

❖ Regulations Corner ❖

Comments on Revised ATF Form – Taxable Articles Without Payment of Tax

By Robert Ruhf (202)927-8210

ATF has revised the Notice of Removal of Tobacco Products, Cigarette Papers or Cigarette Tubes, ATF Form 5200.14. The title is now Taxable Articles Without Payment of Tax, and the format reflects the plain language style.

We asked for your comments about the revision in a Notice published in the Federal Register (67 FR 54081) on August 20, 2002, and also invite your comments here. All comments are due no later than October 21, 2002.

This revised form should help you to:

- Fill out the form more accurately.
- Reduce your need to follow-up or correct forms you submit.
- Reduce time you spend to find out how to complete the form.

Major changes include:

- Expanded instructions on how each item should be completed;
- Elimination of the requirement for certain shipment information;
- More flexibility in identifying the shipment; and
- Space for the printed names of individuals who provide proof of export, in addition to their signatures. ■



Wholesaler's and Importers of Alcoholic Beverages

By Joyce Thompson (513)684-2807

When requesting an amendment to a Federal Basic Permit, please be sure Special Occupational Tax (SOT) for the current year has been paid. Amendments are reviewed thoroughly against the SOT database for verification of payment. If no payment has been received, the Federal Basic Permit cannot be amended. This is just a reminder that SOT in the amount of \$500.00 is due and payable by July 1 each year.

If you any questions regarding amended permits, please contact the Wholesaler/Importer Unit at (513)684-3337. ■

ATF Denies California Coast AVA Petition

By Nancy Sutton (415)947-5192 and Michael Hoover (202)927-8210

ATF has denied the California Coast viticultural area petition submitted in March 2002 by the California Coast Alliance. ATF published Notice No. 951 announcing the petition's denial in the Federal Register on August 7, 2002. The Notice and an 80 page supplemental report that details reasons for the denial are posted on the ATF web site at

www.atf.treas.gov/alcohol/rules/index.htm.

The denial Notice comes after a September 2000 Notice of Proposed Rulemaking that requested public comments (see Notice No. 903, 65 FR 57763). ATF received 477 comments in response, including substantive documentation and evidence from several industry groups opposed to the petition. Ninety-seven percent of all comments expressed opposition to the petitioned viticultural area.

The boundaries of the petitioned area extended along the Pacific coast from Mexico north to Mendocino County, about 200 miles south of the Oregon border, and from 5 to 68 miles inland. The petitioned viticultural area

spanned 650 miles of coastline and almost 7 degrees of latitude and covered 22,000 square miles. It encompassed shoreline, coastal plains, 5,000-foot high mountain ranges, and interior basins and valleys.

ATF Determined that the petitioned California Coast viticultural area failed to meet regulatory requirements for the establishment of such areas for two primary reasons. First, commonly understood, the name "California Coast" applies to a longer coastal region than was included in the petitioned area. The petitioned California Coast boundaries did not reflect the public's understanding of the "California Coast" name or meet the definition standards for viticultural areas or wine labeling purposes. ATF believes the term "California Coast" refers to the State of California's entire coastal area, which extends from Mexico to the Oregon Border. Second, significant climatic diversity exists within the petitioned area due to its great north-south span and the differing ocean currents found offshore, a cold current flowing south from Alaska and a warm current flowing from Mexico.

Finally, evaluation of the California Coast petition led inevitably to ATF's conclusion that climate diversity could only increase in any proposed viticultural area that included the entire California coastline from Mexico to Oregon. Such a redefined area would necessarily fail to meet the regulatory requirements for a viticultural area. ■

❖ Winery Owner Convicted for Mail Fraud ❖

By Harriett Bobo (415)947-5110

On August 8, 2002, after a one-week jury trial, David Chatfield Sproul, owner of Chatfield Winery of Lodi, California, was convicted of two counts of 18 U.S.C. 1341 (Mail Fraud) in United States District Court, Eastern Judicial District of California.

The conviction stems from the Bureau of Alcohol and Firearm's (ATF) investigation into reimbursements fraud involving wine excise taxes. At trial, the government demonstrated that Sproul fraudulently induced a receiver for one of Chatfield Winery's clients to reimburse him for his payment of Federal excise tax on wine under the receiver's control at a higher rate than what he actually paid. The evidence showed that Sproul told the receiver that the tax rate on the wine was \$1.07 per gallon and billed her at that rate in spite of the fact that, by virtue of the small producer's tax credit, he actually paid only \$.17 per gallon. ATF Special agent in Charge John A. Torres said, "In ATF's ongoing efforts to protect the integrity of the wine industry, we will continue to vigorously pursue all criminal and regulatory violations of law and regulations.

Sentencing for Mr. Sproul is scheduled for October 21, 2002, at 9:00 AM in United States District Court, Eastern District of California. ■

Questions or suggestions relating to the Alcohol & Tobacco Newsletter should be directed to the Editor by fax at (202) 927-5611 or by mail at the following address: Bureau of ATF, 650 Massachusetts Avenue, NW, Room 8110, Attention: Joette Brown, Editor, Alcohol & Tobacco Newsletter, Washington, D.C. 20226.