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JGW:pgr
2003R00971

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

UNITED STATES OF AMERICA

CRIMINAL NO. 05-2421-Sullivan

v.

RUBENS CARDOSO
CHARLES EMERY
ROBERT DAMM
ROBERT DAMM, SR.
STORMY PAUL
ROQUE SILVEIRA
JULIO LOPEZ
GEORGES CHEMALI
CARLOS KOVALSKY
JUN UP LEE
ANDRE MAMAN

: Conspiracy to Smuggle
: Cigarettes Into the United
: States, Traffic in Contraband
: Cigarettes and Traffic in
: Counterfeit Goods, 18 U.S.C.
: §§ 371, 545, 2342(a) and
: 2320(a); Smuggling Contraband
: and Counterfeit Cigarettes, 18
: U.S.C. §545; Trafficking in
: Contraband Cigarettes, 18
: U.S.C. §2342(a); Trafficking in
: Counterfeit Cigarettes, 18
: U.S.C. §2320(a); Laundering
: Monetary Instruments, 18 U.S.C.
: §1956(a)(1)(A)(i); Aiding and
: Abetting, 18 U.S.C. §2)

...000...

INDICTMENT

COUNT ONE

The Grand Jury for the District of Maryland charges that:

PRELIMINARY ALLEGATIONS

At all times relevant to this Indictment:

1. Immigration and Customs Enforcement, as a component of the Department of Homeland Security, is charged with, among other things, the inspection of goods shipped into and from the United States, as well as the collection of tariffs, taxes or duties applicable to certain imported and exported goods.

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2. Tobacco products such as cigarettes are goods which are subject to United States Immigration and Customs Enforcement (ICE) regulation.
3. "Excise tax" refers to a federal or state tax imposed on the manufacture and distribution of certain non-essential consumer goods, such as cigarettes.
4. A "duty" tax refers to, among other things, a tax on imported merchandise.
5. "In-bond" refers to the status of merchandise admitted provisionally into the United States without payment of duties, either for storage in a bonded warehouse or for trans-shipment to another destination, where duties will eventually be imposed or from where the merchandise will be exported.
6. "Bonded warehouse" refers to a warehouse authorized by Immigration and Customs Enforcement for storing merchandise on which payment of duties is deferred until the importer pays the duties or until Immigration and Customs Enforcement releases the merchandise.
7. "Bonded merchandise" is any foreign product, good and commodity that is allowed to enter the United States in "in bond" status.
8. "Customs broker" refers to the importer's agent, who is licensed by Immigration and Customs Enforcement, to enter and clear goods through Immigration and Customs Enforcement processes.
9. Contraband cigarettes is a statutorily defined term which means

a quantity of cigarettes in excess of 60,000 cigarettes (approximately five (5) or six (6) cases of cigarettes) which bear no evidence of the payment of applicable state cigarette taxes in the state where such cigarettes are found, if such state requires a stamp, impression or other indication to be placed on packages or other containers of cigarettes to evidence payment of cigarette taxes. 18 U.S.C. Section 2341(2).

10. A case of contraband cigarettes typically contains fifty (50) to sixty (60) cartons of cigarettes. A carton of cigarettes contains ten (10) packages. Each package contains twenty (20) individual cigarettes. Therefore, one case of contraband cigarettes typically contains 10,000 to 12,000 individual cigarettes.
11. Counterfeit cigarettes are manufactured by an entity other than the trademark holder or trademark licensee, and without the permission of the trademark holder or licensee, and bear trade markings which are identical to or substantially indistinguishable from federally registered trademarks. 15 U.S.C. Section 1127.
12. "Marlboro" and "Newport" cigarettes are examples of brands which are, on occasion, counterfeited. Each have a trademark registered with the United States Patent and Trademark Office.
13. A case of counterfeit cigarettes typically contains fifty (50) to sixty (60) cartons of cigarettes. A carton of cigarettes

contains ten (10) packages. Each package contains twenty (20) individual cigarettes. Therefore, one case of counterfeit cigarettes typically contains 10,000 to 12,000 individual cigarettes.

14. A container is a reference to a trailer, in its use and configuration, which is used to transport bulk cargo. A container is capable of transporting up to approximately one thousand (1,000) cases of cigarettes.
15. The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) oversees the collection of taxes and revenues for the sale of tobacco products. All states discussed in this Indictment require a state cigarette tax stamp on all cigarette packages sold within those states. Each state in the United States imposes its own state tax on cigarettes.
16. Counterfeit cigarettes referenced in this Indictment were produced outside of the United States and then imported into the United States. These counterfeit cigarettes substantially resembled the trademark brand names registered for "Marlboro" and "Newport" cigarettes.
17. Contraband cigarettes, which are also referenced in this Indictment, entered the United States through the "in-bond" system. An "in-bond" entry is required when cargo transits to another United States location for formal entry, transits the United States destined to another country, or is immediately exported. 19 C.F.R. §10.31 and Part 18. For example, under

the "in-bond" system, cargo can originate in Paraguay, enter "in-bond" through Miami, Florida, and transit "in-bond" to various locations in the United States. Many of the cigarettes, as discussed in this Indictment, were labeled or invoiced for exportation but were diverted from "in-bond" status and sold in various locations within the United States without payment of applicable federal cigarette taxes and customs duties, and sometimes without payment of applicable state cigarette taxes.

