



State Board of Equalization

News Release

For Immediate Release

August 4, 2014

Vallejo Tobacco Wholesaler Arrested for Felony Tax Evasion

Sacramento – A Vallejo tobacco wholesaler was arrested July 28, 2014, on charges of failing to report and pay excise tax on tobacco products purchased from an out-of-state distributor and filing false tax reports, the California State Board of Equalization (BOE) announced today. Fayez Ayyoub, 66, faces five felony counts of failing to report and pay the tax, with an aggravated white collar crime enhancement.

Ayyoub operated Valley Distribution in Vallejo. A three-year investigation by members of the Tax Recovery and Criminal Enforcement (TRaCE) Task Force found that from 2009 to 2012, he failed to report the purchase of more than \$567,000 in untaxed tobacco products from Lil Brown Smoke Shack in Yakima, WA, leaving an outstanding tax liability of more than \$188,000 owed to the BOE. Ayyoub also filed false reports with the BOE, significantly underreporting his gross purchases and sales, the investigation found.

TRaCE agents arrested Ayyoub in Vallejo, and he was booked into the Sacramento County Jail on \$175,000 bail.

The TRaCE Task Force is a collaborative effort by the California Department of Justice, Board of Equalization, the Franchise Tax Board, the Employment Development Department, the Department of Alcoholic Beverage Control, the Federal Bureau of Investigation and the Department of Homeland Security Investigation. The agencies are combatting organized elements of the underground economy engaged in the manufacturing, importation, distribution and sale of pirated intellectual property, and other economic crimes resulting in the evasion of the business, payroll and/or income taxes.

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The five-member California State Board of Equalization (BOE) is a publicly elected tax board. The BOE collects \$56 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.

NOTE: As a result of the Taxpayer Transparency and Fairness Act of 2017, the California Department of Tax and Fee Administration (CDTFA) replaced the Board of Equalization (BOE) as a participating member agency of TRaCE. Any reference to BOE herein or on the TRaCE website is deemed CDTFA.

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