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Bursting the fraud bubble: OLAF plays central role in 400 tons seizure of fake shampoo

OLAF was at the centre of an international operation to stop illicit trade of counterfeit shampoo. The shampoo - produced illegally in China - was seized in Colombia and Mexico at the beginning of February 2019. OLAF closely monitored the shipment, from dispatch in China to Latin America, to prevent risks of it entering the EU market. Search and seize operations, on 31 January and 8 February, found more than 400 tons of the counterfeit haircare product - worth up to €5 million.

OLAF received information in January 2019 about the dismantling of an illegal factory in China producing counterfeit shampoo. A large cargo of shampoo had already left the factory by sea. OLAF feared it might be headed for Europe and monitored its journey out of the Chinese ports starting mid-January.

The shipment's route was complex, including passage and stops in different ports - in China, Korea, Mexico and Colombia - and loading and unloading on various vessels.

OLAF experts kept a close eye on the containers using specialised software which gathers real-time data from vessels and ports around the world. When they estimated the fake shampoo risked diversion before reaching its end destination in Venezuela, OLAF alerted national authorities in Colombia and Mexico, and recommended the search and seizure.

In close cooperation with OLAF and with notable support from Spanish customs, Colombian and Mexican authorities found a staggering 400 tons of fake shampoo. Enough to fill several swimming pools, the cargo has an estimated retail value of €5 million.

The seizure is an excellent example of OLAF's dedication to stemming the traffic in counterfeit and illegal products. OLAF has a unique ability to support international cooperation by connecting the dots across the globe, in complex, large-scale fraud cases.

Background:

The trade of counterfeit products results in vast illicit profits and significant losses of tax revenues for the EU and its Member States. The smuggling of counterfeit products harms the European economy, damages legitimate business and stifles innovation, putting many jobs at risk. Counterfeiting also poses serious risks to health and safety as well as the environment.

OLAF is competent to conduct investigations related to the smuggling of counterfeit goods, thereby protecting the EU and its Member States from customs and tax revenue losses. OLAF particularly focuses on the smuggling of potentially dangerous products.

OLAF mission, mandate and competences:

OLAF's mission is to detect, investigate and stop fraud with EU funds.

OLAF fulfils its mission by:

- carrying out independent investigations into fraud and corruption involving EU funds, so as to ensure that all EU taxpayers' money reaches projects that can create jobs and growth in Europe;
- contributing to strengthening citizens' trust in the EU Institutions by investigating serious misconduct by EU staff and members of the EU Institutions;
- developing a sound EU anti-fraud policy.

In its independent investigative function, OLAF can investigate matters relating to fraud, corruption and other offences affecting the EU financial interests concerning:

- all EU expenditure: the main spending categories are Structural Funds, agricultural policy and rural development funds, direct expenditure and external aid;
- some areas of EU revenue, mainly customs duties;
- suspicions of serious misconduct by EU staff and members of the EU institutions.

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