18. Bill of Lading refers to a document that a transportation company possesses, acknowledging that it has received goods, and which temporarily serves as the title for such goods during the transportation of that merchandise.
19. Foreign trade zone is a restrictive access site, in or adjacent to a port of entry, used to expedite and encourage foreign commerce and other purposes. Goods in a foreign trade zone are not considered to be in the commerce of the United States.
20. Customs Form 7512 is a multiple-use document used as "T & E," a transportation and exportation document; "IE," an intermediate exportation document; and "IT," an immediate transportation document. Customs Form 7512 is frequently used by importers and exporters of cigarette products to process tobacco shipments into or through the commerce of the United States.

21. "T & E" refers to a customs transportation and exportation document which allows for the movement of bonded merchandise from a point of departure to the port for release to be exported out of the United States.
22. "IE" refers to customs immediate exportation entry document which allows foreign merchandise arriving at one port to be exported from the same port without payment of duty.
23. "IT" refers to customs immediate transportation entry document, which allows foreign merchandise arriving at one United States port to be transported "in-bond" to another United States port where a superseding entry will be filed by the broker or importer.
24. Customs Form 3461 is a warehouse entry document used to admit "in bond" merchandise into "bonded warehouses" until further disposition of the merchandise is made, by export from or entry into the commerce of the United States.
25. United States Immigration and Customs Enforcement maintained an undercover business in the Maryland area. This "undercover business" was represented as being capable of importing, exporting and clearing "in-bond" shipments of tobacco and other products without payment of applicable federal taxes and customs duties.
26. Rubens Cardoso operated a tobacco and cigarette machinery business in Paraguay called "MONMAQ."

27. Robert Damm and Charles Emery operated a tobacco business called MSA Smokes in Arizona.
28. Georges Chemali operated a tobacco business in North Carolina called Elite Wholesale.
29. Stormmy Paul operated a tobacco business called NGN Enterprises in Washington state.
30. Andre Maman operated a tobacco business called Platinum Trading in Pompano Beach, Florida.
31. Carlos Kovalsky operated a tobacco business called Charles Tobacco in Miami, Florida.

THE CONSPIRACY

32. Beginning in or about April of 2003, and continuing through the date of this Indictment, in the District of Maryland, Florida, Arizona, Texas, North Carolina, Nevada, Washington state, South America, the People's Republic of China and elsewhere,

**RUBENS CARDOSO
CHARLES EMERY
ROBERT DAMM
ROBERT DAMM, SR.
STORMY PAUL
ROQUE SILVEIRA
JULIO LOPEZ
GEORGES CHEMALI
CARLOS KOVALSKY
JUN UP LEE
ANDRE MAMAN**

defendants herein, did willfully and knowingly combine, conspire, confederate and agree together and with other persons both known and unknown to the Grand Jury to commit the following offenses against the United States of America, that is:

- (a) To fraudulently and knowingly import and bring into the United States merchandise, mainly contraband and counterfeit cigarettes, contrary to law, and receive, conceal, buy, sell and facilitate the transportation, concealment and sale of such contraband and counterfeit cigarettes after importation, knowing the contraband and counterfeit cigarettes to have been imported and brought into the United States contrary to law, in violation of Title 18 U.S.C. §545;
- (b) To unlawfully and knowingly ship, transport, receive, possess, sell, distribute and purchase contraband cigarettes, as that term is defined in Title 18 U.S.C., §2341(2), namely, quantity in excess of 60,000 cigarettes, which bear no evidence of the payment of applicable state cigarette taxes in the state where such cigarettes are found, namely the states of Maryland, Florida, North Carolina, California, Nevada, Arizona, Texas, Oklahoma, Kansas and Washington, and said states require a stamp, impression or other indication to be placed on packages of cigarettes to evidence the payment of cigarette taxes, in violation of Title 18 U.S.C. §2342(a); and
- (c) To intentionally traffic and attempt to traffic in goods, namely cigarettes, and did knowingly use a counterfeit mark on and in connection with such cigarettes, in violation of Title 18 U.S.C., §2320(a).

OBJECTS OF THE CONSPIRACY

33. The primary objective of this conspiracy was to generate income by illegally avoiding the payment of all applicable federal taxes and duties, and often on applicable state taxes on cigarettes which were smuggled and trafficked to and within the United States. Income was generated by the diversion of cigarettes intended solely for export from or through the United States to consumers within the United States. Income was also generated by the manufacture, acquisition and distribution of counterfeit cigarettes.

MANNER AND MEANS

34. It was part of the conspiracy for the defendants to act as manufacturers, brokers, middlemen and distributors of contraband and counterfeit cigarettes. Cigarettes were typically manufactured in South America and the People's Republic of China and shipped to the United States for distribution.

35. It was further part of the conspiracy for the defendants to utilize wire transfers to send large sums of money as payment for or proceeds from the sale of counterfeit and contraband cigarettes. Couriers were also used to transport large sums of currency across state lines.

36. It was also part of the conspiracy for the defendants to acquire, alter or direct the falsification of Customs Forms

7512 and 3461 to conceal the illegal trafficking in counterfeit and contraband cigarettes.

