

For Immediate Release
October 17, 2011

FORMER LT. GOVERNOR OF THE PUEBLO DE SAN ILDEFONSO SENTENCED TO 33 MONTHS FOR ILLEGALLY TRAFFICKING IN CONTRABAND CIGARETTES

ALBUQUERQUE – On October 14, 2011, in Albuquerque federal court, **Paul D. Rainbird**, 58, a member of the Pueblo de San Ildefonso, was sentenced to a 33-month term of imprisonment to be followed by three years of supervised release based on his conviction for illegally trafficking in contraband cigarettes and related offenses. Rainbird, who has been on conditions of release since he was arraigned on October 22, 2009, was ordered to surrender to the U.S. Marshal's Service on or before October 21, 2011, to begin serving his prison sentence.

U.S. Attorney Kenneth J. Gonzales said that Rainbird also was ordered to pay \$60,000.00 in restitution to the Pueblo de San Ildefonso and \$34,500 in restitution to the New Mexico Taxation and Revenue Department. Rainbird also is required to forfeit to the United States various assets derived from his criminal activity, including \$169,446.72 located in four bank accounts; a 2001 Chevrolet Corvette and a 2004 Infinity FX; and 4829 cartons of cigarettes.

Rainbird initially was charged in an indictment that was filed on October 8, 2009. A 58-count superseding indictment was filed on December 3, 2009. The superseding indictment generally charged Rainbird with conspiring to sell contraband cigarettes in interstate commerce without paying the applicable state cigarette taxes from 2003 through 2008. It also alleged that Rainbird evaded paying more than \$7 million in cigarette taxes as a result of his criminal conduct. Court records reflect that Rainbird's out-of-state customer base exceeded 6,000 customers in approximately 30 states. At the time of the offenses charged, Rainbird was the Lt. Governor of the Pueblo de San Ildefonso as well as the president of American Indian CigCo,

LLC.

On July 15, 2011, Rainbird pleaded guilty to (i) Count 32, a felony offense charging Rainbird with possession, sale and transport of contraband cigarettes; (ii) Count 33, a felony offense charging Rainbird with making a false statement regarding cigarette record-keeping; and (iii) Counts 54-58, misdemeanor offenses charging Rainbird with failing to file statements with state tobacco administrators that he had shipped cigarettes into the administrators' states as required by the Jenkins Act. Although not the only states to which Rainbird shipped contraband cigarettes, the states identified in Counts 54-58 were Illinois, New York and Maryland.

In entering his guilty plea, Rainbird acknowledged knowing that the Jenkins Act required him, as a person who was selling or transporting cigarettes in interstate commerce, to notify the state tobacco administrator of any cigarette shipments he transported into the administrator's state. Rainbird admitted that he did not make the appropriate notifications to the state tobacco administrators in Illinois, New York and Maryland when he shipped cigarettes into those states. Rainbird also admitted purchasing cigarettes in a tax-exempt status that should have been used or sold solely on the Pueblo de San Ildefonso, and unlawfully selling the cigarettes to out-of-state consumers from a location in Albuquerque approximately 75 miles from the Pueblo de San Ildefonso. He also admitted to falsely representing that the cigarettes that were actually sold to out-of-state consumers were sold or used within the Pueblo de San Ildefonso.

The case was investigated by the Bureau of Alcohol, Tobacco, Firearms & Explosives, and was prosecuted by Assistant U.S. Attorney Paul H. Spiers.

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