



# U.S. Department of Justice

## United States Attorney Northern District of New York

Northern District of New York

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Richard S. Hartunian, United States Attorney

Contact: John Duncan  
(315) 448-0672  
[John.Duncan@usdoj.gov](mailto:John.Duncan@usdoj.gov)

### South Carolina Tobacco Broker Convicted

#### Guilty of 44 wire fraud and money laundering charges

SYRACUSE, NEW YORK — William David Humphries, age 67, of Lake City, South Carolina, was found guilty today by a U.S. District Court jury of forty-four felony counts, including interstate travel in aid of racketeering, a wire fraud conspiracy to defraud Canada of tax revenue, a conspiracy for the unlicensed manufacture of tobacco products, and concealment money laundering – announced United States Attorney Richard S. Hartunian and Bureau of Alcohol, Tobacco, Firearms and Explosives Special Agent in Charge Thomas J. Cannon.

U.S. Attorney Hartunian stated, "I would like to commend the Bureau of Alcohol, Tobacco, Firearms, and Explosives and the other state, federal, and Canadian law enforcement agencies for their excellent investigative efforts in bring about today's guilty verdict. We will continue our efforts with ATF and our other law enforcement partners to prosecute those individuals and organizations that seek to profit from the illicit smuggling of tobacco across our border."

Bureau of Alcohol, Tobacco, Firearms and Explosives Special Agent in Charge Cannon stated that "Today's conviction of Mr. Humphries sends a clear and resounding message to all those involved in the illicit trade of cigarette trafficking that their schemes to defraud the United States Government and neighboring Canada will not be tolerated. The Bureau of Alcohol, Tobacco, Firearms and Explosives, the United States Attorney's Office and our law enforcement partners that comprise the Northern Border Initiative remain steadfast not only in our fight to interdict the illegal flow of tobacco, but also ensuring those criminally responsible be brought to justice."

Following a two week jury trial, Humphries was convicted of interstate travel in aid of racketeering, in violation of Title 18, United States Code, Section 1952(a)(1) and (a)(3), a wire fraud conspiracy to defraud Canada of tax revenue, in violation of Title 18, United States Code, Sections 1343 and 1349, a conspiracy to manufacture of tobacco products without a license in violation of Title 26, United States Code, Section 5672 and Title 18, United States Code, Section 371, and forty-one counts of concealment money laundering, in violation of Title 18, United States Code, Sections 1956(a)(1)(B)(i).

Between 2005 and 2006, the defendant, a tobacco broker and wholesaler from South Carolina, conspired with other individuals living on the Akwesasne Indian Reservation (AMIR) to defraud Canada of tax revenue. In 2005, the defendant began working with a major manufacturer of cigarettes that was operating on the AMIR without the federally required bond and permit. The defendant provided "Canadian Blend" cut-rag tobacco and cigarette-making supplies to the unlicensed manufacturer. This tobacco was manufactured into cigarettes and subsequently smuggled into Canada without the payment of any legally required taxes to Canada. Between the summer of 2005 and May 2006, the defendant supplied the unlicensed manufacturer with approximately one load of cut-rag tobacco per week. The defendant supplied approximately 44 loads of tobacco, with each load producing 13,200,000 contraband cigarettes, causing a significant tax loss to Canada.

The unlicensed manufacturer was also engaged in a conspiracy to distribute marijuana smuggled in from Canada and then distributed throughout the United States. The proceeds of that marijuana distribution were used to fund the cigarette smuggling conspiracy, which employed the same smuggling routes used to bring marijuana into the United States from Canada.

In February 2006, after delivering a load of tobacco to the unlicensed manufacturer on the AMIR, the defendant was stopped on the AMIR for a vehicle infraction. Law enforcement officers seized approximately \$88,000 in U.S. currency paid to Humphries for the sale of tobacco. A narcotics detection canine alerted to the currency,

and officers were able to smell marijuana on the money. At trial, witness testimony established that the money found on Humphries was the proceeds of marijuana distribution.

In May 2006, the unlicensed manufacturers dealing with Humphries were arrested on federal marijuana charges and thereafter cooperated with the government. However, Humphries continued to sell tobacco and cigarette-making supplies to other unlicensed cigarette manufacturers based on the AMIR. Humphries continued to receive payments in the form of proceeds of marijuana sales from unlicensed manufacturers to which he had sold Canadian blend tobacco and supplies. In an attempt to disguise the source of the money, which was criminal proceeds, Humphries began taking substantial sums of U.S. currency to the Mohawk Bingo Palace, located on the AMIR. In recorded conversations heard by the jury with one of the government informants, he explained that he was inserting large sums of currency into the electronic bingo machines and then repeatedly cashing out at the cashiers' window in an attempt to remove the smell of marijuana from the money.

The prosecution arose from the investigative efforts of the Bureau of Alcohol, Tobacco, Firearms and Explosives, the Royal Canadian Mounted Police, the Alcohol and Tobacco Tax and Trade Bureau, St. Regis Mohawk Tribal Police Force, Homeland Security Investigations, the Drug Enforcement Administration, the Massena Police Department, the United States Border Patrol, and the Rensselaer County Sheriff's Office.

The case was prosecuted by Assistant United States Attorneys Carl Eurenus and Gwendolyn Carroll. For further information, please contact AUSA Eurenus at (315) 448-0672.

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