OVERT ACTS

37. In furtherance of the conspiracy, and to affect the objects thereof, at least one of the co-conspirators herein committed one or more of the following overt acts, among others:

- (a) On or about April 30, 2003, Rubens Cardoso provided an undercover officer with more than \$50,000 in United States currency which he represented were proceeds of cigarette sales and provided instructions that the money be wire-transferred to a bank in Ciudad Del Este, Paraguay.
- (b) On or about July 15, 2003, currency in the amount of \$501,000, more or less, was seized in Eastland County, Texas by law enforcement authorities. This currency constituted proceeds from the sale of contraband and counterfeit cigarettes made by Stormmy Paul in Washington state and areas destined for Rubens Cardoso in Paraguay.
- (c) On or about July 22, 2003, Rubens Cardoso provided an undercover officer with a cellular telephone number for Robert Damm for the purpose of acquiring additional sums of money generated from cigarette sales in order to transfer and launder said proceeds.
- (d) On or about August 5, 2003, Rubens Cardoso and others met with an undercover officer in Miami, Florida for the purpose of creating a new route for the illegal

importation of counterfeit and contraband cigarettes into the United States.

- (e) On or about September 24, 2003, Rubens Cardoso, Roque Silveira and Julio Lopez traveled to Miami, Florida and met with Charles Emery and an undercover officer to discuss smuggling counterfeit and contraband cigarettes into the United States and the laundering of proceeds therefrom.
- (f) On or about November 17, 2003, Robert Damm met with an undercover officer to discuss the importation of counterfeit cigarettes into the United States and also the laundering of proceeds from the sale of contraband and counterfeit cigarettes.
- (g) On or about December 11, 2003, Robert Damm transferred and caused to be transferred from an account maintained by his company, MSA Smokes, Inc., a wire in the amount of \$54,000 to an undercover bank account in Maryland.
- (h) On or about December 16, 2003, the undercover business received approximately 600 cases of contraband Bronco brand cigarettes at the request of Robert Damm. Fraudulent Customs Forms 3461 were prepared at the direction of Robert Damm to clear the cigarettes from "in bond" status.
- (i) On or about December 22, 2003, Robert Damm accepted delivery of approximately 600 cases of contraband Bronco

brand cigarettes shipped from Maryland to Cave Creek, Arizona.

- (j) On or about December 22, 2003, the undercover business received paper work and a bill of lading sent by and at the direction of Rubens Cardoso, Roque Silveira and Julio Lopez in Paraguay, for approximately 350 cases of counterfeit Newport brand cigarettes which had been delivered "in-bond" at Norfolk, Virginia.
- (k) On or about January 12, 2004, the undercover business received approximately 842 cases of contraband Ice brand cigarettes at the request of Robert Damm. Fraudulent Customs Forms 3461 were prepared at the direction of Robert Damm to clear the cigarettes from "in bond" status.
- (l) On or about January 14, 2004, Robert Damm transferred and caused to be transferred via wire \$57,200 from an account maintained by MSA Smokes, Inc. in Arizona to an undercover bank account in Maryland. These monies represented partial compensation to the undercover business for the illegal clearance and transportation of approximately 600 cases of Bronco brand contraband cigarettes and 350 cases of counterfeit Newport brand cigarettes.
- (m) On or about January 15, 2004, approximately 350 cases of counterfeit Newport brand cigarettes shipped by Rubens Cardoso, Roque Silveira and Julio Lopez from Paraguay arrived at the undercover business in Maryland.

- (n) On or about January 15, 2004, the undercover business received approximately 600 cases of contraband Bronco brand cigarettes at the request of Robert Damm. Fraudulent Customs Forms 3461 were prepared at the direction of Robert Damm to clear the cigarettes from "in bond" status.
- (o) On January 19, 2004, Rubens Cardoso contacted the undercover business to inquire about the counterfeit Newport brand cigarettes that had been shipped to Maryland.
- (p) On or about January 21, 2004, Robert Damm transferred and caused to be transferred via wire approximately \$17,000 from an account maintained by MSA Smokes, Inc. in Arizona to an undercover bank account in Maryland as partial compensation for the counterfeit Newport cigarettes being cleared from "in-bond" status.
- (q) On or about January 22, 2004 approximately 600 cases of contraband Bronco brand cigarettes were shipped from the undercover business in Maryland to Stormmy Paul in Washington state.
- (r) On or about January 23, 2004, Robert Damm directed the undercover business to deliver a quantity of counterfeit Newport cigarettes to Georges Chemali at Elite Wholesale, a company located in North Carolina.

- (s) On or about January 23, 2004, the undercover business received approximately 600 cases of contraband GT-1 brand cigarettes at the request of Robert Damm. Fraudulent Customs Forms 3461 were prepared at the direction of Robert Damm to clear the cigarettes from "in bond" status.
- (t) On or about January 26, 2004, Georges Chemali accepted from an undercover officer approximately 350 cases of counterfeit Newport cigarettes in Beaufort, North Carolina.
- (u) On or about January 30, 2004, Robert Damm transferred and caused to be transferred via wire \$91,500 from an account maintained by MSA Smokes, Inc. in Arizona to an undercover bank account in Maryland as compensation for a quantity of contraband and counterfeit cigarettes being cleared from "in bond" status.
- (v) On or about February 3, 2004, the undercover business received approximately 600 cases of contraband Bronco brand cigarettes at the request of Robert Damm. Fraudulent Customs Forms 3461 were prepared at the direction of Robert Damm to clear the cigarettes from "in bond" status.
- (w) On or about February 3, 2004, the undercover business delivered approximately 600 cases of GT-1 brand contraband cigarettes at the request of Robert Damm, Charles Emery and Jun Up Lee to a location in Las Vegas, Nevada.

