



## U.S. Immigration and Customs Enforcement Homeland Security Investigations



### TOBACCO SMUGGLING

The U.S. Immigration and Customs Enforcement (ICE), Homeland Security Investigations (HSI), Commercial Fraud Unit manages the tobacco smuggling program. HSI's illicit tobacco program coordinates case development, develops leads and assists investigations and interdictions of tobacco smuggling. The program monitors, coordinates, and provides guidance to HSI, U.S. Customs and Border Protection (CBP), U.S. Attorneys' offices, foreign, state, and local law enforcement agencies on international smuggling matters. The program also provides training and reference material to investigators and HSI works with CBP; Alcohol, Tobacco, Firearms and Explosives (ATF); Food and Drug Administration (FDA); and Treasury's Alcohol and Tobacco Tax and Trade Bureau (TTB), as well as private industry, to address legal and policy issues related to tobacco smuggling.



HSI Seized Cigarettes

HSI tobacco smuggling investigations include, but are not limited to, the domestic and international smuggling of cigarettes; trafficking in counterfeit cigarettes; trafficking in stolen cigarettes; trafficking in counterfeit tax stamps; in-bond and duty free diversion of tobacco products; smuggling of cigarettes in violation of foreign import laws; and money laundering where one of the underlying crimes is tobacco-related. In recent years, tobacco smuggling has become a lucrative criminal enterprise, resulting in the annual loss of billions of dollars in tax revenue and customs duties around the world. The tobacco industry estimates that 330-660 billion cigarettes a year are illicit:

smuggled, counterfeit, gray market or otherwise tax-evaded. The large, untaxed proceeds of this type of crime may further criminal activities and even support international terrorism. While the extent of tobacco smuggling in the U.S. cannot be precisely determined, HSI considers the illicit tobacco trade a national priority.

Tobacco smuggling often involves falsely manifesting shipments from foreign countries, and illegal manipulation of the in-bond system. Contraband and counterfeit cigarettes are commonly smuggled into the United States in ocean containers and are falsely manifested as plastic, furniture, or toys. But illicit tobacco is increasingly seen in the air environment, coming in through mail and courier hubs. . HSI has expanded cooperation with international law enforcement and customs services to combat this problem, working in collaboration with CBP, ATF, FDA, TTB—due to overlapping jurisdiction—and often with collaboration from state and local enforcement agencies, to monitor, combat, and disrupt illicit tobacco. The tobacco industry is also a major contributor to the intelligence supporting tobacco investigations, collaborating with HSI through the National Cyber-Forensic Training Alliance.

The 2010 Prevent All Cigarette Trafficking Act (PACT Act) prohibited internet sales of tobacco, highlighting the growing problem of online sales of illicit tobacco products. And while the impact of the PACT Act is not yet determined, it has expanded the scope of HSI's mission in countering illicit tobacco.

