



# NEWS

State of Delaware  
Department of Finance  
**Division of Revenue**  
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FOR IMMEDIATE RELEASE  
Monday, August 7, 2006

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## **WILMINGTON COUPLE INDICTED IN CIGARETTE TAX FRAUD**

(Wilmington, DE) – Patrick T. Carter, Director of Revenue announced today that a New Castle County grand jury returned an indictment against a Wilmington couple on charges of possessing untaxed cigarettes within the State of Delaware as well as attempting to evade state cigarette taxes.

According to the indictment, Yan Shao, 26, and her husband, Ren Xiong Zheng, 53, had in their possession 1800 packs of cigarettes bearing no evidence that the Delaware cigarette tax had been paid. Under Delaware law, cigarette packages must bear tax stamps proving payment of taxes. Delaware's cigarette tax is currently 55-cents-per-pack.

The investigation began when the Division of Revenue's Criminal Investigation Unit along with agents from the U.S. Postal Inspection Service and the Bureau of Alcohol, Tobacco, Firearms, and Explosives became aware of suspected untaxed cigarettes located at a local post office in Wilmington, Delaware. As a result of the investigation, authorities seized \$3,000.00 in cash as well as untaxed cigarettes in possession of both subjects.

A subsequent investigation determined that Shao and Zheng used the Internet to order untaxed cigarettes from out of state and then had them shipped into Delaware without paying the taxes owed to the State of Delaware. The couple purchased these cigarettes for approximately \$4,000.00 and avoided \$990.00 in Delaware cigarette taxes.

Division of Revenue records indicate that Shao owns and operates a cigarette retail shop in Wilmington, Delaware.

Individuals may legally purchase cigarettes over the Internet, however the purchaser has an obligation to report and pay Delaware's cigarette tax on all purchases.

Possession of untaxed cigarettes within the State of Delaware and attempt to evade tax may result in criminal charges that carry a penalty of up to 5 years in jail and additional fines or restitution. In the event of a conviction, the cigarettes shall automatically be forfeited to the State of Delaware.

This case is being prosecuted by Deputy Attorney General Philip Bangle.

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