



Department of Justice

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THREE SENTENCED ON CIGARETTE TRAFFICKING CHARGES

Group is Charged with Under Reporting Cigarette Production and Sales

ABINGDON, VIRGINIA -- One year after a federal indictment charging the Belcorp Corporation, and others, with cigarette trafficking crimes was unsealed, a federal judge sitting in the United States District Court for the Western District of Virginia in Abingdon sentenced an individual and two corporate defendants for their roles in the scheme.

In October 2011, a federal grand jury charged Roberto Ricieri Ribeiro, Mark Richard Sears, Timothy Ross Stewart, Belcorp of America Inc. and Players International Services Corp. with a variety of crimes related to the illegal trafficking of contraband cigarettes.

Previously, Ribeiro and Belcorp of America Inc. pleaded guilty to one count of conspiracy to violate the Federal Contraband Cigarette Trafficking act; to commit mail fraud; to commit wire fraud; to evade cigarette excise tax; and to make false statements, one count of conspiring to commit money laundering, one count of mail fraud, one count of violating the Federal Contraband Cigarette Trafficking Act and one count of willfully evading federal excise taxes.

Players International Services previously pleaded guilty to one count of conspiracy to violate the Federal Contraband Cigarette Trafficking act; to commit mail fraud; to commit wire fraud; to evade cigarette excise tax; and to make false statements, one count of conspiring to commit money laundering and one count of wire fraud.

Today in District Court, Ribeiro was sentenced to 60 months of incarceration and three years of supervised release. He was also ordered to pay \$9.4 million in restitution and was ordered to forfeit \$19.6 million.

Belcorp of America and Players International Services, were also ordered to forfeit over \$19 million in property, and to make restitution of over \$9.4 million for federal excise taxes, Department of Agriculture tobacco buy-out assessments, and escrow deposits due to states for the tobacco litigation settlement fund.

Previously, Stewart was sentenced to 24 months of incarceration, 36 months of supervised release and was ordered to pay restitution of \$9,479,720. In addition, a money judgment of \$9,378,694 was ordered.

Spears was previously sentenced to 30 months incarceration, 36 months of supervised release and was ordered to pay restitution of \$9,479,720. In addition, a money judgment of \$9,378,694.00 was ordered.

“Selling contraband cigarettes and avoiding payment of federal excise tax is a serious crime,” United States Attorney Timothy J. Heaphy said today. “This United States Attorney’s Office has pursued untaxed cigarette cases for years and will continue to prosecute those who attempt to avoid tax payments of any kind. We appreciate ATF’s commitment to this and other contraband cigarette investigations, and we will continue to prioritize these cases.”

"Tobacco diversion is not a victimless crime," said ATF Special Agent in Charge Rich Marianos. "Depriving the government of tax revenue impacts the funding of necessary services for our citizens. Many times these investigations also lead to the funding of violent criminal organizations."

"Illicit trade in the TTB-regulated commodities is a multi-billion dollar industry," said TTB Assistant Administrator for Field Operations Tom Crone. "TTB is committed to prosecuting illicit operators who willfully violate the law as they deprive the American public of the taxes rightfully due, provide funding for criminal activities, and gain an unfair competitive advantage over law-abiding businesses."

According to the facts of the case as presented by Assistant United States Attorney Joseph Mott, Belcorp obtained a permit from the Alcohol and Tobacco Tax and Trade Bureau (TTB) of the United States Department of Treasury to manufacture tobacco products on April 7, 2005 and began manufacturing in February 2008. Ribeiro acted as the president/director of Belcorp and the president and registered agent for Players International. Spears and Stewart both worked for Belcorp.

In order to evade federal excise taxes and state escrow deposits, the defendants did not report to the TTB all cigarettes being manufactured by Belcorp or report the number of cigarettes being withdrawn from the manufacturing plant. The defendants also purchased materials to manufacture cigarettes without the required invoices used for tracking, shipped tobacco products to locations without invoices, sold cigarettes under false invoices and sold cigarettes "off-invoice." All of these actions caused the under-reporting of sales of Belcorp cigarettes in several states. The under-reporting resulted in the evasion of federal excise taxes, US Department of Agriculture tobacco buyout funds, and escrow deposits due to the states under state law. The defendants laundered the proceeds of the fraud through a series of layered transactions involving a number of corporate entities, in order to conceal the proceeds of their criminal conduct and promote their criminal activity

The investigation of the case was conducted by the Bureau of Alcohol, Tobacco, Firearms and Explosives, Immigrations and Customs Enforcement, the Alcohol and Tobacco Tax and Trade

Bureau of the United States Department of Treasury, the Internal Revenue Service, and the United States Marshal's Service. Assistant United States Attorneys Joseph Mott and Sharon Burnham prosecuted the case for the United States.

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