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Famous Smoke Shop Withdraws from 2020 PCA Trade Show

An Open Letter to the Premium Cigar Industry

I want the industry to know why you will not be seeing me or my company at this year's trade show.

This is not a decision that's been made lightly or quickly, as I have wrestled with this idea for quite some time. My first trade show goes way back to 1970, when it was held in NYC in the Statler Hilton Hotel on 7th Avenue. For those of you who still remember, the "show" was held in small rooms or suites. The individual deals and negotiating were done in the bedroom - I kid you not. Many of the vendors I once knew are now out of business or dead, so it is with fondness and sadness that I look back to those days prior to the Cigar Boom. As a side note, I sat down at the 1991 show with Marvin Shanken. It was the only time I ever got anything from that man...lunch was on him. The magazine had not yet been published, and he wanted a donation: my mailing list. I won't go into the details of the negotiation, but he did not get it. I have only spoken to Marvin since that time on two more occasions. Both were equally unpleasant.

I have watched how our industry's trade show has evolved over the last 50 years. I have paid my dues every year and cannot calculate how much money I have spent going to the shows and supporting the RTDA/IPCPR/PCA. However - not once in those 50 years has anyone from the trade organization ever returned the support or taken time to understand my business, or this segment of the retail market.

Instead, I - and other members of this group - are treated as pariahs by the very same organization we have tirelessly supported. Because according to the PCA, we internet retailers are the enemy. *We* are the cause of declining sales at B&M's. Not the fact that a fair share of retailers choose to remain complacent, relying on last century's technology and the deeper pockets of others to fight their battles for them. No, it's *our* fault: catalog and internet-managed companies are destroying the industry, preying on "the little guy." Oh, if only if we would disappear - then money would rain down like manna.

This logic would be funny, if it weren't so misinformed. Or dare I say, ignorant. My company has maintained a B&M store for every day we've been in business - over 80 years and counting, and well before that terminology even existed. I struggled with excise taxes in New York State back before the Cigar Boom started, and you could still enjoy a cigar on an airline flight. NYC was a tough place and J&R cigars was only 5 blocks away. Yes, we competed - *hard*.

But I saw way back what was needed to survive. There were only a few of us around: Thompson Cigar (which has since been acquired), JR Cigars (acquired), Holt's (partially acquired), Mike's Cigars (private), and Famous Smoke Shop (private). Cigars International was not even an embryo. All of us knew one thing for sure: we needed to make the country our marketplace. In various ways we were all successful in our endeavors. We survived pre-Internet days, then we adapted again to new digital technology. The road was difficult and expensive. New technology requires new personnel and significant investments, and some of us are still in the process of adapting to the new environment.

I, and other members of our small circle, have been very active in support of various efforts to reduce or eliminate cigar



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taxation and regulation. Not once, in the 50 years that I have been in this business, have I in any way encouraged any entity to increase regulation or taxation on my B&M brethren. Not once have I ever pursued a cause that would hurt any part of this industry which I have loved. I have fought against all forms of tobacco regulation and taxation, whether it affected me or not. I have contributed money and time to the CRA, CAA, and PCA.

But no longer. I cannot continue to support the PCA, an organization so far out of touch with the reality of the current market. I am tired of supporting those who seek to damage my business to increase their own. Recently this all came to light when I learned that the PCA spent time and money to *increase taxes on cigars*. Yes! Under the banner of a “level playing field”, the PCA lobbied to increase taxes, but only on remote sellers like me. So here you have a hypocritical organization, which is out to hurt and/or destroy a part of the industry. Why? We are not your enemy. Your business will not be better if we disappear. Prices will skyrocket and few will be able to afford \$12-\$20 cigars.

I want the industry to know why I made this decision. I want my suppliers to know why I will not be visiting with them in Las Vegas for the first time in 50 years: the PCA’s course of action is not acceptable, and encourage my suppliers to contact the Board of the PCA to let them know that. I write this in the hope that other organizations will also decide not to attend the 2020 PCA show. I have often used the “Titanic” metaphor: we are all on the Titanic fighting for higher berths. Yeah, a house divided and all that stuff. I will reward those vendors who support my company, both Internet/Catalog and B&M. The names I mentioned are not the problem - organizations like the PCA are the problem, too busy fighting for higher berths. I had the foresight to leave New York State and move to Pennsylvania, where I have joined with my competitors to battle issues that are more important than my petty dislikes. I wish that were true of the retailer segment. I survived because I was smart and persistent. I will continue to survive and prosper without spending all that time and money attending PCA in 2020.

My decision to quit the show was made before I heard their news, but I applaud the decision of Drew Estate, Altadis, General Cigar, Davidoff and Villiger to withdraw from the show; while they have their own reasons, it’s clear these companies have come to the same conclusion about the PCA that I have. I suggest some of you reading this do the same.

Arthur Zaretsky

Famous Smoke Shop President/CEO