



ADVERTISEMENT



Weather | Traffic | WebCams | Obituaries | **Subscribe/Renew NOW!** | Search | GO CLEAR

NEWS SPORTS BUSINESS ENTERTAINMENT LIVING OPINION COMMUNITY EXTRAS BLOGS Classifieds | Jobs | Cars | Homes | Shopping

BLOG

Jerry Cornfield Dotzauer to consult in Mongolia



YOUR TOWN NEWS

Choose a town | Go

JULIE MUHLSTEIN

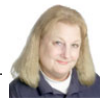
Columnist Julie Muhlstein's take on life in Snohomish County.



•Latest: Online garage sale site aims to reduce waste

KRISTI O'HARRAN

Columnist Kristi O'Harran writes about people in Snohomish County.



•Latest: 10 years later, cremated remains no longer a mystery

LATEST GALLERY



Everett Home and Garden Show

April 20, 2008 (6 photos) [More Herald photos]

WEEK IN REVIEW

SUNDAY



- Stormmy Paul: businessman, smuggler, 'renegade ...
- A wealth of people hunting for gold in Snohomis...
- Heavy snow slams county

SATURDAY

LOCAL NEWS

Published: Sunday, April 20, 2008

Stormmy Paul: businessman, smuggler, 'renegade Indian'

By Krista J. Kapralos, Herald Writer

Stormmy Paul's home clings to the eastern edge of the Tulalip Indian Reservation. Smoke from his weekly campfire drifts over the reservation's border with Marysville, across the imaginary place on the road where drivers suddenly realize they've left one world for another.

On Wednesday afternoons, Stormmy, a Tulalip Indian, piles black lava rocks in the center of a fire pit and coaxes kindling into hot flames. He gathers the rocks himself from the slopes around Mount St. Helens.

As the rocks start glowing red, cars pull up Stormmy's driveway. Soon, a group of men huddles around the fire. All but one are white.

They've come to sweat in a lodge Stormmy built years ago out of twisted vine maple.

They've come to spend time with Stormmy, the Indian.

Stormmy, who stuffed half a million dollars into a duffel bag and packed it in the trunk of a rental car headed to Miami.

Stormmy, who smuggled millions of knock-off Marlboro and Newport cigarettes into the U.S. and sold them tax-free from Indian smokeshops.

Stormmy, who pleaded guilty to conspiracy for leading, from his Tulalip home, a cigarette smuggling and money-laundering operation that led from Paraguay to China to Arlington.

Stormmy says he's lived as an Indian should his entire life, even when he was peddling tax-free smokes.

Especially then.

He admits everything, but insists he did nothing wrong.

"That's the one thing you can always say about Stormmy B. Paul. He's real," Paul said.

When he strides through local restaurants, men glance up from beers and waitresses turn around to greet him.

"Hey, Stormmy!"

He nods a greeting, drags his fingers through his short-cropped, purple-tinted hair and slides into a booth.

<< Previous 1 of 4 Next >>



Darren Breen / The Herald (click to enlarge)

Stormmy Paul of the Tulalip Tribe watches the fire heat up the "Grandfather Stones" the volcanic rocks he collected at Mount St. Helens for the sweat lodge he hosts Wednesday nights at his father's home on the reservation.

ADVERTISEMENT

Follow the trails of money from Stormmy Paul's cigarette business with tribal smoke shops.

ADDITIONAL ITEMS

- Indictment against Stormmy Paul (PDF)
- Paul's acceptance of guilty plea (PDF)
- Paul's effort to suppress evidence from rental car search (PDF)
- Prosecutor's details about what was seized from Paul's home (PDF)
- Paul's request that charges be dropped (PDF)

HOME DELIVERY 7 DAYS A WEEK

\$20.08

FOR 3 MONTHS

TOP JOBS

Click to View

Machinist CNC Programmer Maintenance Technician, M
 Marysville, WA
 Aerospace Manufacturing

QA Personnel
 Marysville, WA
 Confidential

Returns Desk Specialist
 Everett, WA
 Food Services of America

Transportation Demand Management
 Everett, WA
 Community Transit

Automotive Mechanic
 Everett, WA
 American Car Care Center

More jobs

NORTHSOUND SHOPPING

Shopping Central
▼ click to enlarge ▼

Judd & Black PARTS & SERVICE CENTER

• Parts & Service open Monday thru Saturday
 • Largest retail Parts Department in Snohomish County
 • The ONE-YEAR factory-trained certified service technicians in Snohomish County
 • 10 Employees in our Parts & Service Center to provide service you deserve

Whether you purchase a new appliance from us, need repair on the appliance in your home or need a part to repair your appliance, Judd & Black Parts & Service Center has the solution for you!

