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MULTI-STATE UNTAXED CIGARETTE SMUGGLING RING DISMANTLED
FOLLOWING LONG-TERM JOINT INVESTIGATION

*Eight Defendants - Including Two Fathers and Their Sons - Arrested;
More than \$2 Million in Illegal Profits Seized, Over 150,000 Counterfeit Tax Stamps
And Approximately 62,670 Packs of Cigarettes Recovered By Law Enforcement*

Queens County District Attorney Richard A. Brown, joined by New York State Acting Commissioner of Taxation and Finance Nonie Manion, today announced that eight individuals from Queens, Long Island, Brooklyn and Virginia have been charged with grand larceny, conspiracy and other crimes for allegedly operating a complex multi-state cigarette smuggling ring.

District Attorney Brown said, "The defendants in this case are modern-day bootleggers who allegedly peddled untaxed cigarettes to enrich themselves. This smuggling ring raked in millions of dollars at the expense of New Yorkers. Purchasing cheaper cigarettes from out of state and applying counterfeit tax stamps on them cheats both the state and city out of much-needed tax revenue. The defendants now face prison time as a result of their alleged greed."

Continuing, the District Attorney said, "I want to acknowledge the exceptional work of the multi-agency Strike Force that investigated this illegal operation. My office will continue to work diligently with our law enforcement partners to root out those who set up illegal operations in Queens County."

NYS Department of Taxation and Finance Acting Commissioner Manion said, "The multi-state fraud scheme alleged in this indictment underscores our resolve to coordinate with all of our law enforcement partners to bring criminals to justice and ensure a level playing field for honest businesses."

The District Attorney identified the defendants as Nicholas Galafano, 56, of 248th Street in Little Neck, Queens, his sons Yaseen Galafano, 22, and Musa Galafano, 25, also of 248th Street in Little Neck, Queens; Ahmad Abualrub, 61, and his son Hassan Abualrub, 18, both of Brighton 3rd Street in Brooklyn; Beatrice Villafane, 46, of Meadowbrook Road in Hempstead, Long Island; Nasir Jafri, 43, of Giselle Court in Chantilly, Virginia; and Lisa Penda, 33, of Elk Street in Hempstead, Long Island.

All eight defendants are charged in multiple criminal complaints with second-degree grand larceny, a cigarette and tobacco products tax law felony, second-degree criminal possession of a forged instrument and fourth-degree conspiracy. The defendants were arraigned last night before Queens Criminal Court Judge Toni Cimino, who released them on their own recognizance and ordered the defendants to return to court on November 27, 2018. If convicted, the defendants face between 8 to 30 years in prison.

District Attorney Brown said that, according to the criminal charges, a long-term investigation, which included court-authorized search warrants, grand jury subpoenas and other investigative tools, uncovered a multi-state conspiracy to smuggle cigarettes purchased in Virginia, transported to New York and then resold with counterfeit New York State tax stamps.

Continuing, District Attorney Brown said that all cigarette packages sold in New York City must bear a joint New York City/New York State tax stamp and only a licensed stamping agent can possess untaxed cigarettes and affix the tax stamp on the packages. Each tax stamp includes a unique number.

The District Attorney said, these defendants allegedly stole more than \$953,000 in taxes that would have been collected in New York City and New York State if the cigarettes confiscated had been sold with the appropriate and legal tax stamps.

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The District Attorney said that, according to the complaints, in 2018 alone defendant Jafri is alleged to have purchased more than 37,000 cartons of cigarettes from big box stores in Virginia and Maryland. The cigarettes were then allegedly driven into New York and sold to Nicholas Galafano.

Furthermore, said the District Attorney, according to the complaints, defendants Ahmad and Hassan Abualrub allegedly purchased the non-New York taxed cigarettes from Nicholas Galafano and transported them to Brooklyn where they sold the cigarettes to their customers in both Brooklyn and Queens.

Continuing, the District Attorney added that, according to the charges, a review of official documents from the Bridgehampton National Bank, Western Union and Switch Commerce, allegedly show that defendant Villafane ran multiple businesses with defendant Nicholas Galafano and the two allegedly laundered the cash generated from the sale of the untaxed cigarettes. Nearly one million dollar were in these accounts.

Court-authorized search warrants executed on Monday, September 24, 2018, recovered approximately 6,267 cartons of untaxed cigarettes and \$2.3 million in illegal proceeds, including more than \$200,000 in cash. Following a search of Galafano's Little Neck, Queens, home police recovered multiple documents, ledgers and receipts for cigarette orders, prices, deliveries and proceeds. Approximately 49 cartons of cigarettes with either counterfeit New York tax stamps or Virginia tax stamps or no stamps at all were also recovered.

According to the charges, said the District Attorney, during Monday's search of Villafane's home - also known as the stash house - in Hempstead, police allegedly recovered more than 3500 cartons of untaxed cigarettes, nearly 100,000 counterfeit New York State tax stamps, paraphernalia used to remove and affix stamps, counting machines and more than \$200,000 cash.

Continuing, the District Attorney said, according to the complaints, in the apartment where the Abualrubs live in Brooklyn, police recovered during the court-authorized search more than 1,800 cartons of cigarettes with counterfeit New York State tax stamps along with cigarettes that had tax stamps from Connecticut and Virginia, 56,620 counterfeit NJ, NYS, CT and VA tax stamps and about \$9,000 cash.

The investigation was conducted by Investigator John Romero of the New York State Department of Taxation and Finance's Cigarette Strike Force, under the supervision of Senior Investigator Gregory Aurigemma and Chief Investigator Janet Mullins, under the overall supervision of Deputy Director of Investigations Michael Spinoso, Director of Investigations Michael Szrama and Deputy Commissioner John Harford. Also assisting in the investigation, Detectives from District Attorney Brown's Crimes Against Revenue Unit, supervised by Sergeants Edwin Driscoll and Joseph Brancaccio, under the overall supervision of Chief Franco Russo and Deputy Chief Robert Burke.

District Attorney Brown would like to thank and acknowledge Nassau County District Attorney Madeline Singas and her team for their cooperation on the case, as well as a thanks to the Suffolk County Police Department and the Department of Homeland Security for their assistance.

Assistant District Attorney Marnie Lobel, Chief of District Attorney Brown's Crimes Against Revenue Unit within the Special Proceedings Bureau, is prosecuting the case, under the supervision of assistant district attorneys Anthony M. Communiello, Bureau Chief of the Special Proceedings Bureau, Oscar W. Ruiz and Nicoletta Caferra, Deputy Bureau Chiefs, and under the overall supervision of Executive Assistant District Attorney for Investigations Peter A. Crusco and Deputy Executive Assistant District Attorney for Investigations Wilbert J. LeMelle, as well as Karen J. Friedman, special counsel to the Trial Division.

It should be noted that a criminal complaint is merely an accusation and that a defendant is presumed innocent until proven guilty.

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Note to Editors: Press release e-version posted at www.queensda.org.