

# Mohawk cigarette business stayed open after tax deal nixed

QUEBEC (CP) - A Kahnawake cigarette-dealer who had a secret tax deal with Quebec was able to continue selling tobacco after his tax permit was revoked because officials issued a new permit to his wife.

The Revenue Department broke off the special tax deal with Byron Horne last August because of unpaid taxes.

But documents obtained by The Montreal Gazette, under Quebec's access to

information law, show government officials approved a new certificate for Horne's wife, Coreen Meloche-Horne, two months later.

Club Rez Inc., Byron Horne's company, was at the centre of a controversy in June. The Opposition Liberals revealed the Revenue Department had signed a confidential deal with Horne that allowed him to pay

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only two-thirds of the regular tax rate on sales of cigarettes.

The rebate was supposed to be an allowance for sales to native customers, who have tax immunity under federal law.

Two Quebec government lawyers had warned against such a deal saying the two-thirds figure was arbitrary and too low.

Revenue Quebec documents say Club Rez is one of Kahnawake's two major dealers of tax-free cigarettes to non-natives and it reported that Horne owes \$4.5 million in unpaid taxes.

Revenue Department documents show tax officials received a request for a new registration certificate from Coreen Meloche-Horne one month after her husband's certificate was nixed.

A spokesman for the Revenue Department said officials do not consider whether an applicant is related to someone whose permit had been revoked.

"The ministry could not do anything other than issue the permit," said Richard Lacasse.

The Liberals have called on the government to obtain an injunction to close Club Rez.