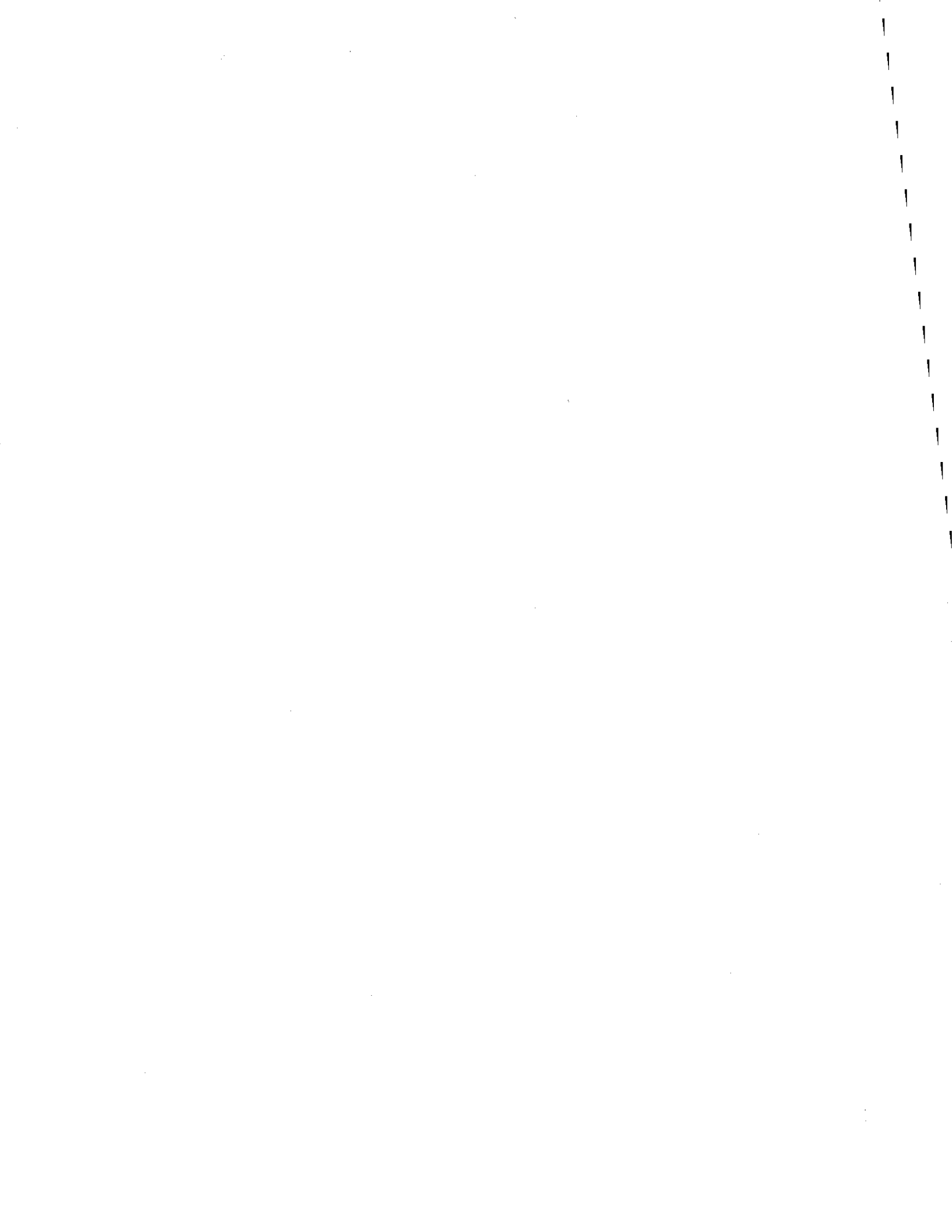


**Fantasia Distribution, Inc.
National Hookah Alliance**

December 12, 2013

**Office of Information and Regulatory Affairs
Office of Management and Budget**

- HOOKAH vs. OTHER TOBACCO
- BENEFITS & RISKS OF REGULATION
- ECONOMIC IMPACT
- ALTERNATIVES

