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Ky. company contests federal cigarette seizures

By BRETT BARROUQUERE
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An online cigarette dealer is contesting federal search warrants that it says "decimated" the business by confiscating all inventory, supplies and bank accounts.

Chavez Inc., a Louisville-based tobacco dealer, is asking a federal judge to unseal affidavits backing at least 20 search warrants, which were executed on Dec. 8 on the company's Louisville, Stockton, Calif., and Denver, Colo., offices and on multiple banks where the business held accounts.

Christie Moore, a Louisville attorney representing Chavez Inc., declined to comment on Friday. Moore said in court filings that federal investigators seized \$4 million in tobacco products, along with the company's computers, business records, cars and bank accounts.

The company, run by Israel Chavez of Louisville and his ex-wife, Pam Chavez of Stockton, Calif., said the warrants, executed by the Bureau of Alcohol, Tobacco Firearms and Explosives and U.S. Postal Service inspectors, effectively shut down the business.

Moore said no indictment is expected until May or June at the earliest.

"Substantially all of the personal and business assets of Petitioners are now in the hands of the government," Moore said in the motion.

Messages left for the U.S. Attorney's Office in Louisville, and the ATF and U.S. Postal Service inspector's spokesmen were not immediately returned on Friday.

Chavez Inc., sold cigarettes outside the state of Kentucky online and through a toll-free number. Moore said the company sold less than 10,000 cigarettes per shipment, meaning a Kentucky tax stamp wasn't required.

The federal government has cracked down in recent years on contraband cigarettes — smokes sold by people and businesses through illegitimate channels to avoid paying local, state and federal taxes. The company's Web site says it is "no longer conducting business."

The Department of Justice, the ATF's parent agency, estimates that federal, state and local governments lose out on \$5 billion annually in tax revenue from cigarettes sold through illegitimate channels.

In the motion, Moore said what is publicly known about the warrants is insufficient to justify the search and seizure of her clients' property.

"Indeed, the warrants contain nothing more than boilerplate language claiming that sealing the affidavits is necessary due to the potential that other coconspirators may be identified," Moore wrote.



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