hants Journal (Windsor, NS)	Recently, a stash of 100,000 of the illegal smokes was seized from a home in Ellershouse before they got a chance to make their way into the community.
24/03/10	Annapolis County Spectator	A 53-year-old woman and 54-year-old man were arrested and a quantity of illegal cigarettes were seized.
25/03/10	L'Acadie Nouvelle	Deux individus de la région d'Edmundston, Guy Montreuil et Noël Bossé, ont respectivement écopé d'amendes de 15 200 \$ et 10 500 \$ pour avoir été en possession de cigarettes de contrebande.
30/03/10	Times & Transcript	Davis says the three-person panel had concerns with Mailloux's continued involvement with contraband cigarettes within the prison



## Media Watch

### Atlantic Seizures

Date	Outlets	Story
30/03/10	New Brunswick Telegraph-Journal	Police officers have arrested two men from Nova Scotia for being in possession of contraband cigarettes during a traffic stop on Highway #2 near Saint-Léonard.
01/04/10	Journal Le Madawaska	À l'intérieur de ce dernier, les policiers ont découvert du tabac de contrebande et saisi 150 000 cigarettes illicites. "Le conducteur et seul occupant du véhicule, un homme du Québec âgé de 75 ans, a été arrêté, et des accusations criminelles seront portées contre lui.
05/04/10	L'Acadie Nouvelle	De la cocaïne et des cigarettes illicites ont été saisies à Shippagan lors d'une perquisition de la GRC.
05/04/10	New Brunswick Telegraph-Journal	Evidence during Gregg's October 2009 trial showed there were also bags containing 66,800 illegal cigarettes and 156 bags or 31,200 grams of unmarked tobacco.
07/04/10	Victoria Star	<b>More than 124,000 illegal cigarettes seized:</b> Investigators believe the illegal cigarettes were destined for the province of Nova Scotia.
07/04/10	Cape Breton Post	About 350,000 individual contraband cigarettes were seized as a result of investigations by Halifax RCMP and Truro customs and excise enforcement sections, with assistance from RCMP northern traffic services and the Nova Scotia provincial fuel and tobacco compliance unit.
07/04/10	New Brunswick Telegraph-Journal	Northwestern New Brunswick has become a focal point of the country's contraband tobacco smuggling problem, with millions of cigarettes funneled each year through the region from Quebec into Atlantic Canada.
08/04/10	The Chronicle-Herald	A man faces charges after a Halifax raid netted thousands of illegal cigarettes.
08/04/10	Journal Le Madawaska	Selon l'information obtenue, on a saisi 260 000 cigarettes de contrebande et la camionnette utilisée pour transporter des cigarettes illégales.
09/04/10	Cape Breton Post	Mounties seize contraband cigarettes during a warranted search of a Sydney area home, Wednesday. RCMP customs and excise section seized approximately 35,600 cigarettes as a result of the search.
12/04/10	Times & Transcript (Moncton)	A routine traffic stop on the Trans-Canada Highway (Highway 2) near the Mapleton Road, Moncton, exit Thursday by Moncton Customs and Excise Section members resulted in the seizure of an estimated 290,000 alleged contraband cigarettes and arrest of two men.
14/04/10	The Evening News (New Glasgow)	A Pictou man is facing contraband charges after Mounties found approximately 5,400 contraband cigarettes and cigars.



IMPERIAL TOBACCO  
CANADA

## Media Watch

### Atlantic Seizures

Date	Outlets	Story
15/04/10	Cape Breton Post	A North Sydney man has been convicted in Sydney provincial court of two counts under the Excise and Revenue Acts stemming from the distribution of contraband tobacco in Cape Breton. Toomey was charged after RCMP seized 2,700 cartons of contraband cigarettes in Mira Gut on June 30, 2008.
15/04/10	Times & Transcript (Moncton)	A 23-year-old Moncton man who got caught in Salisbury with a truckload of more than two million illegal cigarettes has been ordered to pay fines totalling \$1,330,600, at a rate of \$200 per month.
16/04/10	The Telegram (St. John's)	To combat contraband tobacco, the Atlantic Convenience Store Association wants better enforcement and stiffer penalties for both the sellers and buyers of illegal cigarettes.
16/04/10	Times & Transcript (Moncton)	Anthony William MacDonald, 52, was arrested and charged with cultivating marijuana, possession of marijuana for the purpose of trafficking and possession of illegal cigarettes.
20/04/10	New Brunswick Telegraph-Journal	RCMP seized 16,000 contraband cigarettes during raids on two separate residences in the Tracadie-Sheila area last week.
20/04/10	Amherst Daily News (NS)	William Alfred Canning, 45, was fined almost \$600 after pleading guilty to one count of possession of tobacco with unpaid taxes.
21/04/10	The Western Star (Corner Brook)	Roger David Penton of Ajax, Ont. has changed his pleas to guilty on all four charges stemming from two separate highway arrests involving illegal tobacco.
21/04/10	L'Acadie Nouvelle	Un individu de 44 ans de Grand-Sault, Roger Poitras, a écopé d'une amende de 7379 \$ pour avoir reconnu sa culpabilité d'avoir eu en sa possession 10 200 cigarettes illégales, lors d'une perquisition à son domicile par la GRC en janvier.
22/04/10	The Chronicle-Herald	A Lunenburg County shrimp fisherman was fined more than \$5,000 Wednesday for having a \$500 box of illegal smokes.
22/04/10	The Evening News (New Glasgow)	Samuel Phillip Harris, 46, and Bobby Allan Harris, 18, were arrested Feb. 8 for possessing tobacco on which the tax has not been paid; possessing tobacco not bearing the prescribed mark; possessing tobacco not purchased in a retail establishment and possession of unstamped tobacco.