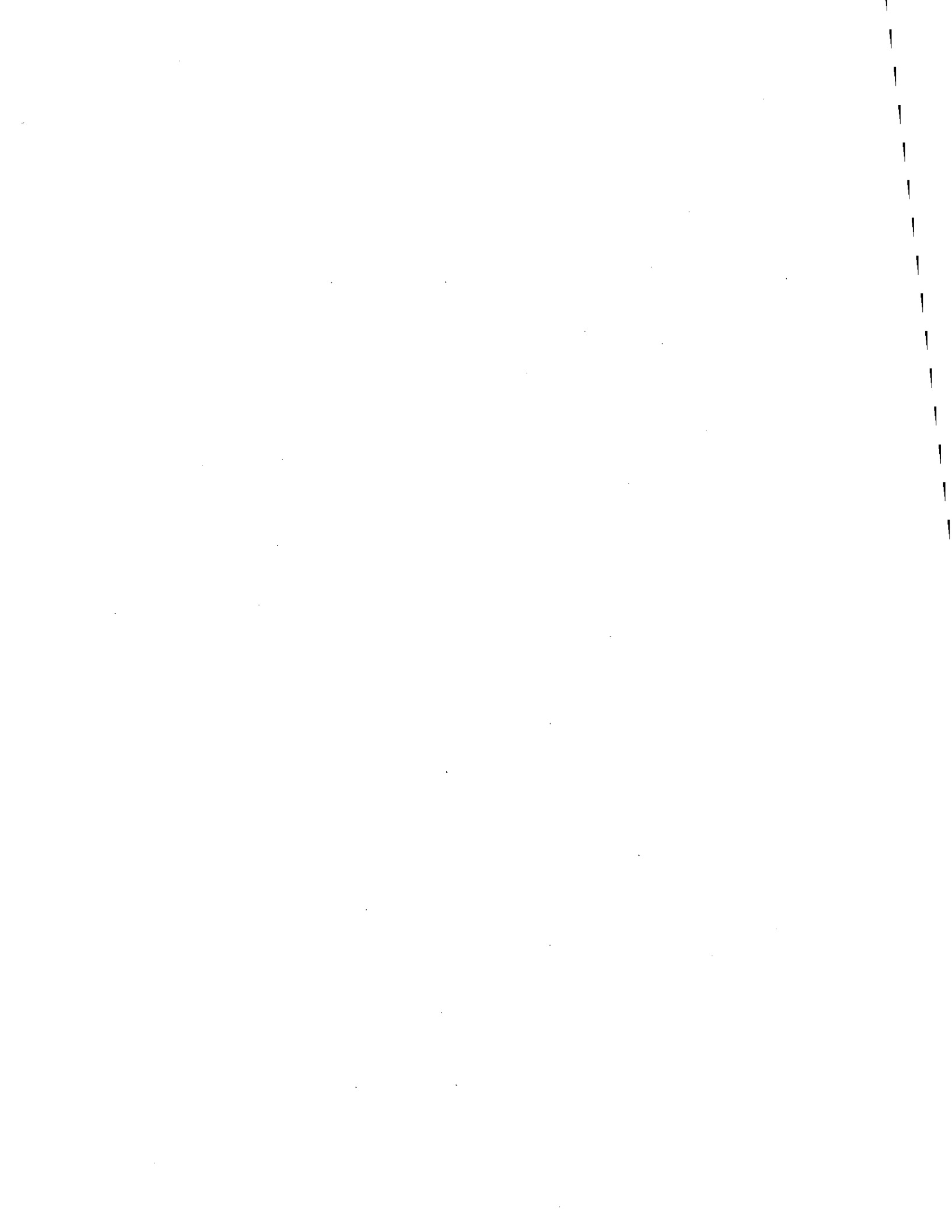


Fantasia

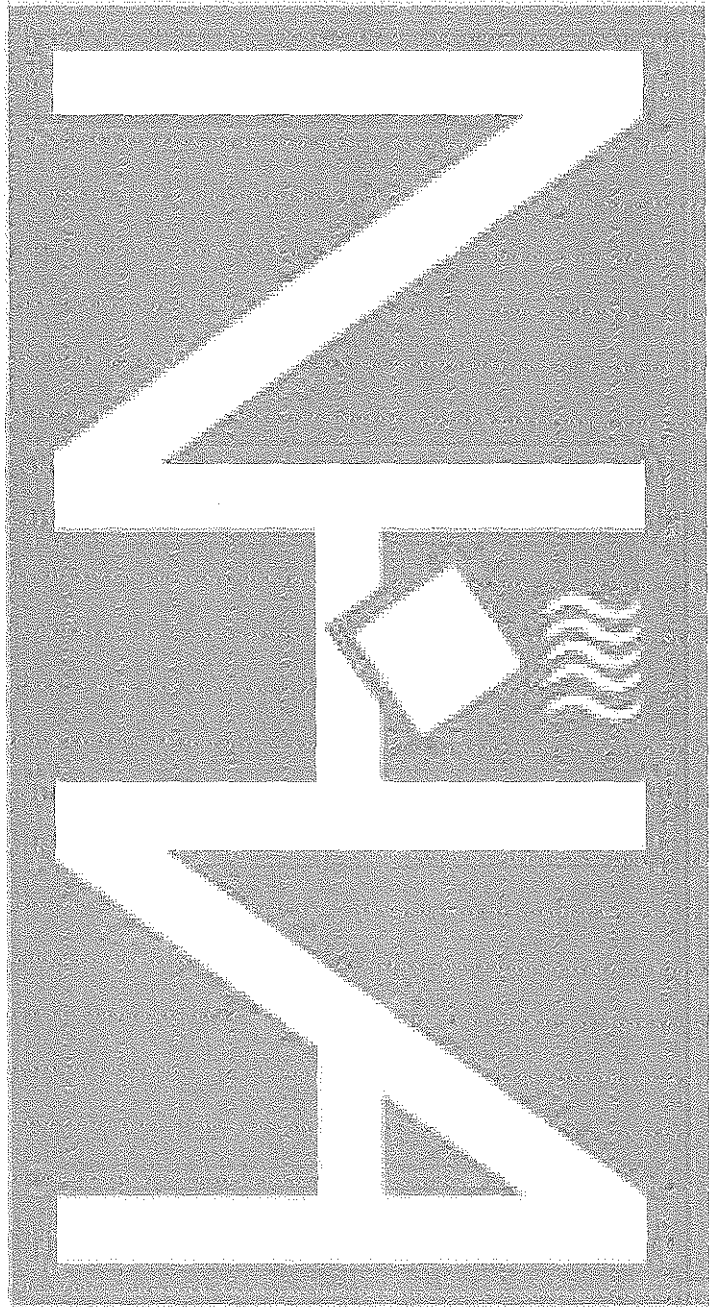
Hookah Tobacco

the finest premium tobacco



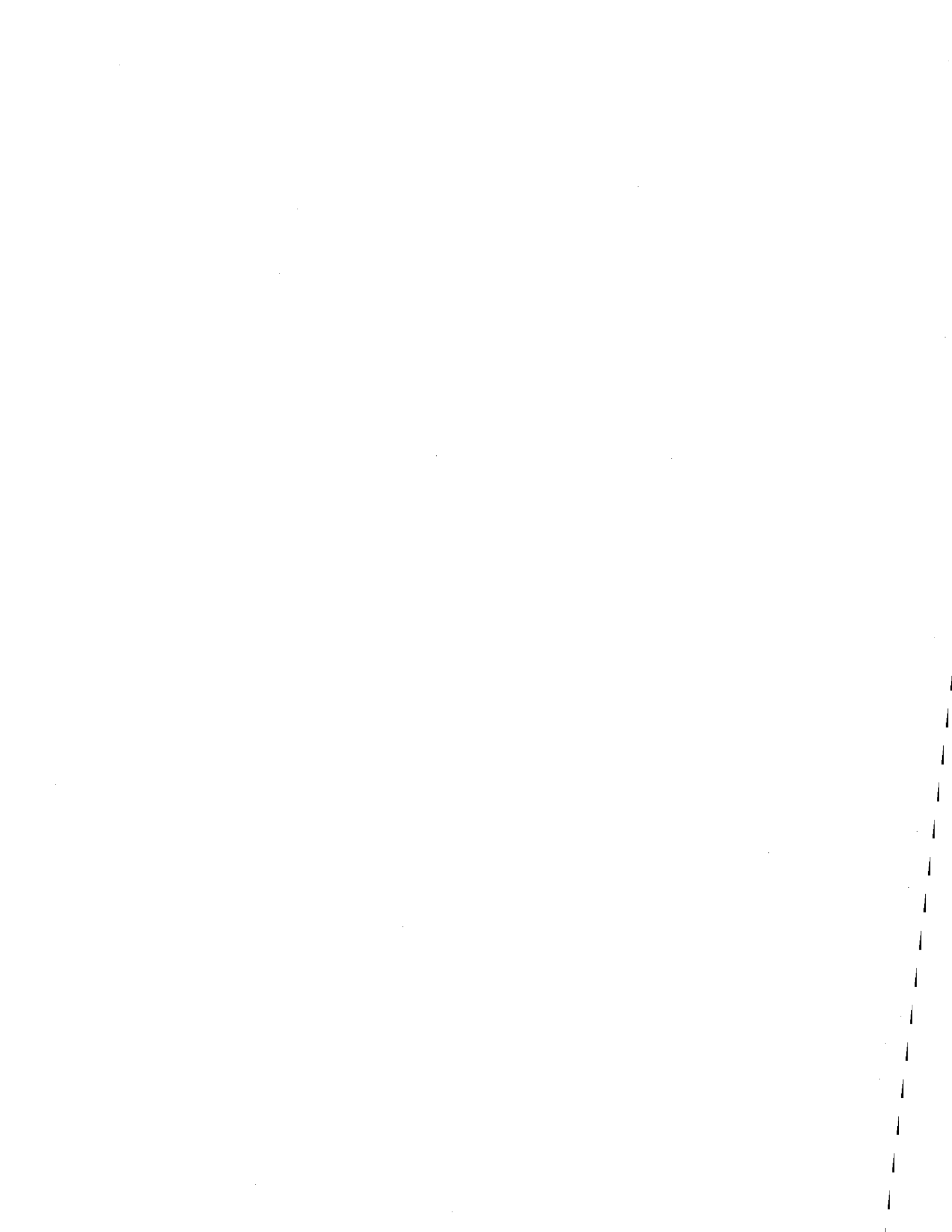


NATIONAL HOOKAH ALLIANCE

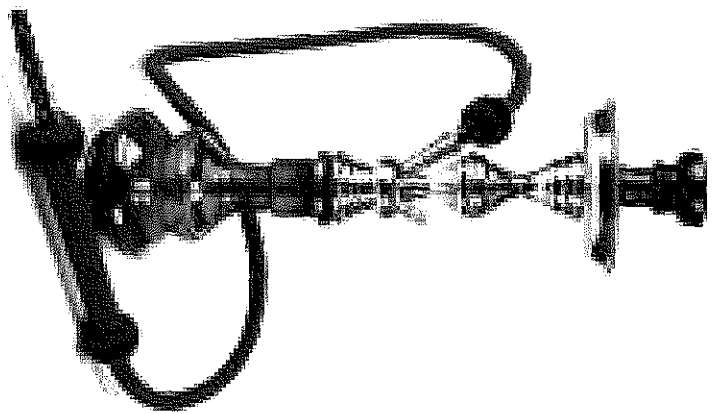


HOOKAH vs. OTHER TOBACCO

- The Hookah Apparatus
- Cultural Origins