- (x) On or about February 3, 2004, in Las Vegas, Nevada, Robert Damm gave Robert Damm, Sr. a bag containing a large sum of currency, said currency being proceeds from the sale of contraband cigarettes, with directions that Robert Damm, Sr. transport said currency across state lines.
- (y) On or about February 3, 2004, Robert Damm, Robert Damm, Sr., Charles Emery and Jun Up Lee met with undercover officers in Las Vegas, Nevada concerning the continued acquisition of delivery of contraband and counterfeit cigarettes.
- (z) On or about February 7, 2004, Georges Chemali accepted delivery of 300 cases of GT-1 brand contraband cigarettes at Morehead City, North Carolina.
- (aa) On or about February 18, 2004, Stormmy Paul and an undercover officer had a conversation regarding the delivery of contraband and counterfeit cigarettes to Paul's business in Washington state.
- (bb) On or about February 19, 2004, Stormmy Paul accepted delivery in Marysville, Washington state, of approximately 842 cases of contraband cigarettes.
- (cc) On or about February 23, 2004 approximately 600 cases of contraband Bronco brand cigarettes were shipped from the undercover business in Maryland to Stormmy Paul in Washington state.

- (dd) On or about February 23, 2004, Robert Damm did transfer and cause to be transferred via wire \$53,200.00 from an account maintained by MSA Smokes, Inc. in Arizona to an undercover bank account in Maryland.
- (ee) On or about February 26, 2004, Rubens Cardoso met with an undercover officer at a hotel near Baltimore Washington International Airport and discussed the continued shipment of contraband and counterfeit cigarettes from South America to the United States.
- (ff) On or about March 5, 2004, Robert Damm and an undercover officer discussed the creation of false Customs Forms 7512 to disguise the illegal diversion of contraband cigarettes from "export only" status to permit distribution of the cigarettes within the United States.
- (gg) On or about March 24, 2004, Charles Emery, Stormy Paul, Jun Up Lee and Robert Damm met with an undercover officer in Las Vegas, Nevada for the purpose of the continued acquisition and distribution of counterfeit and contraband cigarettes.
- (hh) On or about March 25, 2004, Rubens Cardoso, Roque Silveira and Julio Lopez met with an undercover officer in Las Vegas, Nevada to discuss the continued manufacture of counterfeit and contraband cigarettes in South America for shipment to the United States.

- (ii) On or about April 12, 2004, Robert Damm transferred and caused to be transferred via wire \$96,000 from an account maintained by MSA Smokes, Inc. in Arizona to an undercover account in Maryland.
- (jj) On or about April 26, 2004, Georges Chemali contacted an undercover officer and inquired about the acquisition of additional quantities of counterfeit Marlboro and Newport brand cigarettes.
- (kk) On or about April 29, 2004, Georges Chemali did pay the undercover business \$8,660.00 for services rendered in the transportation of approximately 500 cartons of counterfeit Marlboro brand and approximately 430 cartons of counterfeit Newport brand cigarettes to North Carolina.
- (ll) On or about June 9, 2004, Robert Damm and Charles Emery met with an undercover officer in Maryland to discuss the continued acquisition and distribution of contraband and counterfeit cigarettes.
- (mm) On or about July 1, 2004, Robert Damm transferred and caused to be transferred, on behalf of Stormmy Paul, via wire, \$50,400 from an account maintained by MSA Smokes, Inc. in Arizona to an undercover bank account in Maryland with instructions that this money be further wire-transferred to a bank in Honolulu, Hawaii.
- (nn) On or about July 7, 2004, the undercover business wired \$50,400 to a bank in Honolulu, Hawaii and thereafter

confirmed with Stormmy Paul via telephone that the wire had been sent.

- (oo) On or about July 8, 2004, Georges Chemali, Carlos Kovalsky, Robert Damm and Charles Emery met with an undercover officer in Baltimore, Maryland for the purpose of creating a mechanism for the illegal importation of counterfeit and contraband cigarettes into the United States through the Port of Baltimore.
- (pp) On or about July 19, 2004, Carlos Kovalsky had a conversation with an undercover officer concerning a shipment of approximately 450 cases of Kingsley brand contraband cigarettes to Maryland.
- (qq) On or about July 19, 2004, Robert Damm and an undercover officer had a conversation concerning the distribution of a shipment of counterfeit Marlboro Light cigarettes.
- (rr) On or about August 6, 2004, Robert Damm told the undercover officer that Damm had approximately \$250,000 of money belonging to Stormmy Paul in Arizona bank accounts. Damm also stated that he had 700 cases of Marlboro cigarettes which had been manufactured in China that were ready for distribution.
- (ss) On or about August 6, 2004, Carlos Kovalsky sought the assistance of an undercover officer to prepare false customs declarations to permit a shipment of contraband Kingsley cigarettes to be released from "in bond" status.

