

8-30-1978

**Letter, David R. Bowen from A. R. Dickerson, the Director of the Department of Treasury, October 21, 1981, with a Forwarded Letter from a Constituent**

The Office of the Department of the Treasury

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OFFICE OF  
THE DIRECTOR

DEPARTMENT OF THE TREASURY  
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS  
WASHINGTON, D.C. 20226

OCT 23 1981

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Honorable David R. Bowen  
House of Representatives  
Washington, DC 20515

Dear Mr. Bowen:

This is in response to your inquiry of August 3, 1981, to the Assistant Secretary of International Affairs, U.S. Department of the Treasury, and subsequent inquiries to the Bureau regarding our investigation of imported Japanese sake.

At this time, the Bureau is conducting a field investigation to determine how much sake, by importer, has been brought into the United States in the last 3 years and to collect samples of all imported sakes for chemical analysis. Chemical analysis will allow the Bureau to determine which brands of sake contain added distilled spirits. The field investigation will tell us how much of this "fortified" sake has been imported and by whom.

The chemical analysis to determine if distilled spirits are added to sake is very new. At this time, it is possible to determine--in the case of sake--if distilled spirits produced from either cane or corn have been added. This test will not, however, disclose if distilled spirits produced from rice have been added. Preliminary chemical analysis results indicate that one brand of imported sake is fortified and three brands are suspected of containing added distilled spirits; eight brands do not appear to contain added distilled spirits. There are several additional brands which we have not yet tested.

The Bureau will be analyzing the results of the field investigation and chemical analysis to determine a proper course of action regarding any sake to which distilled spirits have been added. The Bureau perceives three main areas of concern in regards to the resolution of the fortified sake problem: (1) past importations, (2) current inventories, and (3) future importations.

Honorable David R. Bowen

Each of these areas present different problems, yet all must be addressed in any resolution designed to correct the fortified sake situation. Any action taken by the Bureau will be appropriate to the facts disclosed. However, our first concern is to ensure that any tax liabilities are properly satisfied. We should be in a position to evaluate initial investigative results shortly.

We hope we have adequately responded to your request for information. If we may be of further assistance to you in this matter, please let us know.

Sincerely yours,

A handwritten signature in black ink, appearing to read "A. R. DeBorom". The signature is written in a cursive style with a large initial "A" and "R".

Director

*File Rice/Japan/Sake*

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SUBCOMMITTEE ON PANAMA CANAL/  
OUTER CONTINENTAL SHELF

August 3, 1981

The Honorable Marc E. Leland  
Assistant Secretary for International Affairs  
U.S. Department of the Treasury  
15th Street and Pennsylvania Avenue, N.W.  
Room 3430  
Washington, D.C. 20220

Dear Mr. Secretary:

In November 1980, I wrote to former Assistant Secretary Bergsten regarding the possible violation of U.S. customs and excise tax laws by Japanese sake manufacturers and the American importers of their products. Specifically, information had come to my attention that Japanese breweries were adding distilled alcohol to their sake exported to the United States, but neither they nor their importers were disclosing that fact to U.S. authorities. All of the importers had, to the contrary, submitted to the Bureau of Alcohol, Tobacco and Firearms "Statements of Manufacture" from their respective suppliers claiming that no distilled alcohol was being added. I was concerned then, as I am now, that tax and customs fraud might be occurring, and so I requested an investigation of the matter. In January 1981, Mr. Bergsten wrote to me that BATF had launched such an inquiry.

I have not had any reports on the progress of the investigation since that time. Would you be so kind as to supply me with information on what steps have been taken? I am particularly interested in knowing when the investigation will be completed, if it has not been already, and your timetable for enforcement action, if any is planned.

My interest in this matter is no less today than it was in November. I trust that, if any U.S. laws have been or are now being violated, you plan: (1) to prosecute the individuals and companies involved to the fullest extent possible; and (2) to monitor the situation closely in the future to prevent further infractions.

Sincerely,  
  
DAVID R. BOWEN  
Member of Congress

cc: G.R. Dickerson  
Director, Bureau of Alcohol, Tobacco and Firearms