



718.286.6000
WWW.QUEENSDA.ORG

QUEENS COUNTY DISTRICT ATTORNEY
125-QUEENS BOULEVARD
KEW 01 GARDENS, NEW YORK 11415-1568



MELINDA KATZ
DISTRICT ATTORNEY

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CONTACT: PRESS OFFICE (718) 286-6315
QDACommunications@queensda.org

**CIGARETTE SMUGGLER PAYS MORE THAN \$1.3 MILLION
TO NEW YORK STATE AFTER PLEADING GUILTY TO GRAND LARCENY**

*Defendant Possessed Approximately 306,000 Packs of Untaxed Cigarettes;
Queens District Attorney's Office Recovered More Than \$2.2 Million In Lost Revenue this Year
After Prosecuting Tax-Evading Schemes*

Queens District Attorney Melinda Katz announced today that Nicholas Galafano, 58, has agreed to forfeit more than \$1.3 million in cash that was recovered during a long-term investigation into a cigarette smuggling ring run by the defendant. Galafano was sentenced today for illegally selling untaxed cigarettes.

Over the course of 2020, the Queens District Attorney's Office has secured more than \$2.2 million from defendants caught and prosecuted for operating illegal, tax-evading enterprises.

District Attorney Katz said, "This defendant and others made a concerted effort to enrich themselves at the expense of the public. Every pack of cigarettes Galafano sold, diverted tax dollars from the public making every tax-payer a victim. Today our City and State budgets are running on empty thanks to a deadly health crisis. The forfeited funds from this defendant and others will help fund public programs going forward. Those who scheme and scam to fill their pockets with money dedicated to the greater good will find themselves facing serious charges."

Galafano, 58, of 248th Street in Little Neck, Queens, pleaded guilty in February to grand larceny in the third degree and violating a New York State tax law. Today Queens Supreme Court Justice Stephen Knopf sentenced the defendant to five years' probation. The defendant must also forfeit the \$1.3 million that was seized at the time of his arrest.

Galafano's main co-defendant Beatriz Villafane pleaded guilty to grand larceny in the fourth degree and a New York State law tax. Villafane, 48, of Hempstead, Long Island, was sentenced to a three year conditional discharge and forfeited cash recovered in her home following her arrest.

The other co-defendant included Ahmed Abualrub, who pleaded guilty to lesser charges. Abualrub signed a confession of judgment for \$250,000.

A long-term investigation, which included court-authorized search warrants, wiretaps, grand jury subpoenas and other investigative tools, exposed the multi-state conspiracy with the culprits smuggling cigarettes purchased in Virginia, transported into New York and then resold with bogus New York State tax stamps.

Court-authorized search warrants executed in September 2018, recovered approximately 6,267 cartons of untaxed cigarette and more than \$200,000 in cash. Following a search of Galafano's home, police recovered multiple documents, ledgers and receipts for cigarette orders and documents regarding 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, during a search of Villafane's home, police found more than 3,500 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.

All cigarette packs sold in New York City are required to 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. The tax on each pack of cigarettes in NYC is currently \$5.85 and those monies go to the City and State's general fund.

Sizable restitution was made this year in separate cases, some dating back to 2019.

- Mohammed Khan, who supplied multiple bodegas in Queens, Manhattan and Brooklyn with untaxed cigarettes, forfeited more than \$115,000 payable to the New York City Department of Finance, and is slated to pay penalties totaling \$450,000. Khan is slated to pay just over \$400,000 to the New York State Department of Taxation and Finance for penalties and fines. Defendant Mohammed Ahmed, Khan's co-defendant, has forfeited \$32,000 that will be go to the NYC Department of Finance.
- Zhen Cao was arrested for trafficking untaxed cigarettes and paid just over \$24,000 in restitution to the NYS Department of Taxation and Finance.
- Defendant Jose Urena ran an untaxed cigarette trafficking operation using counterfeit tax stamps from New York and New Jersey. Urena pleaded guilty to petit larceny and a violation of the tax law and was granted a conditional discharge. He also paid \$110,000 in restitution to the New York State Department of Taxation and Finance.
- Defendant Pyong Chon Yim and his business, Advance Auto Sport Corporation and Advance Motor Sport Inc., agreed to pay more than \$650,000 after pleading guilty to pocketing taxes paid by customers, instead of forwarding the revenue to the appropriate government entities.

The investigation in the Galafano case 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 Spinosa, Director of Investigations Michael Szrama and Deputy Commissioner John Harford. Also assisting in the investigation, were members of the Queens District Attorney's Crimes Against Revenue Unit Detectives.

Assistant District Attorney Marnie Lobel, Chief of the District Attorney's Crimes Against Revenue Unit, prosecuted these cases, under the supervision of Assistant District Attorneys Joseph Conley III, Chief of the Frauds Bureau, Herman Wun, Deputy Bureau Chief and under the overall supervision of Executive Assistant District Attorney of Investigations Gerard Brave.

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