Judd & Black

Appliance Sales and Service

- Judd & Black
- Judd & Black



- Everett man dies in big rig crash
- Storm dumps 10 inches of snow in places
- Underwear experiment won't undo murder verdict

FRIDAY



- Arlington to vote on \$8.8 million bond for library
- Deputy chases wrong-way driver on I-5
- Welfare worker accused of stealing nearly \$75,000

THURSDAY



- Awards go to Everett's finest
- Work-zone speeders to be caught on camera
- After fatal crash, motorcyclists warned to slow...

WEDNESDAY



- Rossi has plan to fix U.S. 2
- Candidates to spell out their party preference ...
- Staff cuts at county follow housing woes

TUESDAY



- Better health services sought for female veterans
- Right-to-die backers ahead
- Fired Everett teacher 'delighted' with deal

MONDAY



In June 2004, armed federal agents forced him onto the floor of his living room and made him wait there while they tore through his home. His father, nearing 70, a Tulalip Indian suffering from lung cancer, and his mother, who is white, could only watch helplessly as police jerked their son's arms behind him and cuffed his wrists together.

Agents took thousands of dollars in cash and casino chips, leaving the house ransacked

Now, Stormy says he is just as confident in his right to sell untaxed cigarettes as he was before the raid, in July 2003, when he gave \$2,000 in cash to Ron Collins, a Marysville man looking for work. He told Collins to drive to Miami and give the duffel bag, filled with half a million dollars, to a man named Chuck.

Stormy gave him a simple warning: "Don't be stupid."

At first, Collins wasn't. Washington, Oregon, California, Arizona and New Mexico passed without incident. Trouble struck in Texas along Interstate 20 as he crossed the dusty plains of Eastland County, population 4,000.

A young state trooper named James Bishop clocked him driving 82 mph.

As he approached the car Bishop noticed an odor -- possibly marijuana -- wafting in the air. He asked to search the car.

"Feel free," Collins said, offering an apple as Bishop lifted the trunk lid.

There were no drugs. There were five plastic bags, each holding \$100,000 in cash, stuffed into the duffel bag.

"What about this money?" Bishop asked.

It belonged to a friend, Collins said. Then he said it was his grandmother's inheritance. No, no, it belonged to a friend, he decided, before he was placed under arrest. He later pleaded guilty to money laundering and testified against Stormy.

In exchange, Collins got three years probation, 200 hours of community service and a fine of \$1,100.

He was never ticketed for speeding.

...

Texas state troopers, believing they caught a smuggler on the interstate, called federal Immigration and Customs Enforcement officials.

The money was wrapped in bags labeled "Lyle's Smoke Shop, Fife, WA." so the investigation belonged to Janet Freeman, an assistant U.S. attorney who prosecutes federal crimes in Seattle. "My case came as a bit of a fluke," she said.

Freeman had been looking for concrete evidence against cigarette smugglers that would stop their tax evasion and money laundering for good.

The same year Bishop stopped Collins in Texas, smoke shops in Yakima and in Puyallup were raided, but the shops were up and running again within a few days, Freeman said.

Washington state has long had the responsibility of enforcing alcohol, tobacco and gaming regulations -- and collecting "vice" taxes from them.

Puyallup Indians in the 1970s began opening smoke shops on their reservation east of Tacoma. As early as 1971, Indians and state prosecutors argued over who had jurisdiction over those cigarette sales.

Indians argue that the state has no jurisdiction on their reservations, which are governed by sovereign tribes. And Indians already are exempt from paying state taxes when they engage in trade with one another on Indian land.

Years ago, most federal attention on cigarette smuggling conspiracies was focused on New York City Mafia families, which dominated the market.

By the late 1990s, evidence surfaced that cigarette smuggling was helping to fund terrorist groups, including Hamas and Hezbollah. In 2002, a Lebanese man known to be a terrorist cell leader received 155 years in prison for smuggling cigarettes worth nearly \$8 million between North Carolina and Michigan.

The Contraband Cigarette Trafficking Act in 2003 tightened the threshold for federal smuggling charges to 50 untaxed cartons -- 10,000 cigarettes -- from 300 cartons.

As Freeman turned her attention to Indian cigarette smugglers, and Lyle's Smoke Shop, prosecutors on the East Coast were in the midst of a major investigation of their own. Everyone was learning about Stormy.

...

