

NEWS RELEASE

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AG, REVENUE COMMISSIONER ANNOUNCE CONVICTIONS OF BIRMINGHAM WHOLESALERS FOR TOBACCO TAX EVASION AND CRIMINAL POSSESSION OF FORGED INSTRUMENTS

(MONTGOMERY)--Attorney General Luther Strange and Revenue Commissioner Julie P. Magee announced the convictions today of Farhad T. Jiwani and Allaudin Merchant for charges of tobacco tax evasion and criminal possession of forged instruments.

Jiwani and Merchant, who were indicted by a Jefferson County grand jury on December 7, 2012, operate a wholesale company that distributes goods to retail convenience stores. The two men own and operate Joey Enterprises, Inc., which does business as Northstar Wholesale in Birmingham.

Today, Jiwani and Merchant pleaded guilty for failing to pay state tobacco taxes for the period of January 2007 through May 2007. They also pleaded guilty to criminal possession of forged instruments, which were filed with a public employee of the Department of Revenue for the State of Alabama in order to conceal their nonpayment of state tobacco taxes.

This is another case where the Attorney General's Office has partnered with the Alabama Department of Revenue, a member of the Attorney General's Special Prosecution Alliance, to prosecute individuals for evading Alabama's tobacco taxes. On November 20, 2012, Shamim Ahmed Khan, also the operator of a wholesale distributor, pleaded guilty in Shelby County to criminal possession of a forged instrument in an attempt to evade state tobacco taxes. Khan was sentenced to ten years, which was split for the defendant to serve six months imprisonment and five years probation. In addition, Khan was ordered to pay restitution to the State of Alabama for taxes owed plus interest and penalties, totaling \$1,721,996.

"These cases should serve as reminders that tax evasion will not be tolerated - they are serious crimes that will be thoroughly investigated, prosecuted and punished," said Attorney General Strange.

"Tax evasion is costly to all involved, and far outweighs any chance of personal gain. The Revenue Department will continue to investigate, uncover, and partner with the Attorney General's Office in prosecuting such cases to the full extent of the law. Convicted individuals face penalties and jail time, but even more importantly, when tax evasion occurs, state revenues are shortchanged, and that affects all of our citizens in some way or another," said State Revenue Commissioner Julie P. Magee.



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Pursuant to a plea agreement with the State, Jiwani and Merchant are expected to pay \$1,437,812.98 as restitution to the Department of Revenue for unpaid taxes and interest at their sentencing hearing, which is scheduled for January 31, 2014. The State intends to recommend that each defendant be sentenced to five years for each count of tax evasion, as well as ten years for each second-degree possession of a forged instrument, with each sentence to run concurrently. The defendants have further agreed to serve six months in the Jefferson County Jail as part of their sentence.

Attorney General Strange and Commissioner Magee commended those involved in this case, noting Deputy Attorney General Mike Duffy and Assistant Attorney General Pete Smyczek of the Attorney General's Special Prosecution Division and Special Agent Jerome Dangerfield of the Alabama Department of Revenue's Investigations Division.