



RHODE ISLAND STATE POLICE
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PRESS RELEASE

Four Men Charged with Importing and Selling Contraband Cigarettes in Rhode Island

*Alleged sale of hundreds of thousands of packages of untaxed cigarettes
costs Rhode Island millions in tax revenue*

For Immediate Release

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A joint state-federal investigation in five states into the alleged importation and sale of hundreds of thousands of packages of contraband cigarettes in Rhode Island resulted yesterday with the execution of search warrants in three states and the arrest of three Rhode Island men on state charges and a Massachusetts man on federal charges. In addition, a federal search warrant was executed in South Carolina today. The alleged importation and sale of contraband cigarettes by Wassim Khiami, age 47 of Warwick, Wad Alkhiamy, age 59 of Johnston, Tarek Shikhalard, age 41, of Cranston and Mohamad Mohamad, age 35, of Cambridge, Massachusetts allegedly deprived Rhode Island of millions in cigarette tax revenue.

The investigation and arrest of the men was announced by Colonel Steven G. O'Donnell, Superintendent of The Rhode Island State Police and Commissioner/Director of the Department of Public Safety; Peter F. Neronha, United States Attorney for the District of Rhode Island; Bruce M. Foucart, Special Agent-in-Charge of ICE-Homeland Security Investigations (ICE-HSI) in New England; and Guy N. Thomas, Special Agent-in-Charge of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Boston Field Office, and Rhode Island Tax Administrator David Sullivan.

A nearly year-long investigation by the Rhode Island State Police High Intensity Drug Trafficking Area Task Force (HIDTA), ICE-HSI, ATF, and the Rhode Island Department of Revenue- Division of Taxation culminated yesterday with the simultaneous execution of state search warrants, under the direction of the Rhode Island State Police, at six Rhode Island locations while more than two dozen teams of state troopers, local law enforcement officers, federal agents, and Rhode Island Department of Revenue, Division of Taxation agents executed administrative inspections at retail outlets where the alleged contraband cigarettes were resold. At the same time, federal search warrants executed under the direction of ICE-HSI were

conducted at storage facilities in Warwick, Rhode Island; Richmond, Virginia.; and at Mohamad's residence.

Arrested on **state charges** as the result of the six **state** search warrants were:

- Wassim Khiami, age 47, of 240 Lake Shore Drive Warwick, Rhode Island, owner of La Frontera Market, 1522 Broad Street Cranston, and Save More, 421 Prairie Avenue Providence.
- Tarek Shikhaldar, age 31, of 439 Doric Avenue, Cranston, Rhode Island, owner of Station One Mart, 524 Manton Avenue Providence.
- Wad Alkhiamy, age 59, of 660 Greenville Avenue, Johnston, owner of AJ's Convenience 1031 Plainfield Street, Johnston.

Khiami was released on \$10,000 Personal Recognizance after appearing before Bail Commissioner Pelletier on criminal complaints charging him with:

1. Importation of Cigarettes with Intent to Evade Tax
2. Sale of Unstamped Cigarettes
3. Forgery and Counterfeiting, Tampering with Meters-reuse of Stamps or Containers

Alkhiami was also released on \$10,000 Personal Recognizance after appearing before Bail Commissioner Pelletier on a criminal complaint charging him with:

1. Importation of Cigarettes with Intent to Evade Tax
2. Sale of Unstamped Cigarettes

Shikhaldar was ordered held without bail as a bail violator pending a bail review in Sixth Division District Court. He was charged on a criminal complaint with:

1. Importation of Cigarettes with Intent to Evade Tax
2. Sale of Unstamped Cigarettes
3. Escape from Detention

Arrested on **federal charges** was Mohamad Mohamad age 35, of 132 Sherman Street Apt #8, Cambridge, Massachusetts. On November 9, 2011 he was released on \$50,000.00 unsecured bond. Mohamad Mohamad was also released under the conditions of electronic monitoring and also surrendered his passport following an initial appearance in United States District Court in Providence and was charged on a criminal complaint with:

1. Transporting and selling contraband cigarettes
2. Money laundering; possessing fraudulent State tax stamps
3. Interstate travel with the intent to manage and distribute proceeds of unlawful activity.

According to affidavits in support of arrest warrants, an investigation, which was initiated by the Rhode Island State Police and began in December 2010, determined that Mohamad allegedly traveled regularly to North Carolina, South Carolina, and Virginia to purchase large quantities of cigarettes from retailers and wholesalers for resale to convenience stores and independent salespersons in Rhode Island. Mohamad is not licensed to sell cigarettes in Rhode Island. It is alleged that none of the packages of cigarettes resold by Mohamad contained Rhode Island tax stamps.

As a result of the search warrants a total of approximately \$83,882 in United States Currency, and 121,145 cigarette packages were seized in Rhode Island. Approximately 43,300 cigarette packages were also seized in Virginia. On November 9, 2011, approximately 4,000 cigarette packages were also seized in South Carolina. Rhode Tax Administrator David Sullivan estimated that the seizures in Rhode Island resulted in an estimated loss of \$480,036 in projected tax revenue for the state and that the estimated yearly loss from this organization's sale of contraband cigarettes is approximately \$5,760,432.00.

Rhode Island state law requires a valid tax stamp be affixed to each package of cigarettes sold in the state. Each tax stamp represents approximately \$4.00 in Rhode Island tax revenue. The tax in South Carolina is \$.57 per pack, in North Carolina the tax is \$.45 per pack, and in Virginia the tax is \$.30 per pack. North Carolina and South Carolina do not affix state tax stamps on the packages.

A criminal complaint is merely an allegation and is not evidence of guilt. A defendant is entitled to a fair trial in which it will be the government's burden to prove guilt beyond a reasonable doubt.

Rhode Island State Police HIDTA, ICE-HSI and ATF agents were assisted in the investigation by various federal, state and local law enforcement agencies in North Carolina, South Carolina and Virginia; and the Internal Revenue Service, Warwick Police, Massachusetts State Police and Cambridge, Massachusetts Police.

The Rhode Island State Police HIDTA is a federally funded task force comprised of members of law enforcement from the Rhode Island State Police, ATF, DEA, ICE-HSI, Rhode Island National Guard, and the Johnston, North Providence, Pawtucket, Providence, and Smithfield Police Departments.

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