



# PRESS RELEASE

## Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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Contact: \*CI-HQ-COMMUNICATIONSEDCATION@ci.irs.gov  
IRS – Criminal Investigation

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### **California Man Pleads Guilty to Illegally Importing Chinese Cigarettes** *Attempted to Evade More Than \$467,000 in Excise Taxes*

A Los Angeles, California man pleaded guilty yesterday to illegally engaging in the business of importing tobacco products, announced Acting Deputy Assistant Attorney General Stuart M. Goldberg of the Justice Department's Tax Division and U.S. Attorney Eileen M. Decker for the Central District of California.

Zhi Xiong Chen, 56, of Chinatown, admitted that for nearly five years, despite not holding a permit to import tobacco products, he used several addresses to receive 15,128 cartons of Chinese-brand cigarettes. During this time, U.S. Customs and Border Protection officers also stopped approximately 9,824 cartons of Chinese-brand cigarettes at international mail facilities in California and New York.

As part of the scheme, Chen admitted that he attempted to evade paying more than \$467,000 in federal and state excise taxes on the cigarettes that he illegally imported.

"While Zhi Xiong Chen was illegally importing tens of thousands of cartons of cigarettes into the United States, he was also evading hundreds of thousands of dollars in taxes due on those cigarettes," said Acting Deputy Assistant Attorney General Goldberg. "Importers who obtain the required permits and pay their fair share of taxes deserve to compete on a level playing field. Those who try to cut corners and skirt these legal obligations should know that they will be investigated and prosecuted."

"From early 2011 until mid-2016, this defendant illegally imported thousands of cartons of Chinese-made cigarettes without the necessary permits and without paying excise taxes," said U.S. Attorney Decker. "The defendant's crime not only cheated taxpayers, but also caused unregulated, potentially dangerous products to be sold to an unsuspecting public."

Sentencing is scheduled for April 17. Chen faces a statutory maximum penalty of five years in prison, a period of supervised release, restitution and monetary penalties.

Acting Deputy Assistant Attorney General Goldberg and U.S. Attorney Decker thanked special agents of IRS–Criminal Investigation, the Alcohol and Tobacco Tax and Trade Bureau, and the U.S. Food and Drug Administration's Criminal Investigations, who conducted the investigation,

and Assistant U.S. Attorney Valerie L. Makarewicz and Trial Attorney Christopher S. Strauss of the Tax Division, who are prosecuting the case.

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