



**NEW YORK CITY LAW DEPARTMENT**  
**Zachary W. Carter, Corporation Counsel**

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**NEW YORK CITY CORPORATION COUNSEL ZACHARY W. CARTER & BRONX  
DISTRICT ATTORNEY DARCEL D. CLARK ANNOUNCE LAWSUIT AGAINST  
NORTH CAROLINA CIGARETTE BOOTLEGGERS**

*City's Civil Suit Seeks Injunction & Recoupment of \$25 Million in Tax Losses to NYC & NYS*

*Since 2015 Defendants Shipped \$500,000 of Untaxed Cigarettes per Week & \$5 Million  
in Forged Tax Stamps Into NY*

*First Time City has Partnered with a DA to Pursue Large Out-of-State  
Cigarette Distributor & Cigarette Traffickers*

New York City Corporation Counsel Zachary W. Carter and Bronx District Attorney Darcel D. Clark today announced the filing of a lawsuit against North Carolina business owners who trafficked millions of dollars of untaxed cigarettes and forged cigarette tax stamps into New York City, resulting in a \$25 million tax loss to New York City and New York State. The case is the latest lawsuit in the City's ongoing efforts against cigarette traffickers and represents the first time the Law Department has partnered with a District Attorney on such an effort. The City's civil suit is based on the findings of a criminal investigation led by District Attorney Clark into a Bronx-based criminal group called the Moflehi Enterprise, of which the defendants are alleged members.

**Corporation Counsel Zachary W. Carter** said, "While the District Attorney prosecutes the Bronx-based members of this criminal enterprise, the Law Department has initiated a civil lawsuit against North Carolina business owners who facilitated the transfer of untaxed cigarettes into New York. Our suit seeks an injunction to put an end to defendants' illegal activity, have them compensate the City for the millions of dollars in lost tax revenues and penalize them for their conduct, which undermines health laws intended to discourage smoking."

**Bronx District Attorney Darcel D. Clark** said, “This lawsuit is another tool to stem criminal activity that also adversely affects the public’s health. These defendants allegedly cheated the City and State out of millions of dollars in revenue that should be used for the people of New York. They also undercut law-abiding businesses that serve our neighborhoods and cannot compete with stores illegally selling untaxed, cheap cigarettes.”

The New York City Law Department has brought numerous successful lawsuits against cigarette traffickers. Most recently the Department partnered with the New York State Attorney General’s Office in an action against United Parcel Service, obtaining a judgment of nearly \$250 million in damages and penalties for the company’s illegal shipment of untaxed cigarettes into New York.

The following allegations are based on the City’s complaint filed today in the U.S. District Court for the Southern District of New York:

The defendants are part of a Bronx-based criminal group called the Moflehi Enterprise, consisting of about 21 members who operate in New York, New Jersey, North Carolina and Virginia. Many members, including its principal, Shareef Moflehi, have been indicted by the Bronx District Attorney on a variety of felony charges, including money-laundering, tax law violations and enterprise corruption. The District Attorney’s criminal investigation found that North Carolina-based cigarette wholesaler H&H Distributors and its owners supplied a number of North Carolina convenience stores with cigarettes, knowing they would be trafficked to New York. Since 2015, the retail outlets and their owners, also named in the City’s complaint, hired transporters to traffic forged cigarette tax stamps and up to \$500,000 of untaxed cigarettes per week to Moflehi and his family members and to bodegas throughout the state.

On a number of occasions police seized contraband which they traced back to the defendants. In early 2017 the New York City Police Department seized a car with over 6,000 cartons of cigarettes, 19,920 counterfeit tax stamps and \$354,999 in cash. Later that year, police seized 2,345 cartons of cigarettes, 86,676 tax stamps estimated at \$5 million and \$281,344 in cash, among other items.

Defendants evaded a \$58.50 per carton cigarette excise tax that must be paid on New York cigarettes, paying only the North Carolina excise tax of \$4.50 per carton. This allowed the traffickers to reap an enormous but illegal competitive advantage in New York and undermine laws which impose high cigarette taxes to discourage demand for cigarettes.

Defendants violated the federal Contraband Cigarette Trafficking Act (CCTA) and the Prevent All Cigarette Trafficking (PACT) Act by making deliveries of cigarettes into the City without the appropriate tax stamps and without complying with federal regulations requiring reports to tax authorities. The defendants violated the Racketeer Influenced Corrupt Organizations (RICO) Act by engaging in repeated sales of cigarettes on which

State and City taxes have not been paid, and violated a New York Public Health Law by virtue of the same conduct.

### **Named Defendants**

- H&H DISTRIBUTORS, located at 2747 Business Park Drive, Rocky Mount, NC, 27804.
- AMJED HATU, owner of H&H.
- SHAREEF HASSAN, owner of H&H.
- MUSSA HAMZA, owner or employee of A&K Express, 301 Grantham Street, Goldsboro, NC, and Fast Trip, 600 Williams Street, Goldsboro, NC, and other convenience stores.
- AKRAM SHAMAKH, owner or employee of A&K Express, 301 Grantham Street, Goldsboro, NC, and other convenience stores.
- ANWAR ALSAIDI, owner or employee of A&K Express, 301 Grantham Street, Goldsboro, NC, Fast Trip, 600 Williams Street, Goldsboro, NC, and Hanshali Food Mart, 518 Elm Street, Goldsboro, NC, and other convenience stores.

The suit filed today is being handled by Eric Proshansky, Deputy Chief of the Affirmative Litigation Division, a unit in the Law Department that has protected the City's interests through proactive litigation for over 30 years.

*Filed complaint is attached.*

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