

WAR ON TERROR

CIGS FOR TERROR

N.Y. smuggle bust points to Hezbollah



SAIF AL-ADEL
New Qaeda commander.

Bin Laden bodyguard promoted

By ED ROBINSON

Osama bin Laden's bodyguard has taken over as al Qaeda's military commander, a terror expert said today.

Saif al-Adel took over the post after Khalid Sheikh Mohammed, the mastermind of the 9/11 attacks, was captured, according to Rohan Gunaratna, author of the best-selling book "Inside Al Qaeda."

"They chose him because he is their most competent man and he fits into the typical al Qaeda, Islamic jihad mindset," Gunaratna told Reuters.

Mohammed was arrested in Pakistan in March. Al-Adel may bring a different style to future attacks.

By KENNETH LOVETT in Albany and NILES LATHEM in Richmond, Va.

A cigarette-smuggling ring that was recently busted in New York and Virginia is being probed for ties to a deadly Middle Eastern terrorist group. The Post has learned.

Two independent sources with knowledge of the investigation say federal officials believe the operation may have been a moneymaking scheme for Hezbollah, an anti-Israel Islamic group based in Lebanon.

A senior federal investigator on the case also confirmed the investigation, saying law-enforcement "had advanced intelligence information."

"We got reports that they are making a lot of money on this," he said.

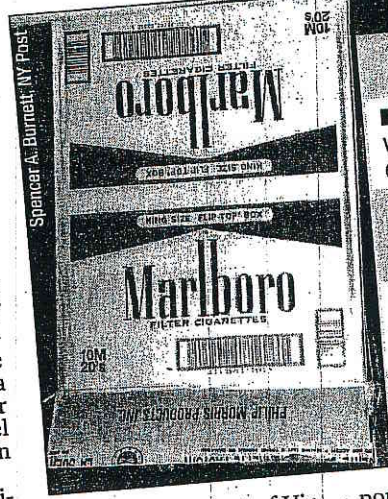
On May 1, Paul McNulty, the U.S. attorney for the Eastern District of Virginia, announced that 10 people were arrested and charged with possession and distribution of contraband cigarettes, as well as wire fraud and money laundering.

Concerned about the growing problem of cigarette-smuggling out of Virginia, the federal government set up a sting last September with help from the New York State Tax Department.

Posing as out-of-state wholesalers, the agents placed ads in New York City papers offering cheap cigarettes for sale from Virginia, where the tax per pack is just 2.5 cents, as opposed to \$3 in the city.

A total of 71,467 cartons were purchased by the 10 suspects for a total of \$2.2 million in cash.

The buyers then trans-



Spencer A. Burnett, NY Post

Smoking causes death

How the scam works:

- Bootleggers buy cigarettes in Virginia, where the tax per pack is just 2.5 cents, compared with \$3 in New York City.
- Some packs contain phony New York state and New York City tax stamps.
- The cartons are then taken to New York and sold to small retailers at below-market prices.
- The profits go to Hezbollah through various fronts, including "charities."



Goons of the anti-Israel group Hezbollah go on the march in Beirut.

ported the butts into New York and sold them to retailers at below market costs. Tax officials estimate the state would have lost nearly \$2.5 million in tax revenue.

All those arrested were from the New York City area and of Middle Eastern descent. A source said they are from Yemen, Jordan and Lebanon, with some working at bodegas and newsstands.

The senior federal investigator stopped short of saying they have established a direct link be-

tween any of the defendants mentioned in the indictment and Hezbollah.

But a second source with knowledge of the probe said there are others being investigated who are believed to be linked to Hezbollah.

The federal investigator acknowledged the investigation is still ongoing "and there are other people involved," including a man in Detroit reportedly found with wire transfer receipts linking him to Hezbollah.

Terrorism expert Harvey Kushner said Hezbollah is

known to favor cigarette bootlegging to fund its efforts, particularly in the United States.

The money is often given to charitable organizations in the U.S. with links to terrorist groups, he said. It's also been used for political contributions or to fund public-relations campaigns, including anti-war rallies, in the United States.

Last year, feds in Charlotte, N.C., broke up a cigarette ring whose profits were said to help fund Hezbollah. Ten people were convicted.