

Erine Rocha, a second grader, skips rope. Jump ropes are sent with students to encourage after-school exercise.

Aviation Administration's approval of a runway extension and other improvements at T.F. Green Airport.

Councilwoman **Camille Vella-Wilkinson**, whose ward encompasses the airport, is asking the council to challenge the Record of Decision.

there should be a runway expansion at T.F. Green.

Proponents have argued that the main runway needs to be longer to enable the airport to compete for business by ac-

SEE **AIRPORT, A11**

EVIDENCE

Federal agents search lawmaker's insurance business

NITA NAYLOR and MIKE STANTON
JOURNAL STAFF WRITERS

EVIDENCE — Federal agents executed a search warrant Wednesday on the insurance business of **John J. McCauley Jr.**, a speaker of the Rhode Island House of Representatives. A half-dozen men, some in blue T-shirts identifying them as FBI agents, loaded box computers and a plastic chest on wheels from McCauley & L'Europa Public Insur-

SEE **PROBE, A10**

CRIME

Cigarette smugglers cost R.I. millions in taxes, police say

By **W. ZACHARY MALINOWSKI**
JOURNAL STAFF WRITER

Four men charged with illegally moving thousands of cartons from Southern states to local stores

SITUATE — A yearlong investigation involving federal, state and local authorities has broken up a major smuggling ring that was shipping thousands of cartons of cigarettes to Rhode Island from Virginia and South Carolina, an illegal caper that cost the state more than \$5 million in uncollected taxes last year.

On Tuesday and Wednesday, the authorities executed multiple federal and state warrants in the three states and arrested four men on felony and misdemeanor charges. The alleged ring leader, **Mohamad Mohamad**, 35, of Cambridge, Mass., was arrested Tuesday and brought to U.S. District Court, Providence, where he was charged with

SEE **ARRESTS, A10**

SPORTS

Paterno fired

Hours after Penn State football coach **Joe Paterno** said he would retire at the end of this season due to a child sex-abuse scandal, the school's board of trustees announces it was firing him immediately, along with the school's president. **C1**



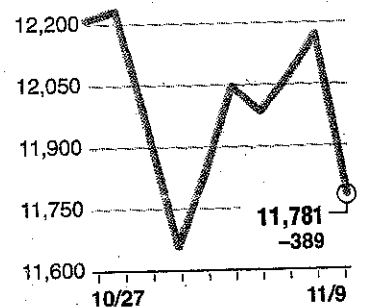
U.S. & WORLD

Stocks tumble on euro fears

The Dow Jones industrial average tumbles 389 points on fears that Italy may not be able to pay its debts and on the collapse of talks in Greece aimed at forming a new government to deal with that country's debt crisis. **B1**

Hope for highway funds

Rhode Island might finally get the money it needs to rebuild the deteriorating viaduct that carries Route 95 through Providence as part of an \$83-billion highway bill that clears a key Senate committee. **B2**



Source: Yahoo! Finance

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ARRESTS Continued from A1

Smuggling ring uncovered

the following federal crimes: transporting and selling contraband cigarettes, money laundering, possessing fraudulent Rhode Island tax stamps, and interstate travel with the intent to manage and distribute proceeds of unlawful activity.

He was placed on home confinement, where his restricted activities will be monitored by federal probation officers.

The others charged with state offenses are Wassim Khiami, 47, of 240 Lake Shore Drive, Warwick, owner of La Frontera Market, 1522 Broad St., Cranston, and Save More, a convenience store at 421 Prairie Ave., Providence; Tarek Shihkhalard, 31, of 439 Doric Ave., Cranston, owner of One Mart, 524 Manton Ave., Providence; and Wad Alkhamy, 59, of 660 Greenville Ave., Johnston, owner of AJ's Convenience, 1031 Plainfield St., Johnston.

All three men were

charged with importation of cigarettes with intent to evade tax and sale of unstamped cigarettes. Khiami also was charged with forgery and counterfeiting, and tampering with meters, reuse of stamps or containers. Shihkhalard had an additional charge of escape from detention lodged against him.

State police Col. Steven G. O'Donnell said the illegal cigarettes were sold at those 4 stores and at 26 other convenience stores across the state. "Obviously, this is the biggest [cigarette bust] that we know about," he said. "The revenue that is generated by this is astronomical."

The authorities seized about 10,000 cartons of cigarettes from a storage facility in Warwick, 4,000 cartons at a storage unit in Virginia and 200 to 400 cartons from a third storage facility in South Carolina. They also recovered \$32,000 and various documents from Mohamad's apartment in Cambridge and \$15,000 from three of his bank accounts.

State Tax Administrator David Sullivan estimated that the annual loss in revenue from the ring's sale of illegal cigarettes cost the state more than \$5.7 million.

In Rhode Island, state law

requires that each pack of cigarettes sold must have a valid Rhode Island tax stamp. The smugglers are accused of loading up vans with thousands of cartons of cigarettes in Virginia, South Carolina and North Carolina, where cigarettes are taxed at just a fraction of what they are in Rhode Island.

A \$3.46 tax is placed on each pack in Rhode Island, compared with 57 cents in South Carolina, 45 cents in North Carolina and 30 cents in Virginia.

The authorities say that the smugglers buy cartons of cigarettes in the three Southern states for about \$30 and sell them to dealers in Rhode Island, where the same carton costs about \$80. The convenience store dealers can make big profits by selling the illegal packs of cigarettes.

An affidavit filed Wednesday in federal court shows that the authorities began tracking the activities involving Mohamad about a year ago after the Rhode Island Tax Division learned about a growing cigarette-smuggling ring in the Providence metropolitan area.

The investigation led to local, state and federal police conducting surveillance on the suspect at storage facilities in North Carolina, South Carolina, Virginia and Rhode Island.

On July 28, the affidavit states, federal and state police officers saw Mohamad leave the Warwick storage facility and make cigarette deliveries in Providence, Cranston and Johnston.

The authorities say that Mohamad and other members of the alleged ring would pick up shipments of cigarettes in the Southern states every "three to four weeks" and bring them back to Rhode Island, where they were sold illegally.

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Fisherman



Edward Gamboa, of Pawtucket, was out Wednesday at 6 a.m. to fish for blue crabs. He was undersized and he had to throw them back.

PROVIDENCE

ProCap cha

By ALISHA A. P...
JOURNAL STAFF WRITER

PROVIDENCE — One of the City Council President Michael... downplayed potential problems with the Providence Community Action Fund, a taxpayer-funded nonprofit organization whose board he chairs, Solomon said. Other board members stated during a meeting of an independent review panel that the group's financial situation is "bleeding."

"It is clear to me reforms need to be implemented to turn this vital organization around," Solomon's letter read. "As board members, we are critical that we receive financial assistance so we can have faith and trust in the organization. We are not only receiving state assistance, but also general assistance as well."

The letter says the state Office of Management Resources has "expressed hesitation about continuing funding [the group's] in the current management structure."

Solomon, board chairman for the past three years, told The Journal

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