- (tt) On or about August 6, 2004, the undercover business received approximately 472 cases of contraband Kingsley brand cigarettes at the request of Georges Chemali. Fraudulent Customs Forms 3461 were prepared at the direction of Robert Damm to clear the cigarettes from "in bond" status.
- (uu) On or about August 12, 2004, Georges Chemali arranged with the undercover officer to take delivery of a load of Kingsley brand contraband cigarettes which had been shipped into the Port of Baltimore at the direction of Carlos Kovalsky.
- (vv) On or about August 16, 2004, Georges Chemali deposited \$30,000 at a branch of Bank of America in North Carolina, said funds to be credited to the undercover bank account in Maryland as compensation for clearing the Kingsley brand cigarettes from "in bond" status.
- (ww) On or about August 17, 2004, Georges Chemali took delivery of approximately 472 cases of Kingsley brand contraband cigarettes and 2,200 cartons of counterfeit Marlboro brand cigarettes. Chemali also gave the undercover officer \$20,000 in United States currency during a meeting which took place in Maryland.
- (xx) On or about September 14, 2004, Georges Chemali transferred and caused to be transferred via wire, \$171,000 to an undercover bank account in order to

facilitate the acquisition of additional quantities of contraband cigarettes from sources outside of the United States.

- (yy) On or about November 12, 2004, the undercover business received approximately 667 cases of contraband Way brand cigarettes at the request of Robert Damm. Fraudulent Customs Forms 3461 were prepared at the direction of Robert Damm to clear the cigarettes from "in bond" status.
- (zz) On or about November 12, 2004, the undercover business received approximately 667 cases of contraband Way brand cigarettes at the request of Robert Damm. Fraudulent Customs Forms 3461 were prepared at the direction of Robert Damm to clear the cigarettes from "in bond" status.
- (aaa) On or about November 16, 2004, the undercover business received approximately 260 cases of contraband Kingsley brand cigarettes at the request of Carlos Kovalsky. Fraudulent Customs Forms 3461 were prepared at the direction of Carlos Kovalsky to clear the cigarettes from "in bond" status.
- (bbb) On or about November 16, 2004, approximately 667 cases of Way brand contraband cigarettes were shipped by the undercover business in Maryland to California at the request of Robert Damm.
- (ccc) On or about November 16, 2004, Georges Chemali deposited \$40,000 at a Bank of America branch in

North Carolina, said amount to be credited to the undercover bank account in Maryland, as compensation for clearing a load of Kingsley brand contraband cigarettes from "in bond" status.

(ddd) On or about November 17, 2004 approximately 260 cases of contraband Kingsley brand cigarettes were shipped from the undercover business in Maryland by Georges Chemali across state lines.

(eee) On or about November 23, 2004, Robert Damm transferred and caused to be transferred via wire, \$50,025 from a bank account maintained by MSA Smokes, Inc. in Arizona to the undercover account in Maryland as compensation for clearing a load of Way brand contraband cigarettes from "in bond" status.

(fff) On or about December 10, 2004, the undercover business received approximately 750 cartons of contraband Infinity brand cigarettes at the request of Robert Damm. Fraudulent Customs Forms 7512 were prepared at the direction of Robert Damm to clear the cigarettes from "in bond" status.

(ggg) On or about December 14, 2004, the undercover business shipped from Maryland approximately 750 cartons of contraband Infinity brand cigarettes to a customer in California at the request of Robert Damm.

- (hhh) On or about December 27, 2004, Robert Damm transferred and caused to be transferred from a bank account maintained by MSA Smokes, Inc. in Arizona the sum of \$56,250 to an undercover bank account in Maryland as compensation for clearing a shipment of approximately 750 cases of Infinity brand contraband cigarettes from "in bond" status.
- (iii) On or about January 4, 2005, the undercover business received approximately 750 cases of contraband Infinity brand cigarettes at the request of Robert Damm. Fraudulent Customs Forms 3461 were prepared at the direction of Robert Damm to clear the cigarettes from "in bond" status.
- (jjj) On or about January 7, 2005 the undercover business in Maryland shipped approximately 750 cases of contraband Infinity brand cigarettes at the request of Robert Damm to North Hollywood, California.
- (kkk) On or about January 11, 2005, the undercover officer had conversations with Michel Maman and Andre Maman concerning the clearing of a shipment of Way brand contraband cigarettes from "in bond" status. The undercover's telephone number had been given to Andre Maman and Michel Maman by Robert Damm.
- (lll) On or about January 11, 2005, approximately 755 cases of contraband Way brand cigarettes arrived at the

Port of Baltimore to be cleared by the undercover business from "in bond" status and were thereafter delivered to the undercover business in Maryland. Fraudulent Customs Forms 3461 were prepared at the direction of Andre Maman and Robert Damm to clear the cigarettes from "in bond" status.

(mmm)

On or about January 13, 2005, the undercover business received approximately 761 cartons of Parker brand contraband cigarettes from Platinum Trading of Pompano Beach, Florida at the direction of Robert Damm. Fraudulent Customs Forms 3461 were prepared at the direction of Andre Maman and Robert Damm to clear the cigarettes from "in bond" status.

(nnn)

On or about January 19, 2005, approximately 739 cases of contraband Way brand cigarettes were shipped to California at the direction of Robert Damm.

