



DEPARTMENT OF THE TREASURY
ALCOHOL AND TOBACCO TAX AND TRADE BUREAU
WESTERN II FIELD OFFICE
5050 NE State Hwy 303 #103, PMB #206
Bremerton, WA. 98311
7/13/2017

Azuma Corporation
920 B County Road 56
Alturas, California 96101

2017-2WEJW036
TP-CA-15012
EIN: 35-2304073

NOTICE OF VIOLATIONS

Messrs. Philip Del Rosa, Darren Rose and Ms. Wendy Del Rosa:

The Alcohol and Tobacco Tax and Trade Bureau (TTB) recently conducted a Tax Investigation (Investigation) of Azuma Corporation's (Azuma) manufacturer of tobacco products operations. The Investigation disclosed the violations noted below.

Summary of Violations:

No.	Violation description / detail	Regulation / Law citations	Corrective Actions
1.	Azuma has not engaged in the manufacture of tobacco products since its Internal Revenue Code (IRC) permit was approved on May 22, 2008.	27 CFR § 40.256 Minimum manufacturing and activity requirements. The minimum manufacturing and activity requirement prescribed in § 40.61(c) of this part is a continuing condition of a manufacturer's permit, that is, a permit to manufacture tobacco products is conditioned upon a person's principal business activity being the manufacture of tobacco products. A permit may be suspended, and subsequently revoked, if the person's principal business activity under such permit is to receive or transfer tobacco products in bond, or if the person has no activity under such permit for a period of one year ...	Azuma is required to comply with 27 CFR Part 40 as a manufacturer of tobacco products.

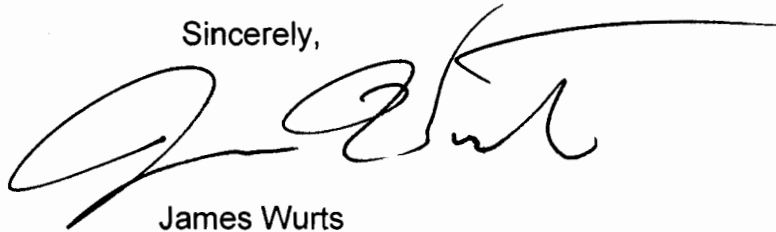
<p>2.</p>	<p>Azuma failed to submit a written application to TTB, to conduct other business activities within its manufacturer of tobacco products factory, as required by 27 CFR § 40.47.</p> <p>The Investigation uncovered a marijuana growing operation at Azuma's manufacturer of tobacco products factory. The Investigation also uncovered that an Expo Center operated for a period of time, at Azuma's manufacturer of tobacco products factory, prior to the establishment of the marijuana growing operation. Both of these activities violated 27 CFR § 40.72.</p>	<p>27 CFR § 40.47 Other businesses within factory. (a) General. The appropriate TTB officer may authorize such other businesses within the factory of a manufacturer of tobacco products as he finds will not jeopardize the revenue, will not hinder the effective administration of this part, and will not be contrary to law. A manufacturer of tobacco products who wishes to engage in another business within the factory must submit a written application to do so to the appropriate TTB officer. Except as otherwise provided in paragraph (b) of this section, a manufacturer of tobacco products may not engage in such other business until the application is approved by the appropriate TTB officer. The manufacturer must retain as part of its records any authorization provided under this section.</p> <p>27 CFR §40.72 Use of factory premises. (a) <i>General.</i> Unless otherwise authorized by the appropriate TTB officer as provided in §40.47, the premises used by a manufacturer of tobacco products for his factory shall be used exclusively for the purposes of manufacturing and storing tobacco products; storing materials, equipment, and supplies related thereto or used or useful in the conduct of the business; and carrying on activities in connection with business of the manufacturer of tobacco products ...</p>	<p>Azuma is required to comply with 27 CFR Part 40 as a manufacturer of tobacco products.</p>
<p>3.</p>	<p>Azuma failed to grant signature authority to a manager, as required by 27 CFR §40.68, prior to having him sign Federal Excise Tax Returns and TTB F 5210.5 Operation Reports. An unauthorized party was signing these forms on behalf of a corporate officer.</p> <p>The instructions for TTB F 5210.5 states who may sign the report: (1) An individual who has signature authority granted by the business documents that you filed for this permit; OR (2) An individual for whom you filed an ATF or TTB F 5000.8, Power of Attorney, that grants authority to sign this report.</p>	<p>27 CFR § 40.68 Power of attorney. If the application for permit or any report, return, notice, schedule, or other document required to be executed is to be signed by an individual (including one of the partners for a partnership or one of the members of an association) as an attorney in fact for any person, or if an individual is to otherwise officially represent such person, power of attorney on TTB F 5000.8 shall be furnished to the appropriate TTB officer. (For power of attorney in connection with conference and practice requirements see 26 CFR 601.501 through 601.527.) Such power of attorney is not required for persons whose authority is furnished with the corporate documents as required by §40.63. TTB F 5000.8 does not have to be filed again with an appropriate TTB officer where such form has previously been submitted to that appropriate TTB officer and is still in effect.</p>	<p>Azuma is required to comply with 27 CFR § 40.68.</p>

Within 14 days of receiving this letter, please sign and date the last page and attach your written response regarding each violation. We ask that you submit an explanation of why the violations occurred and what corrective actions you have taken.

Your IRC Permit as a tobacco manufacturer is conditioned upon your compliance with all Federal laws and regulations relating to tobacco operations. Failure to take prompt corrective actions described above or to comply with all Federal laws and regulations in the future may subject you to the full penalties provided by law. These violations will be reviewed by TTB management and may result in further administrative action.

If you have questions about this notice, or about any of the corrective actions described, or requirements of Federal laws and regulations, please contact me at (202) 631-4990 or james.wurts@ttb.gov.

Sincerely,



James Wurts
Investigator

On behalf of **Azuma Corporation**, I hereby acknowledge receipt of this letter.

Signature / Title

Date

(Print name)