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BRONX DISTRICT ATTORNEY'S OFFICE REACHES \$2.35M IN CIVIL SETTLEMENT INVOLVING CIGARETTES SOLD AT JFK AIRPORT THAT WOUND UP IN NYC BODEGAS, WHERE THEY WERE SOLD WITHOUT TAXES

Bronx District Attorney Darcel D. Clark, along with the New York State Department of Taxation and Finance and The City of New York, today announced a \$2.35 million civil settlement with duty free retailer International Shoppes following an investigation of the sales of cigarettes at John F. Kennedy Airport to passengers traveling to the Commonwealth of Puerto Rico, who then brought the cigarettes back to New York where they would sell them without paying required taxes.

District Attorney Clark said, "We have reached a civil settlement which restores a significant portion of revenue to the city. This settlement and our previous investigation show we will zealously work to dismantle the untaxed cigarette trade in this County—which deprives the state of considerable tax revenue—and stop the sources of supply in such schemes. I thank our partners for working with us in this investigation that involved millions of dollars."

International Shoppes denies having knowledge that the cigarettes were flown back to New York. It has fully cooperated with the investigation into these passengers, and shared documents with the Bronx District Attorney's Office, including legal authority that they believe permitted the sale of cigarettes to individuals travelling to Puerto Rico, which sales they had reported to U.S. Customs and Border Protection for many years. The company has voluntarily stopped selling cigarettes to individuals travelling to Puerto Rico. Based on International Shoppes' cooperation and enhanced compliance policies, all parties have agreed to resolve any dispute as to whether such sales were taxable with a civil settlement whereby International Shoppes will pay \$2.35 million in satisfaction of all claims.

Ricky J. Patel, Acting Special Agent in Charge of Homeland Security Investigations, New York, said, "Enforcement of America's customs laws is one of the many critical areas in



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which Homeland Security Investigations secures our nation. Through this scheme, the State of New York was cheated out of millions of dollars in revenue. Working with our partners at the Bronx District Attorney's Office and the New York City Police Department, HSI New York remains dedicated to protecting the people in New York State and our country.”

The settlement stems from an investigation in 2017 by the Bronx District Attorney's Office, the New York State Department of Taxation and Finance, the New York City Police Department Intelligence Division, and Homeland Security Investigations which led to 21 individuals convicted for various crimes related to selling untaxed cigarettes in the Bronx. During the investigation, the Bronx District Attorney's Office and its partners became aware that individuals who were part of that investigation purchased cigarettes from International Shoppes, brought those cigarettes to Puerto Rico, and then brought the cigarettes back to New York City.

The case was investigated by Assistant District Attorneys W. Dyer Halpern, Deputy Chief of the Economic Crimes Bureau, Mary Jo Blanchard, Counsel to the Investigations Division, and former Assistant District Attorney Griffin Kenyon. District Attorney Clark thanked Jennifer Shaw, Supervisor in the Civil Litigation Bureau, Chief Appellate Attorney Peter Coddington, and former ADA Shannon Henderson.

District Attorney Clark thanked NYPD Detective Jonathan Dubroff, Detective Joseph Petrosino, Detective Brett Topping and Sergeant Timothy Jaycox, under the supervision of Lieutenant Christopher Ward of the NYPD Intelligence Division.

District Attorney Clark thanked the NYS Department of Taxation and Finance, and Homeland Security Investigations Special Agent Mark Cozine (Ret.), Special Agent Gregory Brooks, ASAC Marina Vides, Supervisory Special Agent Karine Stewart and Special Agent Vinnie Parlatore for their assistance in the investigation, as well as the New York City Law Department, Eric Proshansky, Deputy Chief, Division of Affirmative Litigation, Alcohol and Tobacco Tax and Trade Bureau, Office of Chief Counsel Attorney Advisor Keith Q. Sullivan, and Dyana Lee, Senior Counsel, Office of Inspector General of the Port Authority.

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