HOUSE OF OXFORD, INC.
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Mark Goldman
President

March 6, 2007

Mr. Frank W. Foote
Director, Regulations and Rulings Division
Alcohol and Tobacco Tax and Trade Bureau
P.O. Box 14412
Washington, D.C. 20044-4412

Re: Notice No. 65
Proposed Rule about Tax Classification of Cigars and Cigarettes

Dear Mr. Foote:

We are writing today to address the proposed rule set forth in Notice No. 65 issued by the Alcohol and Tobacco Tax and Trade Bureau on October 25, 2006.

House of Oxford , Inc.(HOX) is a large distributor of other tobacco products (OTP - all tobacco products other than cigarettes) throughout the United States and in several other countries. We purchase cigars and OTP from every major cigar manufacturer in the United States. Additionally we currently hold a Tobacco Importers Permit from the TTB which allows us to import cigars directly into the United States.

Under the trade names House of Oxford Distributors and Mom's Cigars, we distribute OTP to thousands of businesses and individuals throughout the country via direct mail. Mr. Mark Goldman, President of HOX has been in the retail and wholesale tobacco business for over 40 years. Mr. Alex Goldman, Vice President of HOX has been in the business for over 16 years. Mssrs. Goldman also own and operate two retail cigar shops in New York State under the Mom's Cigars name. Given these qualifications, we feel we are uniquely positioned to comment about the proposed new rule distinguishing between cigars and cigarettes with regard to how consumers perceive and purchase these products.

In the last twelve months, HOX has sold over $80,000,000 of cigars and tobacco products to retail and wholesale businesses, as well as consumers. Approximately 80% of these sales have been what are considered "mass-market" or "machine-made" cigars. The top

selling cigars we carry are pipe tobacco filled cigars made by John Middleton, Inc. These are all large cigars as defined by tax code, made by machine and wrapped in reconstituted tobacco wrapper – commonly referred to in our business as "sheet wrap". In the combined 55 + years of experience we possess between the two of us, not one of our customers, retail or consumer, has ever confused these products, or for that matter any other machine made large cigars, with a cigarette. Middleton's cigars are physically larger, have a different taste, texture, feel, and look than cigarettes. In addition, they burn differently and smell differently than cigarettes. Further, as observed through years of owning and operating our own cigar shops, we have found that cigar smokers typically demonstrate different smoking traits and patterns of product purchase and use than those exhibited by cigarette smokers. Such is the case with smokers of Middleton's cigars.

Large cigars, such as those made by Middleton, simply do not have the appearance of a cigarette. Also, while most consumers, and many business owners, may not know the chemical differences between the types of tobacco used in cigars and cigarettes – they certainly know the two products smoke differently. Given that large cigars do not bear any physical resemblance to cigarettes and given that cigars, both in general and specifically Middleton's pipe tobacco filled cigars, present the consumer with a different smoking experience than cigarettes, they can in no way be confused by consumers with a cigarette. Stating it very simply, for these reasons cigars are not suitable substitutes for cigarettes.

While the TTB has to consider all factors when crafting the final rule to be used in making determinations between cigars and cigarettes, we respectfully request that you give consideration to our arguments, and specifically to how these items are offered to, viewed as, and purchased by everyday consumers. It is our humble opinion that this criteria is of paramount importance with regard to construction of the final rule.

We would be happy to further discuss these issues with you at your convenience.

Sincerely,

Mark Goldman
President

Alex Goldman
Vice President