



**For Immediate Release**  
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## **BOE Puts the Squeeze on the Underground Economy**

*Moreno Valley, CA* — Board of Equalization Chairman Jerome E. Horton took off his suit coat, climbed aboard the back of a large truck, and with vindication in his eye, helped BOE investigators dump more than 32 pallets of contraband cigarettes and other tobacco products into the Riverside County Waste Management dump. The cartons of counterfeit smokes were recently seized by BOE investigators during the agency's ongoing war on the underground economy.



“From dust to dust,” Horton said. “Here is one batch of contraband that will never reach its destination.”

However, many thousands of fake and stolen tobacco products, along with fake watches, purses, and drugs will be sold, Horton told reporters. What he was helping destroy was only, “the tip of the iceberg.”

Not since the days of Al Capone has the smuggling and sales of illegal products been as pervasive. Today, criminals operating in the underground economy, represent a sophisticated global network that, nationwide, generates upwards of \$2 trillion annually in unreported earnings. Here in California, that amounts to \$60 billion to \$140 billion in undeclared wages.

Criminals who operate in plain sight pay no payroll, income, social security, or sales and use taxes, amounting to a total of \$8.5 billion in lost revenue to the state.

Last year, BOE investigations resulted in 23 felony convictions, including \$19.5 million in court ordered restitution and almost \$30,000 in investigative cost recovery.

And California has two new laws that give law enforcements officials more investigative powers.

“Yet, it’s like bringing a knife to a gun fight,” said Horton. “We need more and stronger laws to hit the underground where it lives if California is really going to get serious about fighting the underground economy.”

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Elected in 2010, Chairman Jerome E. Horton is the Fourth District Member of the California State Board of Equalization, representing more than 8.5 million residents in Los Angeles County. He is also the Board of Equalization’s Legislative Committee Chairman. He is the first to serve on the Board of Equalization with over 21 years of experience at the BOE. Horton previously served as an Assembly Member of the California State Assembly from 2000-2006.

The five-member California State Board of Equalization is a publicly elected tax board. The Board of Equalization collects more than \$53.7 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](http://www.taxes.ca.gov).

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