



PRESS RELEASE

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Nashua Man Pleads Guilty in Federal Court to Evading State Tobacco Excise Tax

Aldean Khater paid \$400,000 to the State of New Hampshire as part of plea agreement; scheduled to be sentenced April 18

Concord, NH – The New Hampshire Department of Revenue Administration ([NHDRA](#)) collected \$400,000 from Aldean Khater as part of his agreement for pleading guilty to one count of mail fraud, a felony, related to a scheme to evade state tobacco excise taxes. Khater pleaded guilty in federal court on Wednesday, January 2, and agreed to pay the \$400,000 in partial restitution to the State of New Hampshire within one week of entering the plea agreement. Formally licensed as a wholesaler in New Hampshire and Massachusetts, Khater operated Khaternet, LLC and True Tobacco in Nashua, and was manager of Mass Cash and Carry in Woburn and North Billerica, Massachusetts. Khater is scheduled to be sentenced on April 18.

Between 2012 and 2017, Khater took actions to evade the payment of excise tax revenue specific to products that fall under the [OTP](#) (other tobacco products) category. This was done by purchasing and shipping OTP from distributors in other states to sell at wholesale in NH and MA without paying all of the applicable excise taxes owed to the states the OTP was purchased from. These orders repeatedly included tens of thousands of dollars worth of OTP at one time.

To conceal his crimes, Khater vastly underreported his wholesale sales of OTP to NH and MA and paid less than \$130,000 in tobacco taxes over a period of about five years, representing only a tiny fraction of the true amount owed. By 2017, Khater described Khaternet, LLC on its website as the “leading wholesale tobacco company in the USA,” and Khater was depositing large sums of cash into multiple bank accounts throughout NH and MA, including more than \$4 million in just one account during a 15-month period.

"Khater made false claims about his purchasing and selling practices on his website, on invoices to customers, on licensing documents filed with the NH Department of Revenue, and he lied on a number of his tax returns," said NHDRA Commissioner Lindsey Stepp. "Schemes of any scale to defraud and deprive the state of New Hampshire and its law abiding citizens of tax revenue will not be tolerated."

This matter was investigated by the Federal Bureau of Investigation, the Internal Revenue Service, the New Hampshire Department of Revenue Administration, and the Massachusetts Department of Revenue. The case is being prosecuted by Assistant U.S. Attorney John S. Davis.

About the New Hampshire Department of Revenue Administration

The New Hampshire Department of Revenue Administration (NHDRA) is responsible for fairly and efficiently administering the tax laws of the State of New Hampshire. NHDRA collects approximately 80% of New Hampshire's general taxes. During Fiscal Year 2018, DRA collected \$2.3 billion in taxes, most of which went to the New Hampshire General Fund and Education Trust Fund. DRA also provides assistance to municipalities in budgeting, finance and real estate appraisal.

NHDRA administers and collects the following taxes at the state level: Business Enterprise Tax, Business Profits Tax, Communications Services Tax, Electricity Consumption Tax, Interest and Dividends Tax, Meals and Rooms Tax, Medicaid Enhancement Tax, Nursing Facility Quality Assessment, Tobacco Tax, Taxation of Railroads, Utility Property Tax, Real Estate Transfer Tax; and the following taxes at the local level: Property Tax, Excavation Tax, Timber Tax. To learn more about NHDRA, please visit www.revenue.nh.gov.

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