

LOCAL LAW ENFORCEMENT ACT
OF 2003

Mr. SMITH. Mr. President, I rise today to speak about the need for hate crimes legislation. On May 1, 2003, Senator KENNEDY and I introduced the Local Law Enforcement Act, a bill that would add new categories to current hate crimes law, sending a signal that violence of any kind is unacceptable in our society.

I would like to describe a terrible crime that occurred on April 10, 2003. A day after taking part in the national Day of Silence to promote school safety for gay, lesbian, bisexual, and transgendered students, 16-year-old Caitlin Meuse was savagely attacked in Concord, MA. According to police, the attack may have been related to her participation in the event at her high school. Meuse had been struck by a blunt object such as a baseball bat or a tire iron. Knocked unconscious and bleeding from the head, Caitlin was found lying in the street by a neighbor near her home. She was held in intensive care at the hospital for 2 days and was treated for a head injury, missing front teeth, a fractured nose, deep cuts and severe facial swelling.

I believe that Government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act is a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.

PREVENT ALL CIGARETTE
TRAFFICKING ACT OF 2003

Mr. KOHL. Mr. President, I rise today in support of the Prevent All Cigarette Trafficking Act, "PACT Act" of 2003. This legislation addressed the growing problem of cigarette smuggling, and the connection between these activities and terrorist funding. According to the Bureau of Alcohol, Tobacco, Firearms and Explosives, 10 cigarette smuggling cases were initiated in 1998. That has grown to approximately 160 in 2002.

Cigarette smuggling can be defined as the movement of cigarettes from low-tax areas to high-tax areas in order to avoid the payment of taxes when the cigarettes are resold. Smugglers buy cigarettes in low-tax States such as North Carolina and Kentucky, and drive or ship the product to high-tax States and sell them on the street, to convenience stores, or to conspirators without paying the required State taxes. Some smugglers affix fraudulent State tax stamps to make it appear they have paid the State taxes that are due. The profits for cigarettes smuggling can be enormous. In North Carolina, a pack of cigarettes is taxed 5 cents. In New York, the State tax is \$1.50 and in New York City, an additional \$1.50 a pack city tax is levied.

It is clear that cigarette trafficking is becoming a method of terrorist fi-

nancing. In an investigation last month, the AFT arrested 17 individuals who are alleged to have smuggled more than \$20 million worth of cigarettes. The ring allegedly purchased cigarettes in Virginia, where the state tax is 3 cents and resold them in California without paying the California tax, which is 87 cents. In another recent investigation, the AFT disrupted a cigarette smuggling scheme between North Carolina and Michigan participants allegedly smuggled at least \$8 million worth of cigarettes and sent the proceeds to Hezbollah to support terrorist activities.

The Internet is contributing to the smuggling problem because many Internet cigarette retailers are not paying the required taxes when shipments are sent to buyers in various States. It is impossible to know what happens to these ill-gotten gains. Currently, there are hundreds of tobacco retailers on the Internet claiming to sell tax-free cigarettes. Several openly proclaim on their websites that they do not report internet tobacco sales to any State's tax administrator. This is a flagrant violation of the law in every State. A recent Government Accounting Office report advised that States will lose approximately \$1.5 billion in tax revenues by the year 2005 if the current state of Internet tobacco sales continues. More than ever, state governments need these tax dollars.

Compounding the problem, counterfeit cigarettes, on which smugglers have paid no taxes, are becoming more and more common. In 2001, the U.S. Customs Service made 24 seizures of counterfeit cigarettes. In 2002, they made 255 seizures. Phillip Morris estimates that 100 billion counterfeit cigarettes are produced in China alone.

The PACT Act will combat tobacco smuggling in a number of ways. First, in order to assist law enforcement and fight terrorism funding, this legislation will make violations of the Jenkins Act a felony thereby encouraging more investigations and prosecutions. The Jenkins Act, 18 U.S.C. 375, requires any person who sells and ships cigarettes across State lines to anyone other than a licensed distributor, to report the sale to the buyer's State tobacco tax administrator, thus allowing State and local governments to collect the taxes that are lawfully due. The current penalty for violating the Jenkins Act is a misdemeanor.

In my State of Wisconsin, in 2001, State authorities referred a Jenkins Act violation to the U.S. Attorney who said that this was a matter that should be handled administratively. However, Wisconsin and most States do not have remedies for these violations and they have little recourse against vendors.

This legislation also amends the Jenkins Act by explicitly expanding the definition of "sales" to include sales to a consumer via the mails, telephone, or the Internet. It will also require both sellers and shippers to submit the required reports, even when sales are to a

licensed distributor. Finally, the "PACT Act" will empower State Attorneys General, and persons holding a Federal permit to manufacture or import cigarettes, to bring civil actions in Federal court to restrain violations of the Jenkins Act and to seek civil damages for the losses they have incurred. This will allow State Attorneys General to stop violators of this Federal law from operating as well as recoup their tax losses.

The PACT Act also strengthens the Contraband Cigarette Trafficking Act ("CCTA"), 18 U.S.C. 2342, which makes it unlawful for any person to ship, transport, receive, possess, sell, distribute, or purchase contraband cigarettes. Under the CCTA, contraband cigarettes is defined as 60,000 cigarettes or more which bear no tax stamp. This legislation will lower the threshold from 60,000 to 10,000 in order for smuggled cigarettes to be considered "contraband," thereby allowing ATF to open more investigations and seek more Federal prosecutions of cigarette smugglers.

Finally, the PACT Act will grant ATF the ability to utilize funds earned during undercover operations to offset expenses that are incurred during those investigations. This will make the ATF's powers more comparable to those of other investigative agencies such as that the FBI and DEA, may use non-appropriated funds to make undercover purchases and pay other investigative expenses. ATF needs this authority in part because of the huge costs associated with purchasing tens of thousands of cigarettes in undercover investigations.

Cigarette smuggling is increasing and must be addressed. Enhancing the criminal laws to reduce cigarette smuggling will help deny terrorists a needed source of funding and help our States collect their revenue.

ADDITIONAL STATEMENTS

HONORING THE GIRL SCOUTS WHO
HAVE RECEIVED THE SILVER
AND GOLD AWARDS

• Mr. CHAFEE. Mr. President, I rise today to honor the Girl Scouts in Rhode Island who have received the Silver and Gold Awards for 2002.

I praise all of the hard work the girls have done throughout the year to receive their respective awards.

Mr. Girl Scout Gold Award is the highest and most prestigious award a girl can earn in girl scouting. A girl who has earned the Girl Scout Gold Award can look forward to greater access to college scholarships, paid internships, and community awards.

I ask that the list of the girls receiving the awards be printed in the RECORD.

The list follows.

GOLD AWARD RECIPIENTS

Allison Arden, Erin Blackbird, Stephanie Bobola, Laura Cochran, Rachel Cooper,