Stormy's father, Orland Paul, left the Tulalip Indian Reservation in the 1950s when the federal government promised

- Federal prosecutor's argument against request to drop indictment (PDF)
- Paul's complaint against federal government (PDF)

RELATED STORIES

- Animated graphic: Cigarette trails 4/20/08

CONTACT THE HERALD

Robert Frank, City Editor
 ✉ frank@heraldnet.com

Electronics Sales and Service

- [Judd & Black](#)

Mattresses

- [Judd & Black](#)

Visit [Shopping Central](#) and see more specials!

ADVERTISEMENT



- I-5 pedestrian bridge to open by month's end
- Did bump by police car lead to crash that kille...
- Stricter rules on fireworks possible in Lake St...

ADVERTISEMENT

An advertisement for 'Seattle's Child' featuring a child jumping in a green field. The text reads 'Seattle's Child 500 things TO DO WITH YOUR KIDS THIS SUMMER'. Below the main text is a red box listing activities: 'overnight camps – yoga', 'languages – martial arts', 'etiquette – cooking', 'arts & crafts – animals', 'performing arts – science', 'sports & wellness – classes', and 'day camps – rowing'. A yellow arrow points to the text 'Click HERE'.

training and jobs as part of a program to lure Indians into mainstream society.

Stormmy was born in Port Orchard in 1964. Every summer, during June and early July, his family drove to the Tulalip Indian Reservation nearly every day to sell fireworks.

To Stormmy, the reservation felt like home.

When he was 23, Stormmy's family returned to the reservation for good. Stormmy and his brother Carter, six years his junior, worked with their father on a fishing boat. Carter Paul died in a car accident in 2003, leaving Stormmy to care for his elders.

Stormmy said he was among the first Indians to learn Lushootseed, a Coast Salish Indian language, as an adult. He was proficient enough to head the tribes' language department for several years, and still tutors other Indians in their own language.

He prays in Lushootseed at the sweat lodge, often singing an ancient, tribal song.

He's never married. There have been lots of girlfriends, but Stormmy didn't want kids.

Instead, he relishes his knack for business. He sold fireworks and real estate, and dabbled in the printing industry.

He also recognized that tribal sovereignty, since 1855's Treaty of Point Elliott, offers intriguing opportunities. The Tulalips have their own government, laws, police and court system. Indians there answer to their own on many issues. Still, to open smoke shops or casinos, the tribe, according to federal officials, must negotiate compacts with the state.

Stormmy believes that tribal sovereignty supersedes gambling and cigarette compacts.

He started his cigarette business after meeting a Mohawk Indian from New York state. The St. Regis Mohawk Tribe's reservation straddles the U.S.-Canada border, the man said, and he was making Seneca brand cigarettes on the Canadian side to avoid trouble.

Stormmy decided to go into business. He got a wholesale cigarette business license through the Nez Perce tribe in Idaho, he said. His Stilly Trading Post opened in 2000 on the Stillaguamish Indian Reservation.

The Mohawks paid federal taxes on the cigarettes in New York, then sent them by truckloads to Idaho, Stormmy said. There was no tax stamp – tribal or otherwise – on the cigarettes.

Stormmy said he paid a 50-cent Stillaguamish tribal cigarette tax for every carton he sold, a requirement imposed by tribal leaders. The tribe does not have a cigarette compact. He also sold tax-free to other Indian smoke shop owners, mostly Puyallup tribal members.

"Our treaty states that we can do business with all other tribes, and that's just what we were doing," Stormmy said.

In 2001, the Stilly Trading Post was raided by state investigators as part of a probe into untaxed cigarette sales. Stormmy reopened the store right away.

That year, he also began importing counterfeit cigarettes bought through a wholesaler in Hawaii. They came in believable brand name packaging: Marlboros and Newport made in China. Others were foreign brands: NISE from China, ICE from Paraguay.

Stormmy said he didn't learn until later that he was the Hawaiian company's only customer.

"I had no idea," he said. "I thought they were just a regular company. How should I know how many customers they had?"

In 2003, Stormmy said, Stillaguamish tribal leaders raised the tax to \$1 per carton, and said they planned to start affixing a tribal tax stamp to the cigarettes.

Stormmy refused to pay.

Soon after that, the Stillaguamish tribal police shut down the shop and banned Stormmy from their reservation.

Stillaguamish Tribal Executive Eddie Goodridge Jr. said the tribe "didn't like the way (Stormmy) did business."

He refused to say any more because his own smoke shop may currently be under investigation. Shortly after the Stilly Trading Post was shut down, Goodridge and his family opened the Blue Stilly, a smoke shop nearly identical to Stormmy's.

