



KEEPING SMALL, PREMIUM CIGAR BUSINESSES ROLLING

Jeff Borysiewicz

My name is Jeff Borysiewicz and I'm the President and Founder of Corona Cigar Company which is a retailer of premium cigars. In 1996, I started Corona Cigar Company as a mail order business operating out of an extra bedroom in my house. With hard work, passion, determination, loyal customers and a great team of employees, over the past 22 years we have been able to grow Corona Cigar Company into one of the world's most recognized cigar retailers. We own and operate four brick and mortar cigar superstore stores with cigar bars in Orlando and Tampa. We employ over 125 wonderful people.

Running any business is a challenge. There are challenges of making payroll, paying the rent, growing your business, and staying ahead of the competition. However, the greatest threat to my business and to the thousands of other premium cigar retailers just like me, is the heavy hand of government regulations being pushed forward by the FDA.

For hundreds of years, America's premium cigar retailers have been a part of our culture. Watch any old western movie and you will see the iconic wooden cigar store Indian posted in front of the local cigar shop. This is an industry where most retail cigar stores are locally owned and operated "mom and pop" shops. The store clerks and shop owners know their customers by name and the customers trust the retailer for information on what's the latest and greatest in the world of cigars. But if premium cigars are not excepted from FDA regulations, our industry will definitely shrink and it will even be more difficult for a retailer to survive.

In 2018, the Small Business Administration hosted business round tables to gather feedback about the issues facing local business across all industries. Fellow premium cigar retailers from five states and seven cities spoke out at these meetings and voiced their concern on how the current FDA cigar regulations, if left unchecked, will cause great harm to their businesses.

Some of the new rules from the FDA leaves one shaking his head in disbelief. For example, if a retailer assembles an assortment of cigars and puts them in a package like a bag and sells this as an assortment or gift pack, the retailer must register with the FDA as a cigar manufacturer.

If a cigar shop owner receives a new brand and wants to give a customer a cigar as a gift because he thinks his might enjoy it, he is now breaking the law because of the FDA's sampling ban.

If a cigar maker wants to donate some cigars to our troops, he can't because of the FDA.

The new FDA regulations require that 33% of a cigar box lid are covered with a health warning label. One of the most beautiful features of premium cigars is the hand crafted wooden boxes that these products are packed in. Some of the cigar box art dates back more than 150 years. People buy a box of cigars to celebrate a special occasion, like the birth of a child, a graduation, a wedding or the return home of a soldier. When you walk into a cigar store, our isles are adorned with beautiful boxes representing the various brands. When every box has a huge health warning sticker covering a third of the box, our stores will look like you are walking into a dangerous mine field rather than a beautiful humidor.

If a cigar store has a private label brand bearing a store's name, the FDA regulations states that all printed and electronic ads carry the same health warnings covering one third of the ad. So

when we run a full page ad in a magazine such as Golf Digest, we would essentially be paying for one third of a page to advertise a health warning. This forced, compelled speech is currently being challenged in court.

The manufacturer's cost of constituent testing and submitting the FDA's substantial equivalent applications will cause most smaller cigar manufacturers to go out of business. For many brands, the testing alone will cost more than the gross annual sales of boutique brands. One of the most appealing aspects of the cigar industry is the diversity of our suppliers. This was an industry where literally, a cigar maker or tobacco farmer could escape communist Cuba on a raft and start a cigar company in America. This is a true scenario...I've seen it happen. FDA regulations will narrow our manufacturers down to just a few suppliers, big multinational companies that can afford the army of lawyers to navigate the complicated rules of the FDA.

One of the main arguments for FDA regulation of tobacco centers around youth access. As a premium cigar retailer and father, I can tell you first hand that kids aren't coming into a cigar shop trying to buy premium cigars. It hasn't been a problem in the past and it isn't a problem now. A recent study by the New England Journal of Medicine that was funded by the FDA proves this with "no discernible percentage of youths frequently using Traditional Cigars" and less than 1% of all youths had used a Traditional Cigar with the last 30 days.

It is important to note that even before the FDA had the authority to regulate tobacco, cigar retailers have been federally regulated by ATF and state regulated by the Division of Alcohol, Beverage & Tobacco. At any time a federal, state or local law enforcement agency can run sting operation where they send in a minor and attempt to buy tobacco. Premium cigar retailers are responsible vendors and no one wants to sell tobacco to a minor.

Lastly, I'd like to talk about the impact of FDA regulations on the American cigar tobacco farmer. No other group in the agriculture industry has been hit as hard as the American cigar tobacco farmer. At one time, Florida was the second largest grower of premium cigar tobacco in the U.S. After 150 years of tobacco growing history, the last crop was planted in 1977 in Gadsden County, Florida. In Connecticut, which use to be America's number one grower of Connecticut Shade tobacco, only one farm is left that still grows Shade. Connecticut and Pennsylvania still grow broadleaf premium cigar tobacco wrappers, but I can tell you first hand, FDA regulations will jeopardize the future of this industry as well, as new cigar blends get harder and harder to introduce and as the industry is forced to consolidate due to FDA regulations. In 2013, we started a small 20 acre cigar tobacco farm in Clermont, Florida to bring back an American farming tradition. However, if Premium Cigars are not exempted from from FDA regulations, this too will likely fade away.

In closing, I appreciate the efforts of Senator Rubio, Representatives Kathy Castor, Bill Posey and the hundreds of other Representatives that have cosponsored legislation to exempt Premium Cigars from FDA regulations. However, this issue must get resolved quickly as I am watching a very small industry, running out of the financial resources that it takes to fund lawsuits against the FDA, the legal expenses to navigate the existing complicated FDA regulations and the costs of lobbying in DC to save this historic industry.

Jeff Borysiewicz
President and Founder

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