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Trafficking in Contraband Cigarettes Results in 33 month Sentence

Spokane, WA - October 19, 2007 - The United States Attorney's Office for the Eastern District of Washington announced today that Peter Mahoney, 54, received a sentence of 33 months prison for violations of the Contraband Cigarette Trafficking Act and Money Laundering. Peggy Mahoney, 38, received a sentence of 3 years probation with 6 months of home detention based upon one count of contraband cigarette trafficking. Peter and Peggy Mahoney reside in Plummer, Idaho. Mark Van't Hul, 44, received a sentence of two years probation for his participation transporting the Contraband Cigarette Trafficking. Mr. Van't Hul lives in Havre, Montana. Codefendants Lyle W. Conway and Lyle Shawn Conway have previously been sentenced to 2 years probation.

"Bootlegging contraband cigarettes is a multi-million dollar industry," said United States Attorney James McDevitt. "Convictions of this nature are the first step in dismantling the corrupt enterprises engaging in this trafficking."

From on or about September 2002 and continuing to May 20, 2003, Peter Mahoney, Peggy Mahoney, Mark Van't Hul, Lyle W. Conway, and Lyle Shawn Conway, Jr., were involved in the possession, transportation and distribution of contraband cigarettes, in the Eastern District of Washington, the Western District of Washington, and the District of Idaho. Contraband cigarettes are a quantity of more than 60,000 cigarettes which bore no evidence of the payment of applicable State cigarette taxes in the State of Washington. Peter Mahoney's sentence was based in part on laundering \$2,708,450 during the conspiracy. Peter and Peggy Mahoney also agreed to forfeit \$1,432,200 related to money laundering.

The investigation which lead to the indictment was conducted by the IRS Criminal Investigation Division; the Bureau of Alcohol, Tobacco, Firearms & Explosives and the Washington State Liquor Control Board and prosecuted by the Washington Attorney General's Office and the United States Attorney's Office.

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