U.S. Department of Justice
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Western District of New York

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PRESS RELEASE

October 29, 2003

RE: UNITED STATES v. PAGE MARTIN and the A.D. BEDELL COMPANY, INC.

United States Attorney Michael A. Battle announced today that, in the first case of its kind brought in the Western District of New York, Page Martin, 51, of 5003 Wig Street, Salamanca, New York, and the A.D. Bedell, Company, Inc., of Salamanca, New York, pled guilty to racketeering charges before Chief United States District Judge Richard J. Arcara based on a large-scale three year long scheme to smuggle untaxed cigarettes to retail stores in the Detroit and Buffalo areas and to downstate New York through Roseine's Smoke Shop on the Cattaraugus Indian Reservation near Irving, New York.

MARTIN, who is the president and sole stockholder of A.D. Bedell Company, Inc., and A.D. Bedell Company, Inc. both pled guilty to conspiracy to conduct the affairs of an enterprise that included the A.D. Bedell Company, Inc. through a pattern of racketeering activity (RICO), in violation of Section 1962(d) of Title 18 of the United States Code.

In pleading guilty, Martin, both on his own behalf and on behalf of the A.D. Bedell

Company, Inc., admitted that he and A.D. Bedell caused multiple deliveries of untaxed (or "contraband") cigarettes to be delivered from A.D. Bedell's Salamanca warehouse to Roseine's Smoke Shop on the Cattaraugus Indian Reservation, between 1994 and 1997, knowing that the cigarettes were not intended for sale either at Roseine's or on the Cattaraugus Indian Reservation, but were going to non-Native Americans to be smuggled off the reservation and sold in retail stores, primarily in Michigan, and in the Buffalo area and in other parts of New York. Over 2,275,000 cartons of cigarettes were sold by A.D. Bedell to smugglers in this fashion.

Martin and Bedell accomplished the scheme in part by shipping "coded" orders to Roseine's Smoke Shop, with the "codes" matching nicknames or other identifiers associated with the cigarette smugglers who took possession of the untaxed cigarettes at Roseine's and paid for the cigarettes through a second account that A.D. Bedell had set up for Roseine's to handle the large volume of cigarette orders intended for the smugglers.

It is estimated that the scheme cost New York State over $12.75 million in cigarette excise tax revenues, and cost Michigan just under $17.1 million in cigarette excise tax revenues.

At the time of the plea, the A.D. Bedell Company agreed to pay $3 million and provided the Clerk of the Court with a bank check for that amount. Those funds will be held until sentencing when Judge Arcara will determine what portions of those funds will go toward a fine or toward restitution or be forfeited to the United States. Mr. Battle noted that

this $3 million is largest monetary penalty paid by a corporation in a criminal case in the Western District of New York.

Martin, who is cooperating and who has agreed to testify in the February trial of the remaining alleged smugglers, faces a sentence of at least 27-33 months in jail after he completes his cooperation. The A.D. Bedell Company, Inc. faces a fine of between $1.2 and $2.4 million.

The case against Page Martin and the A.D. Bedell Company, Inc., was investigated by the Bureau of Alcohol, Tobacco, Firearms and Explosives under the direction of Resident Agent in charge David DeJoe, the Internal Revenue Service Criminal Investigative Division, the Immigration and Naturalization Service, the Erie County and Niagara County Sheriffs Offices, under the direction of Sheriff Patrick Gallivan and Sheriff Thomas Beilein, respectively, the Buffalo Police Department, under the direction of Commissioner Rocco Diina, and the New York State Department of Taxation and Finance Office of Tax Enforcement, under the direction of Deputy Commissioner of Taxation and Finance Peter Farrell. The case is being prosecuted by Assistant United States Attorneys William J. Hochul, Jr., and Anthony M. Bruce and Special Assistant United States Attorney Uri M. Myerson.

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