

Cigarette Smugglers Funnel Money to Terror Groups, Report Finds

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WASHINGTON — Cigarette smuggling is generating millions of dollars every year that can be reaching terrorist groups, including Hezbollah, Hamas and Al Qaeda, according to law enforcement sources. In a single case, \$100,000 was sent to Hezbollah.

A 15-page report congressional report, obtained by FOX News, includes intelligence from law enforcement as well as New York State's Department of Taxation and Finance.

The report reads in part: Cigarette smuggling is generating millions of dollars every year that can be reaching terrorist groups, including Hezbollah, Hamas and Al Qaeda, according to law enforcement sources. In a single case, \$100,000 was sent to Hezbollah.

"This is a very serious homeland security issue, one that has gone unnoticed for far too long," said Rep. Peter King, (R-N.Y.), the ranking member of the House Homeland Security Committee, who called for the investigation.

"Cigarette smugglers are able to generate millions of dollars in illegal profits with a great deal of this wealth being sent to terrorist groups overseas — groups that would like nothing more than to inflict devastating harm on our country and its citizens."

One of the key issues, according to the report, is a potential flaw in New York State policy. According to King's office, there is a policy in the state of "forebearance," or refusing to collect on sales of Native American tax-free cigarettes to non-Native Americans.

Critics of the policy say it has effectively created a safe haven for smugglers. In some cases, the report says, a well-organized operation can buy cigarettes tax-free on New York's Indian reservations and sell them at a great profit in the New York City area, generating up to \$300,000 per week with a loss of up to \$576 million in tax revenues to New York State.

According to the report, citing federal and New York state law enforcement sources, nearly 60 percent of all convenience retail outlets in New York City are now Arab-owned, primarily families of Lebanese, Yemeni, Jordanian and Palestinian descent. While the vast majority of retailers are operating above board, some are not.

The report says that these retailers can funnel their profits from the sale of cigarettes to terrorist groups in the Mideast. It claims this "tobacco and terror" relationship has been found in a handful of recent cases.

"...the infamous 'Lackawanna Seven' reportedly received funding from an individual named Aref Ahmed for their travel from Buffalo to Afghanistan to attend an al Qaeda training camp," the report says, referring to a group of American-born men of Yemeni descent who pleaded guilty to terror training.

"The State is losing hundreds of millions of dollars in tax revenue; and given the current budget shortfall, this would seem to be more than enough reason to put the so-called policy of forbearance out of its misery," King said.

"But this is more than just a matter of lost revenue. It is a matter of national security. Cigarette smuggling in New York State must be brought to an end immediately."

Hearings dealing specifically with the report are scheduled this Thursday in Washington before the House Judiciary Subcommittee on Crime, Terrorism and Homeland Security.

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