



State Board of Equalization

News Release

Vice Chairperson Jerome E. Horton

4th District – Los Angeles

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Los Angeles Tobacco Wholesaler Convicted by Federal Jury *23 Counts of Interstate Commerce Fraud and Trafficking in Contraband Tobacco*

Abdurrahman Yousuf, 46, of Calabasas, California, was convicted by a federal jury of 23 counts of interstate commerce fraud and trafficking in contraband tobacco, announced Vice Chairperson Jerome E. Horton of the California State Board of Equalization. The case was a result of an extensive investigation by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and the California State Board of Equalization (BOE) and is the first of approximately a dozen to go to trial that charge schemes to defraud the State of tobacco excise tax. The cases are being prosecuted by a specialized task force that includes the U.S. Attorney's Office, the California Attorney General's office, ATF, and the BOE.

Yousuf was a licensed wholesaler of tobacco products other than cigarettes, such as cigars, chewing tobacco, and leaf tobacco, known as OTP (other tobacco products). The evidence at trial showed that he purchased untaxed OTP from out-of-state distributors as far away as Chicago, who shipped the product into the state using obscure interstate carriers and without reporting the shipments to the State. As a wholesaler, Yousuf was not legally entitled to possess untaxed OTP under state law. He received and stored the product at public storage units away from his business premises, which is also a violation of state law. Yousuf sold the untaxed OTP for cash and without providing proper receipts identifying the buyer and seller, a further violation of state law. Based on the trial testimony, the loss to the State of California as a result of the scheme to evade excise taxes could be as high as \$10 million.

Vice Chairperson Horton authored the legislation creating the California Cigarette and Tobacco Products Licensing Act of 2003 ([AB 71](#)), to increase control over the marketing of cigarettes and tobacco products. The Act requires the BOE to license all entities engaged in the sale of cigarettes and tobacco products in California, providing BOE the authority to conduct inspections at any place at which cigarettes or other tobacco products are sold, produced or stored.

"As the legislative author of the California Cigarette and Tobacco Products Licensing Act, I am proud the Board of Equalization is able to partner with U.S. tobacco law enforcement officers to get these important convictions. California loses out on critical tax dollars to support vital programs when these types of tax evasions occur. It is important that all of our agencies work together to find those who try to circumvent the tax laws," said Horton.

Elected in 2010, Vice Chairperson Jerome E. Horton is the 4th District Member of the BOE, representing more than 8.5 million residents in Los Angeles County. He is also the BOE Legislative Committee

chairperson. Horton is the first African American to serve on the BOE since its inception in 1879, and the third African American constitutional officer in California's history. Horton previously served as an assemblymember from 2000-2006.

The five-member California State Board of Equalization is a publicly elected tax board. The BOE collects more than \$48 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes. For more information on other taxes and fees in California, visit www.taxes.ca.gov.

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