(ooo)

On or about January 25, 2005, a shipment of approximately 305 cases of Kingsley brand contraband cigarettes were delivered to the undercover warehouse in Maryland at the request of Georges Chemali. This load of cigarettes was shipped from Charles Tobacco Inc. of Miami, Florida. Fraudulent Customs Forms 3461 were prepared at the direction of Carlos Kovalsky to clear the cigarettes from "in bond" status.

- (ppp) On or about January 27, 2005, Robert Damm transferred and caused to be transferred via wire, from a bank account maintained by MSA Smokes, Inc. in Arizona the sum of \$56,250 as compensation for clearing a load of approximately 750 cases of contraband Infinity brand cigarettes from "in bond" status.
- (qqq) On or about February 3, 2005, Robert Damm, Charles Emery and Andre Maman met with an undercover officer in Fort Lauderdale, Florida to discuss additional shipments of counterfeit and contraband cigarettes and the distribution of those cigarettes to customers within the United States.
- (rrr) On or about February 7, 2005 approximately 305 cases of contraband Kingsley brand cigarettes were shipped from the undercover business in Maryland by Georges Chemali across state lines.
- (sss) On or about February 10, 2005, Robert Damm transferred and caused to be transferred via wire from a bank account maintained by MSA Smokes, Inc., of Arizona the sum of \$112,425 to an undercover bank account in Maryland as compensation for the clearing of approximately 755 cases of Infinity brand contraband cigarettes and approximately 761 cases of Parker brand contraband cigarettes.
- (ttt) On or about February 11, 2005 approximately 761 cases of contraband Parker brand cigarettes were shipped

from the undercover business in Maryland at the request of Robert Damm to Wichita, Kansas.

(uuu) On or about February 11, 2005, a shipment of approximately 760 cases of Infinity brand contraband cigarettes were delivered to the undercover warehouse in Maryland at the request of Robert Damm. This load of cigarettes was shipped at the direction of Platinum Trading Inc. of Miami, Florida. Fraudulent Customs Forms 3461 were prepared at the direction of Robert Damm to clear the cigarettes from "in bond" status.

(vvv) On or about February 18, 2005, Robert Damm transferred and caused to be transferred via wire, from a bank account maintained by MSA Smokes, Inc. in Arizona, the sum of \$55,125 into an undercover bank account in Maryland as compensation for the clearing of approximately 760 cases of contraband Infinity brand cigarettes from "in bond" status.

(www) On or about February 18, 2005, the undercover business in Maryland did transfer approximately 760 cases of contraband Infinity brand cigarettes to an address in Fresno, California at the direction of Robert Damm.

(xxx) On or about March 1, 2005, a shipment of approximately 766 cases of Way brand contraband cigarettes were delivered to the undercover warehouse

in Maryland at the request of Robert Damm. This load of cigarettes was shipped at the direction of Platinum Trading Inc. of Miami, Florida. Fraudulent Customs Forms 3461 were prepared at the direction of Robert Damm to clear the cigarettes from "in bond" status.

(yyy) On or about March 10, 2005, a shipment of approximately 362 cases of Infinity brand contraband cigarettes were delivered to the undercover warehouse in Maryland at the request of Robert Damm. This load of cigarettes was shipped at the direction of Platinum Trading Inc. of Miami, Florida. Fraudulent Customs Forms 3461 were prepared at the direction of Robert Damm to clear the cigarettes from "in bond" status.

(zzz) On or about March 18, 2005, Robert Damm transferred and caused to be transferred via wire, from a bank account maintained by MSA Smokes, Inc. in Arizona, the sum of \$84,600 into an undercover bank account in Maryland as compensation for the clearing of approximately 760 cases of Way brand contraband cigarettes and approximately 360 cases of Infinity brand contraband cigarettes.

(aaaa) On or about March 18, 2005, the undercover business in Maryland did transfer approximately 760 cases of contraband Way brand cigarettes to an address in

Santa Ana, California at the direction of Robert Damm.

(bbbb) On or about March 18, 2005, the undercover business in Maryland did transfer approximately 360 cases of contraband Infinity brand cigarettes to an address in Santa Ana, California at the direction of Robert Damm.

18 U.S.C. §371

COUNTS TWO THROUGH EIGHTEEN

(Smuggling Contraband and Counterfeit Cigarettes)

The Grand Jury re-alleges and incorporates the Introduction Paragraphs 1 through 31 as alleged in Count One as if fully set out herein.

On or about the dates alleged below, in Maryland, Florida, North Carolina, Arizona, Texas, Washington, and elsewhere, the Defendants alleged below as principals, and aiders and abettors, did fraudulently and knowingly import and bring into the United States, merchandise, namely contraband and counterfeit cigarettes, in the amounts alleged below, contrary to law; and did fraudulently and knowingly receive, conceal, buy and sell, and facilitate the transportation, concealment and sale of merchandise, namely, contraband and counterfeit cigarettes, in the amounts alleged below, after importation, knowing the contraband and counterfeit cigarettes to have been imported and brought into the United States contrary to law, namely, the Defendants caused documents to be presented to Immigration and Customs Enforcement which falsely stated and represented the merchandise was to be exported from the United States, when in fact, the merchandise was introduced into the commerce of the United States; failed to file required Customs entry documents; and caused false invoices to be filed for counterfeit merchandise arriving in the United States contrary to Title 18,