- Continuing the Tradition



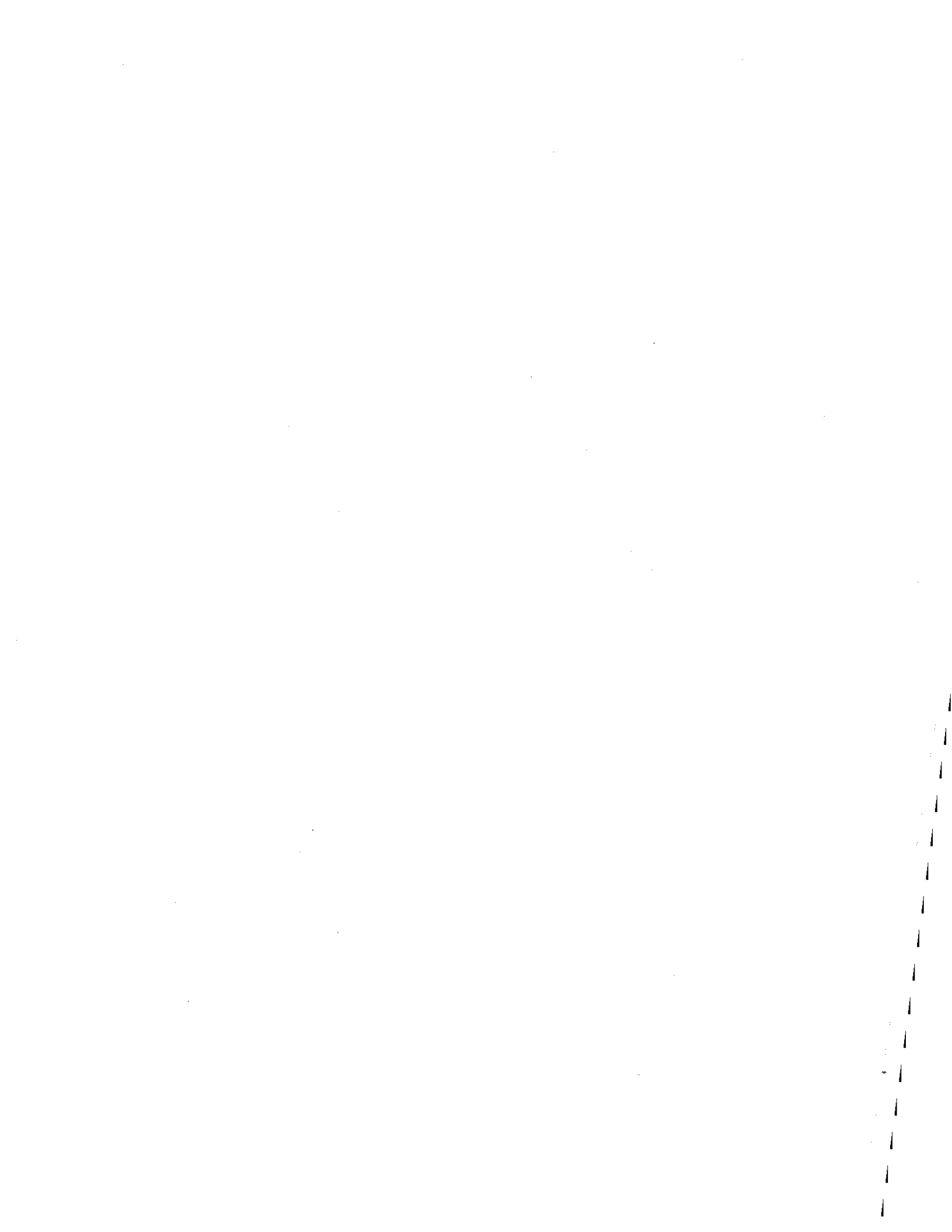
The Hookah Apparatus





Cultural Origins





BENEFITS & RISKS OF REGULATION

- Public Health Rationale
- Deterrence of Underage Smokers
- Freedom of Choice/Association
- Impact on Small Businesses

ECONOMIC IMPACT

- Brands/skus
- Registration Costs
- Ingredients Reporting
- Ingredients Testing
- Substantial Equivalence Process
- Office for Small and Disadvantaged Businesses

– Registration Costs

- US manufacturers - \$3000
- Foreign, 400 - \$6000
- Importer, 300 - \$15,000
- Lounges, 150 - \$45,000

– Ingredients Reporting

- US manufacturers - \$1,080,000

– Pre-Clearance & Substantial Equivalence Process

- US manufacturers - \$25,920,000

ALTERNATIVES

- RIN alternatives
- Self-Regulation
- State & Municipality Zoning Laws
- Possible Need for Labeling Rules
- Substantial Equivalence Process Alternatives
- Phased-in Compliance Periods

