

**NEWS RELEASE**

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**DOR commends Division of Taxation on case  
involving untaxed tobacco products, tax evasion**

*Joint, multi-state investigation led to arrest and guilty plea in Massachusetts*

PROVIDENCE, R.I. – Rhode Island Director of Revenue Mark A. Furcolo praised the work of the Rhode Island Division of Taxation and others in shutting down a multi-million-dollar tax evasion scheme involving the sale of untaxed tobacco products in Massachusetts.<sup>1</sup>

The case began several years ago when the Rhode Island Division of Taxation's Special Investigation Unit (SIU) determined that a man from Smithfield, Rhode Island, was importing tobacco products from Pennsylvania, which at the time had a different tax structure and a lower tax than Massachusetts. He warehoused the products in Massachusetts, then distributed the products to retailers.

The Rhode Island Division of Taxation's SIU informed Massachusetts authorities, who arrested the man: Tariq Mehmood. Massachusetts authorities said that, between 2013 through 2016, Mehmood led an enterprise that imported tobacco products from other states to distribute to retail stores across Massachusetts, storing the products in warehouse space in Attleboro. By intentionally failing to pay taxes on the products, he evaded more than \$13 million in taxes to Massachusetts, the authorities said.

Mehmood also conspired with others to conceal the operation and evade paying taxes on his profits from the enterprise, and laundered proceeds of his tobacco sales through unrelated corporate accounts under his control that were associated with convenience stores and gas stations he owned, the authorities said. He was indicted by a Massachusetts Grand Jury in 2018.

The successful joint investigation culminated recently when Mehmood pleaded guilty in Massachusetts Superior Court to charges of tax evasion, money laundering, and conspiracy. Judge Renee P. Dupuis in March 2019 sentenced him to two years in the House of Correction, with one year to serve and the balance suspended for seven years. In addition, he is barred from possessing a tobacco license, including any retail licenses, while on probation. Mehmood was immediately taken into custody after his sentencing.

"This is a good example of teamwork -- of government agencies working together and going the extra mile to make sure that the law is upheld and that everybody plays by the rules," Furcolo said.

<sup>1</sup> Such products are technically known as "other tobacco products", or OTP. In general, OTP includes cigars, pipe tobacco, chewing tobacco, tobacco wraps, and other items.

“The Division of Taxation’s Special Investigation Unit played a key role investigating what turned out to be an elaborate criminal enterprise. Law enforcement was able to rely on the expertise that the Division’s Special Investigation Unit has developed in uncovering and investigating complex cases involving tobacco taxes. I applaud the determined effort and collaboration of SIU and our law enforcement partners,” Furcolo added.

Furcolo also praised others who played key roles in the case, including the Rhode Island State Police, the Massachusetts State Police Illegal Tobacco Task Force, the Massachusetts Attorney General’s Office, the Massachusetts Department of Revenue, and the Pennsylvania Department of Revenue. The website of the Massachusetts Attorney General’s Office includes additional information about [the indictment](#) and [the sentencing](#).

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The Rhode Island Department of Revenue, based in Providence, oversees the Division of Motor Vehicles, the Division of Lottery, the Division of Municipal Finance, the Division of Taxation, the Office of Revenue Analysis, and the Central Collections Unit.

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