



State of New Jersey
DEPARTMENT OF THE TREASURY

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State Treasury Agents seize \$5 million in smuggled tobacco products

TRENTON – Special Agents of the State Treasury Department’s Office of Criminal Investigation have arrested nearly 100 people and seized more than \$5 million worth of contraband cigarettes and other tobacco products during the past fiscal year as part of a concerted effort to crack down on tobacco smuggling in the state.

Special Agents conducted 241 investigations in the 2015 Fiscal Year that resulted in seizures and criminal charges against suspects for smuggling contraband cigarettes, tobacco and counterfeit tax stamps into New Jersey in violation of the New Jersey Criminal Code and the New Jersey Cigarette Tax Act.

Contraband tobacco has become a lucrative black market business, especially along the Interstate 95 corridor, which is known as “tobacco road” because it is traversed by smugglers trafficking in cigarettes, cigars, snuff and other products. New Jersey combats these illegal operations by sharing intelligence with other law enforcement officers to identify, interdict and prosecute traffickers.

OCI’s Special Agents, who are part of the State Division of Taxation, conduct operations throughout New Jersey, often in cooperation with the State Police and municipal law enforcement officers. Techniques used to counter these unscrupulous retailers range from undercover buys to transportation interdiction.

In June, OCI Special Agents, responding to intelligence from the Maryland and Virginia revenue agencies, conducted surveillance on a storage unit used by a known cigarette trafficker. The surveillance culminated in the arrest of Juan Polanco of Bloomfield and Jeremias Acosta of Newark, who face criminal charges in Essex County. Agents seized 227 cartons of New Jersey

counterfeit-stamped cigarettes, 925 cartons of Virginia-stamped cigarettes, 62,120 counterfeit New Jersey Tax Stamps and more than \$71,000 in U.S. currency.

Also in June, Port Authority of New York and New Jersey Police requested that OCI Special Agents respond to a traffic stop of a white box truck on the George Washington Bridge. The truck contained 3,380 cartons of unstamped Native American brand cigarettes.

The driver, Corey J O'Neil, and co-driver, Curtis Zolner, both of Salamanca, N.Y., face numerous criminal charges in Bergen County. The seized contraband cigarettes have a retail value of \$291,694.

In one case in April, four people were indicted by a state grand jury based on evidence developed by Treasury Agents, the Bergen County Prosecutor's Office and other law enforcement officers. In that case, two Virginia residents who were trafficking in cigarettes were arrested as well as two buyers from New Jersey who planned to purchase the contraband cigarettes in the lower tax state for resale in New Jersey.

New Jersey law prohibits cigarettes or other tobacco products from being sold or possessed without payment of applicable taxes. Cigarettes carry a tax stamp on the bottom of each pack to indicate that a tax payment has been made. For other tobacco products, the tax is paid at the wholesale level, and retailers must provide proof of compliance to State officials. These actions ensure that only legitimate products make it into the market place.

Using forensic testing, Treasury Agents can identify counterfeit tax stamps as well as counterfeit cigarettes manufactured overseas. Countries such as China have been identified as unlicensed manufacturing sites where counterfeit cartons of major brands such as Newport and Marlboro cigarettes are shipped to the United States. Those cartons often bear counterfeit cigarette stamps of the state to which they are shipped.

During the 2015 Fiscal Year, OCI Special Agents seized over \$500,000 in counterfeit New Jersey Tax Stamps. They also uncovered a counterfeit ring based in Newark that was producing fake City of Philadelphia tax stamps within days of the imposition of a cigarette tax program in Pennsylvania.

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