Federal agents last May raided the Blue Stilly as part of "Operation Chainsmoker," which served seven search warrants in Washington and Oregon on places selling untaxed cigarettes.

Federal officials have repeatedly refused to discuss precisely what they were seeking at the Blue Stilly, but they took the cigarettes. The search warrants remain under seal and no indictments have been filed.

It is unclear what connection, if any, Stormmy's legal troubles have with the raid at the Blue Stilly, which reopened less than a week later.

...

After his smoke shop was shut down, Stormmy's wholesale cigarette business boomed. He made so much money that he needed ways to hide it to avoid raising suspicions of federal and state tax collectors, he said.

Around that time Stormmy met Damon Ostis, who told of a way Stormmy could get his profits out of the country,

mostly through international wire transfers. He would act as the go-between for Stormmy and Rubens Cardoso, a South American who divided his time between Brazil, Paraguay and Miami.

In reality, Ostis was a federal undercover agent with the East Coast investigation.

Stormmy had a few ideas of his own. He used cigarette money to buy cigarette rolling machines from the Chehalis Indian Tribe, then sold those to Cardoso, turning some illegal profits into legitimate income.

Business was good, with regular bank deposits of \$8,000 cash, an amount calculated to slip by banks' mandatory reporting requirement of \$10,000.

Before long, Stormmy had storage units all over the Pacific Northwest filled with cigarettes of all types and brands, supplying smoke shops on the Puyallup Indian Reservation. Other shipments went to non-Indians on the East Coast, who were looking for a bargain.

He bought cigarettes for "not very much," sold them for "not very much," and made "not very much" in profit, he said. "I didn't keep track of how much I was making, but everything I made, I put right back into the business. I never kept any records."

Wanting more, Stormmy began planning his own cigarette manufacturing plant, right on the Tulalip Indian Reservation.

And so, in July 2003, he gave Ronald Collins \$500,000 to deliver to a man in Miami. The plan was to wire it to Cardoso, who would buy an industrial-sized cigarette rolling machine in Russia for the Tulalip factory.

The money never made it.

Collins called from Texas "just crying like a baby," Stormmy said.

Stormmy said he didn't flinch at the news that the money had been seized.

"I didn't think the feds could do anything to us."

He felt invincible, protected. He was selling cigarettes, one Indian to another. That's perfectly legal, he said, according to the Treaty of Point Elliott. It guarantees Indians the right to live as they always have, he said.

He didn't know federal officials already were talking to state investigators, who for years had been tracking Stormmy and his Puyallup associates, and raiding their cigarette businesses.

Federal agents came for Stormmy in June 2004, holding him and his parents at gunpoint at their house. They hit bank accounts and storage lockers and seized the cigarette inventory at area smoke shops.

By day's end, government agents had seized nearly 25 million cigarettes and more than \$600,000 belonging to Stormmy and others.

. . .

Stormmy and seven others were indicted in Washington on 44 federal counts of conspiracy, smuggling, trafficking and money laundering. Stormmy also was indicted in Maryland, along with 10 others, on 50 counts stemming from the East Coast cigarette smuggling investigation.

Federal prosecutors alleged Stormmy and his co-conspirators profited by at least \$7.4 million from selling tax-free cigarettes. They suspect even more money was involved before federal agents closed in. The government estimated the conspirators had dodged paying more than \$4 million owed in Washington state taxes.

Stormmy and the smoke shop owners should have tacked a state tax of \$14.25 on every carton of cigarettes they sold, prosecutors argued.

"My goal is to prosecute people for crimes consistently and fairly," Freeman said. "That's just what a democracy is. We will prosecute without regard to race, ethnicity or gender."

Fear washed over him, Stormmy said, upon realizing that he was one of the primary targets in one of the state's largest cigarette smuggling crackdowns.

He didn't want to be a felon. The cigarette business that once kept him in cash and casino chips had now opened a door to prison. He had nothing to show for his life.

Not long after that day, Stormmy cut a deal with the feds. He sat down with investigators, opened up about his business and pointed his finger at others.

"I didn't tell them anything they didn't already know," Stormmy said.

He thought he would escape jail time by cooperating. Later, he discovered that he could still face years behind bars.

So Stormmy refused the plea deal, tried to fire his lawyer and didn't show up for his March 2006 hearing. Instead, he filed a complaint against the U.S. Attorney's Office, accusing the federal agents of falsely charging him with felonies and stealing his money and cigarettes.

He was hoping the government would realize its error in not letting Indians conduct business in their own way, he said.

