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93-2018
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**21 PEOPLE INDICTED IN \$15 MILLION TAX FRAUD SCHEME THAT FORGED
MILLIONS OF TAX STAMPS FOR CIGARETTES FROM NORTH CAROLINA
Takedown by Bronx DA, New York State Tax Dept., Homeland Security Investigations
and NJ Treasury Office of Criminal Investigation Yields
Equipment and Trove of Forged Tax Stamps**

Bronx District Attorney Darcel D. Clark, New York State Department of Taxation and Finance Acting Commissioner Nonie Manion, Brian Michael, Special Agent in Charge, Homeland Security Investigations Newark; and New Jersey State Treasurer Elizabeth Maher Muoio today announced that a joint investigation has resulted in indictments charging 21 people with forging millions of cigarette tax stamps and trafficking in illegal cigarettes that resulted in the evasion of more than \$15 million in taxes and undercutting small businesses.

District Attorney Clark said, “This scheme involved defendants who allegedly forged and printed millions of tax stamps in an apartment and a printing store. Truckloads of cartons of cigarettes per week were brought from North Carolina, and the defendants put the stamps on the packs and sold them to stores throughout the metropolitan area. This scheme allegedly cheated the state and city out of more than \$15 million in taxes in the last six months alone. In addition, this scheme hurts law-abiding businesses that cannot compete with stores illegally selling untaxed, cheap cigarettes.”

Acting Commissioner Manion said, “The bust of this sophisticated counterfeit tax stamp ring, the largest in Tax Department history, required deft coordination with our partners in law enforcement. I thank them for continuing to support our mission to break up criminal networks like this one and other operations that deprive communities of vital tax revenue and put honest business owners at a competitive disadvantage.”

Special Agent in Charge Michael said, “This type of criminal activity generates huge profits for criminal organizations, both here and abroad, while depriving communities of the benefits of tax revenues and harming small businesses. Those who engage in such forgeries should know



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that the cooperative efforts of local, state, and federal law enforcement agencies will ensure that they are apprehended.”

New Jersey State Treasurer Maher Muoio said, “This criminal enterprise sought to cheat taxpayers in New York and New Jersey out of millions of dollars by peddling truckloads of cigarettes with counterfeit tax stamps. Thankfully, the combined efforts of city, state, and federal law enforcement in New York and New Jersey shut down this operation and put the defendants out of business.”

District Attorney Clark said 17 of the defendants were arrested in takedowns on November 14, 2018 through November 16, 2018 in locations in the Bronx and Yonkers. Nearly two million counterfeit tax stamps, a printing press and other equipment, as well as more than \$120,000 cash were recovered. Authorities also recovered records revealing the transfer of tens of thousands of dollars out of the U.S.

The defendants have been arraigned before Bronx Supreme Court Justice Martin Marcus. They are due back in court starting November 26, 2018. If convicted of the top count of the indictment, many of the defendants face 8 1/3 to 25 years in prison.

The defendants are variously charged with first and second-degree Criminal Tax Fraud, second-degree Money Laundering, first-degree Criminal Possession of a Forged Instrument, first-degree Forgery, Cigarette and Tobacco Products Tax and fourth and fifth-degree Conspiracy.

According to the investigation, between March 2018 and November 2018, defendants Luis Ortiz and Ernesto Guerrero allegedly designed stencils in order to print stamps and sell them for distribution throughout New York City and state without paying city and state taxes. Defendants Bolivar Clase and Nelsa Soler allegedly acquired special wax paper and other supplies, and Guerrero and Ortiz allegedly manufactured the stamps in Ernesto Printing, at 353 Rider Avenue in the Bronx, as well as in Ortiz’ residence at East 173 Street in the Bronx.

Defendants Carlos Santos, Rafael Dominguez and Wilson Dominguez allegedly resold the stamps or affixed them to packs of cigarettes using a clothes iron and then sold the cigarettes.

The other defendants allegedly transported the cigarettes from North Carolina or bought and sold stamps throughout New York City and Westchester County.



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The case is being prosecuted by Assistant District Attorneys Griffin Kenyon, Sharif Hannan and Nina A. Vershuta, of the Tax and Organizational Fraud Unit; W. Dyer Halpern, Chief of the Tax and Organizational Fraud Unit, under the supervision of Tarek Rahman, Deputy Chief of the Investigations Division, and the overall supervision of Jean T. Walsh, Chief of the Investigations Division.

The case was investigated by the NYS Tax Department's Criminal Investigations Division Cigarette Strike Force, with Homeland Security Investigations Special Agent Eric Gallagher, and Supervising Special Agent Russell Glenn of the New Jersey Treasury, Office of Criminal Investigation.

District Attorney Clark thanked Assistant District Attorney Mary Jo Blanchard, Counsel to the Investigations Division; Howard Feldberg of the Special Investigations Bureau, Gino Pelaez, Financial Analyst, and Trial Prep Assistant Ayisola Johnson, both of the Investigations Division; and the Bronx District Attorney's Detective Investigators for their assistance with the case. District Attorney Clark also thanked Assistant District Attorneys Jennifer Shaw and Cristina Paquette of the Asset Forfeiture Unit, under the supervision of Beverly Ma, Chief of the Civil Litigation Bureau, for their assistance.

An indictment is an accusatory instrument and not proof of a defendant's guilt.

DEFENDANTS ARRESTED

CARLOS SANTOS, 61, 812 East 169 Street, Bronx
RAFAEL DOMINGUEZ, 52, 701 West 180 Street, Manhattan
WILSON DOMINGUEZ, 49, 812 East 169 Street, Bronx
LUIS ORTIZ, 55, 1544 East 173 Street, Bronx
FELIX TAVEREZ, 44, 1523 Washington Avenue, Bronx
REYNA ALVAREZ, 50, 1980 7th Avenue, Manhattan
ANTEMIA ALVAREZ, 30, 1980 7th Avenue, Manhattan
ERNESTO GUERRERO, 57, 353 Rider Avenue, Bronx
BOLIVAR CLASE, 62, 1212 Grant Avenue, Bronx
NELSA SOLER DEL ROSARIO, 57, 1212 Grant Avenue, Bronx
AMARIAM GARCIA-CRESPO, 28, 1361 College Avenue, Bronx
FELIPE CRUZ, 56, 37 Featherbed Lane, Bronx



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NANCY LEBRON-DECRUZ, 52, 37 Featherbed Lane, Bronx
FREDIS GUERRERO, 62, 325 Hawthorne Avenue, Yonkers
JORGE TIGUA, 52, 2020 Morris Avenue, Bronx
FAUSTO LOPEZ, 54, 2585 Grand Concourse, Bronx
YAHYA QUATAESH, 67, 39 Landscape Avenue, Yonkers

UNAPPREHENDED DEFENDANTS

SANDY BERAS
JESUEL PAULINO
FRANCISCO PAULINO
MARYLEIDA RODRIGUEZ DE GARCIA