United States Code, Section 1001, and Title 19, United States Code, Sections 1481, 1484 and 1485:

Count	Date(s)	Defendant(s)	Number of Cases and Cigarettes
Two	December 16, 2003	Robert Damm Charles Emery Stormmy Paul	600 cases/ 7,200,000 cigarettes
Three	January 12, 2004	Robert Damm Charles Emery Stormmy Paul	842 cases/ 8,420,000 cigarettes
Four	January 15, 2004	Rubens Cardoso Robert Damm Charles Emery Roque Silveira Julio Lopez Stormmy Paul Georges Chemali	350 cases/ 4,200,000 cigarettes
Five	January 15, 2004	Robert Damm Charles Emery Stormmy Paul	600 cases/ 7,200,000 cigarettes
Six	January 23, 2004	Robert Damm Charles Emery Jun Up Lee	600 cases/ 7,200,000 cigarettes
Seven	February 3, 2004	Robert Damm Charles Emery Stormmy Paul	600 cases/ 7,200,000 cigarettes
Eight	August 6, 2004	Robert Damm Charles Emery Carlos Kovalsky Georges Chemali	472 cases/ 5,664,000 cigarettes
Nine	November 12, 2004	Robert Damm Charles Emery Andre Maman	667 cases/ 8,004,000 cigarettes

Count	Date(s)	Defendant(s)	Number of Cases and Cigarettes
Ten	November 16, 2004	Robert Damm Charles Emery Carlos Kovalsky Georges Chemali	260 cases/ 3,120,000 cigarettes
Eleven	December 10, 2004	Robert Damm Charles Emery Andre Maman	750 cases/ 9,000,000 cigarettes
Twelve	January 4, 2005	Robert Damm Charles Emery Andre Maman	750 cases/ 9,000,000 cigarettes
Thirteen	January 13, 2005	Robert Damm Charles Emery Andre Maman	761 cases/ 9,132,000 cigarettes
Fourteen	January 19, 2005	Robert Damm Charles Emery Andre Maman	755 cases/ 9,060,000 cigarettes
Fifteen	January 25, 2005	Robert Damm Charles Emery Carlos Kovalsky Georges Chemali	305 cases/ 3,660,000 cigarettes
Sixteen	February 11, 2005	Robert Damm Charles Emery Andre Maman	760 cases/ 9,120,000 cigarettes
Seventeen	March 1, 2005	Robert Damm Charles Emery Andre Maman	766 cases/ 9,192,000 cigarettes
Eighteen	March 10, 2005	Robert Damm Charles Emery Andre Maman	362 cases/ 4,344,000 cigarettes

in violation of Title 18, United States Code, Sections 2 and 545.

18 U.S.C. § 545

18 U.S.C. § 2

COUNTS NINETEEN THROUGH THIRTY-FOUR

(Trafficking in Contraband Cigarettes)

The Grand Jury re-alleges and incorporates the Introduction Paragraphs 1 through 31 as alleged in Count One as if fully set out herein.

On or about the dates alleged below, in Maryland, Florida, North Carolina, California, Nevada, Arizona, Oklahoma, Kansas, Texas, Washington and elsewhere, the Defendants alleged below as principals, and as aiders and abettors, did knowingly and unlawfully ship, transport, receive, possess, sell, distribute and purchase contraband cigarettes, as that term is defined in Title 18, United States Code, Section 2341(2), in the approximate amount(s) alleged below, which bore no evidence of the payment of applicable state cigarette taxes for the state(s) alleged below:

Count	Date(s) and State(s)	Defendant(s)	Number of Cases and Cigarettes
Nineteen	December 22, 2003	Robert Damm Charles Emery Stormmy Paul	600 cases/ 7,200,000 cigarettes
Twenty	January 22, 2004	Robert Damm Charles Emery Stormmy Paul	600 cases/ 7,200,000 cigarettes
Twenty-One	February 19, 2004	Robert Damm Charles Emery Stormmy Paul	842 cases/ 8,420,000 cigarettes
Twenty-Two	February 23, 2004	Robert Damm Charles Emery Stormmy Paul	600 cases/ 7,200,000 cigarettes

Count	Date(s) and State(s)	Defendant(s)	Number of Cases and Cigarettes
Twenty-Three	February 3, 2004	Robert Damm Robert Damm, Sr. Charles Emery Jun Up Lee	600 cases/ 7,200,000 cigarettes
Twenty-Four	August 17, 2004	Robert Damm Charles Emery Carlos Kovalsky Georges Chemali	472 cases/ 5,664,000 cigarettes
Twenty-Five	November 16, 2004	Robert Damm Charles Emery Andre Maman	667 cases/ 8,004,000 cigarettes
Twenty-Six	November 17, 2004	Robert Damm Charles Emery Carlos Kovalsky Georges Chemali	260 cases/ 3,120,000 cigarettes
Twenty-Seven	December 14, 2004	Robert Damm Charles Emery Andre Maman	750 cases/ 9,000,000 cigarettes
Twenty-Eight	January 7, 2005	Robert Damm Charles Emery Andre Maman	750 cases/ 9,000,000 cigarettes
Twenty-Nine	January 19, 2005	Robert Damm Charles Emery Andre Maman	739 cases/ 9,060,000 cigarettes
Thirty	February 7, 2005	Robert Damm Charles Emery Carlos Kovalsky Georges Chemali	305 cases/ 3,660,000 cigarettes
Thirty-One	February 11, 2005	Robert Damm Charles Emery Andre Maman	761 cases/ 9,132,000 cigarettes
Thirty-Two	February 18, 2005	Robert Damm Charles Emery Andre Maman	760 cases/ 9,120,000 cigarettes