He hired John Henry Browne, a Seattle lawyer known for tackling the most difficult criminal cases, sometimes using courtroom dramatics. Stormmy's case hit a personal nerve: Browne's teenage son is a Tlingit, a member of an Alaskan indigenous tribe.

"We've violated the letter and spirit of our agreements with Native Americans," Browne said. "We promised them that when we took their land they could continue their practices uninterrupted."

Browne tried to persuade the judge to suppress statements and evidence. Shot down every time, Stormmy in September 2006 pleaded guilty to a single count of conspiracy to smuggle and traffic contraband cigarettes. The other 43 charges were dropped.

Stormmy now says he agreed to plead guilty because he thought Browne could beat the case on an appeal, the impact would reverberate through every corner of Indian Country.

Then his mind changed again last year. That's when Harry Smiskin, a Yakama Nation member, won a cigarette smuggling case. The 9th U.S. Circuit Court of Appeals ruled that Yakama Nation members are able to "transport goods to market without restriction," as is stated in the 1855 Yakama Treaty.

That means Yakama Indians can move untaxed cigarettes between Indian reservations without fear of federal agents seizing them

The Treaty of Point Elliott, which covers the Tulalip Tribes, does not include any phrases regarding the Indians' freedom to transport goods, but Browne told Stormmy that the Yakama ruling might be enough to overturn his conviction.

Then Stormmy changed his mind again, after seeing how his father hobbled through the house, desperate to catch his breath. He told Browne to go through with his guilty plea, so his family wouldn't be put through a long trial.

That changed again when he was in his sweat lodge.

He was guilty. He was innocent.

He was brave. He was afraid.

Back and forth, again and again.

He emerged, hair slicked, skin glistening, and in front of his friends he resolved to fight.

"I'm a renegade Indian," he said, tilting his head toward the night sky, stretching his hands over the campfire.

...

Guilty. Innocent. Stormmy considered changing his plea many times over the next months, as he struggled to answer for himself whether this was a matter of Indian rights or if he'd simply broken the law.

In the end, on April 11, his time was up. He honored his guilty plea and would face U.S. District Court Judge Robert Whaley in a Seattle courtroom.

In a quiet moment before sentencing, Stormmy admitted that his business on the East Coast selling cigarettes to non-Indians was wrong.

He got greedy and went too far.

His business on the West Coast, he said, was right.

It was about Indians, selling to Indians, on their reservations.

It was complicated.

Stormmy rubbed sage on his skin before the hearing.

"It's what we did before we go to battle," he said. "We strengthen ourselves up."

The judge could have sent Stormmy to prison for more than five years.

In a soft voice glazed by a Southern accent, Whaley told them that he'd been raised in the segregated South. Civil disobedience brought change there.

He understood that was part of Stormmy's motivation. The other part was greed, the judge said.

Stormmy Paul was sentenced to 10 months of home detention, three years probation and 600 hours of community service. He can go to work. He can take his father to the doctor.

He never saw the inside of a jail cell.

Stormmy said he had faith that the Creator would protect him.

In the moments before Whaley sentenced him, he called out his Lushootseed name three times. The sound reached Stormmy's elders, those on the other side. They stood by him, he said. They gave him strength to cling to the one thing he's sure of when he spoke to the judge.

"That is my Indian name," he said. "I like to think of myself as a strong Indian man."

Reporter Krista J. Kapralos: 425-339-3422 or kkapralos@heraldnet.com.

MOST READ

1. Heavy snow slams county
2. A wealth of people hunting for gold in Snohomish County
3. Stormy Paul: businessman, smuggler, 'renegade Indian'
4. Conservative religious groups merge; new home is Lynnwood
5. Racing: rain, shine or frost
6. Running helps ease mother's loss of son
7. Support baristas who wear clothes
8. To Seahawks, a player's tangibles important but not everything
9. Eason Invite snowed out
10. M-P takes over first in Wesco North in boys soccer



ENTERPRISE NEWSPAPER

SC BUSINESS JOURNAL

- School district to announce proposed cuts
- Parents can be liable for child's drinking
- No charges yet in Jackson death threat case
- Friends of the Earth
- Rec center remodel big on aquatics
- 'Quick' solution slow to arrive
- Jackson batters Mountlake Terrace
- West Ghana alive in Kusun Ensemble
- Fired Everett teacher headed to Jackson High



ADVERTISEMENT

XML

- |Contact Us
- |Advertiser Services
- |Home Delivery
- |Newsstand Locations
- |Classifieds
- |Feedback
- |About the Company
- |Work@the Herald
- |Site Map

© 2008
The Daily Herald Co., Everett, WA.