Count	Date(s) and State(s)	Defendant(s)	Number of Cases and Cigarettes
Thirty-Three	March 18, 2005	Robert Damm Charles Emery Andre Maman	766 cases/ 9,192,000 cigarettes
Thirty-Four	March 18, 2005	Robert Damm Charles Emery Andre Maman	362 cases/ 4,344,000 cigarettes

in violation of Title 18, United States Code, Sections 2 and 2342.(a).

18 U.S.C. §2342(a)
18 U.S.C. §2

COUNTS THIRTY-FIVE THROUGH THIRTY-SEVEN

(Trafficking in Counterfeit Cigarettes)

The Grand Jury re-alleges and incorporates the Introduction Paragraphs 1 through 31 as alleged in Count One as if fully set out herein.

On or about the dates alleged below, in Maryland, Florida, North Carolina, Arizona, Texas, Washington and elsewhere, the Defendants alleged below as principals, and aiders and abettors, intentionally did traffic and attempt to traffic in goods, namely: cigarettes, and knowingly used counterfeit marks, said marks being identical to and substantially indistinguishable from genuine marks in use and registered for said cigarettes on the principal register in the United States Patent and Trademark Office, and the use of said marks was likely to cause confusion, to cause mistake, and to deceive, as alleged below, on and in connection with such goods:

Count	Date(s)	Defendant(s)	Number of Cases and Cigarettes; and Counterfeit Markings
Thirty-Five	January 26, 2004	Rubens Cardoso Roque Silveira Julio Lopez Robert Damm Charles Emery Stormy Paul Georges Chemali	350 cases/ 4,200,000 cigarettes of counterfeit Newport brand

Count	Date(s)	Defendant(s)	Number of Cases and Cigarettes; and Counterfeit Markings
Thirty-Six	April 29, 2004	Georges Chemali	930 cartons/ 186,000 cigarettes of counterfeit Marlboro and Newport brands
Thirty-Seven	August 17, 2004	Georges Chemali	2,200 cartons/ 440,000 cigarettes of counterfeit Marlboro brand

in violation of Title 18, United States Code, Sections 2 and 2320(a).

18 U.S.C. §2320(a)
18 U.S.C. §2

COUNTS THIRTY-EIGHT THROUGH FIFTY

(Laundering Monetary Instruments)

The Grand Jury re-alleges and incorporates the Introduction Paragraphs 1 through 31 as alleged in Count One as if fully set out herein.

On or about the dates alleged below, in Florida, North Carolina, Arizona, Texas, Washington and elsewhere, the Defendants alleged below as principals, and aiders and abettors, did conduct and attempt to conduct a financial transaction, affecting interstate commerce, in the amount alleged below, knowing that the property in the financial transaction represented the proceeds of unlawful activity and which involved the proceeds of a specified unlawful activity, that is: smuggling in contraband and counterfeit cigarettes, a violation of 18 U.S.C. §545, trafficking in contraband cigarettes, a violation of 18 U.S.C. §2342(a), and trafficking in counterfeit cigarettes, a violation of 18 U.S.C. §2320(a), with the intent to promote the carrying on of the specified unlawful activity:

Count	Date(s)	Defendant(s)	Amount of Financial Transaction(s)
Thirty-Eight	December 11, 2003	Robert Damm Charles Emery Stormy Paul	\$ 54,000.00
Thirty-Nine	January 14, 2004	Robert Damm Charles Emery Stormy Paul	\$ 57,200.00

Count	Date (s)	Defendant (s)	Amount of Financial Transaction (s)
Forty	January 21, 2004	Robert Damm Charles Emery Stormy Paul	\$ 17,000.00
Forty-one	January 30, 2004	Robert Damm Charles Emery Stormy Paul	\$ 91,500.00
Forty-Two	February 23, 2004	Robert Damm Charles Emery	\$ 53,200.00
Forty-Three	April 12, 2004	Robert Damm Charles Emery	\$ 96,000.00
Forty-Four	July 1, 2004	Robert Damm Charles Emery Stormy Paul	\$ 50,400.00
Forty-Five	September 14, 2004	Georges Chemali	\$171,000.00
Forty-Six	December 27, 2004	Robert Damm Charles Emery	\$ 56,250.00
Forty-Seven	January 27, 2005	Robert Damm Charles Emery	\$ 56,250.00
Forty-Eight	February 10, 2005	Robert Damm Charles Emery	\$112,425.00
Forty-Nine	February 18, 2005	Robert Damm Charles Emery	\$ 55,125.00
Fifty	March 18, 2005	Robert Damm Charles Emery	\$ 84,600.00

in violation of Title 18, United States Code, Sections 2 and 1956(a) (1) (A) (i).

18 U.S.C. §1956(a) (1) (A) (i)
18 U.S.C. §2

ALLEN F. LOUCKS
United States Attorney

A TRUE BILL:

Foreperson

Date