

Finland - Tulli Customs

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Cigarettes

The seizures of cigarettes have slightly decreased from previous years, but the smuggling of cigarettes has become more organized, international and large-scale. The contraband cigarettes have primarily been Chinese counterfeit products that have been smuggled into Finland either from Russia or Estonia.

Cases:

1) In January, Lahti Customs got information about significant amounts of illicitly imported cigarettes being sold in Lahti area. Through criminal intelligence it was revealed that several different people had been involved in this illegal activity. During the initial investigation a person was identified who regularly went to Eastern Finland to pick up cigarettes, but the exact location was not known by then. After a more detailed analysis the vehicle used for fetching the cigarettes was found, as well as the place where the illicit lot had been unloaded. Customs did not intervene at that point, since it was assumed that the illegal activity would still go on, and this was the case. The loading place was discovered by criminal intelligence, and the persons on the spot were caught, and altogether 5400 cartons of L&M cigarettes were seized, or 1 080 000 cigarettes in total. The evaded taxes on this amount of cigarettes would have been approximately € 173 000. The preliminary investigation of the case has not been completed.

2) The largest cigarette case in 2003 was the “log cigarette” case in the Eastern Customs District, where hollowed-out logs were used for illegal import of cigarettes. About 20 million cigarettes were transported by this method, of which Customs seized about 2 million. Judging from the brand of the cigarettes, the majority of them were intended for the Finnish market, but there were also cigarettes that were apparently meant to be taken somewhere else in Europe. In the preliminary investigation it has come out that altogether 19 train carriages full of hollowed-out logs, i.e. 99 432 cartons of cigarettes, had been smuggled from Russia in the past five months. The same modus operandi was also used in Salla, where Russian Customs detected a large cigarette lot, which was probably destined for Sweden. The same method has also been utilized in Norway and UK.

The case started when Police in Nokia notified Customs in February about a criminal case they were investigating, in which the suspect was a Russian male living in Finland. The investigation found documents in this person’s possession regarding declaration of timber. The documents pertained to log transports by train from Russia via Vainikkala Customs Station to Finland. On all the documents the consignee was a company in Kotka.

After this Vainikkala Customs noticed that a goods train had recently arrived in Finland and one of its cars included spruce logs for the same company in Kotka. The inspection revealed that there were plugs at the ends of the logs. The logs were moved from Vainikkala to Kouvola, where they were unloaded to wait for a further transportation. The logs were taken to a farm by a Finnish truck. When the Eastern Customs District investigators arrived, the driver and the farm owner were unloading the cargo. The logs were examined and it was discovered that they (72) were hollow and inside them were hidden 5184 cartons of L&M cigarettes, that is 1 036 800 cigarettes in all.

It was found out already at an early stage of the investigation that during the past half a year the company in Kotka had received logs from Russia on 12 different occasions, altogether 19 train carriages. There was reason to suspect that all the cargo had contained hollowed-out logs with illegally transported cigarettes inside them.

In the interrogations all the places where two Finnish haulier companies had transported these log consignments were determined. There were altogether nine different locations, and all of them had indications of the delivered logs having been hollowed-out.

Since the seized cargo only included cigarettes, the starting point of the investigation was the assumption that all the logs contained cigarettes, in the absence of other evidence. It was found out that only one load also included alcohol. The total amount of smuggled goods was estimated according to the number of cigarette cartons fitting in once hollow log, viz. 72 cartons (14 400). Using this method of calculation, the estimated number of cigarettes illegally smuggled into Finland was approximately 20 million.

The case as a whole was very extensive, and involved several Finnish and Russian persons. A special feature in solving the case was an excellent co-operation with Russian customs authorities. The amount of evaded taxes was about 3.5 million euros. The sentences in the case were the heaviest ever given in Finland for illegal smuggling of cigarettes. The main perpetrators were handed down the following sentences for an aggravated tax fraud among other things: the Russian main perpetrators were sentenced to six years, five years, and two years eight months in prison, unconditional, and three Finnish persons were each sentenced to over a year in prison, conditional. In addition, one Russian person received an eight months conditional prison sentence and one Finnish person a four months conditional prison sentence.

3) A Ukrainian truck driver arrived from Russia in Finland via Nuijamaa border-crossing point by a refrigerated truck in mid-November. The driver declared that the transport unit was empty. On the basis of a risk analysis the truck was selected for inspection, and it was discovered that the truck trailer's ceiling insulators had been removed and replaced by cigarettes. Altogether 2200 cartons of Marlboro and Marlboro Light cigarettes, i.e. 440 000 cigarettes, were found in the concealment. The investigation of the case revealed that the driver had been working for a company in St. Petersburg, and that he had been assigned to fetch this load by its owner. The driver had been to Finland two times before, and in one time he had driven the same trailer that was used in the uncovered case.

The same trailer had also been used already in 2000, when about the same amount of cigarettes had been seized in another case. At that time the register number of the trailer was different, but it has been evidenced that it was the same trailer. Also in January 2003, a case was detected in which an undeclared amount of about 2200 cartons of cigarettes were smuggled in this same trailer.

The trailer in question came to Finland at least six times between 26 September and 16 November 2003. In addition to the case in November, the driver was also sentenced for an earlier illegal import of cigarettes, involving 2200 cartons as well. The total amount of evaded taxes for 4400 cartons was thus 160 752 euros. Lappeenranta District Court sentenced the driver to one year in prison for an aggravated tax fraud. The imprisonment is unconditional.

Cigarettes smuggled inside logs

Altogether some 19.4 million illicitly imported cigarettes were seized by Customs, which is a good two million less than in 2002. The largest single lots comprising more than one hundred thousand cigarettes each resulted in a total amount of some six million cigarettes, which means that minor lots also constitute an important part of the total smuggled. The taxfree

cigarettes had been imported illicitly into Finland mainly from Russia and Estonia, but also increasingly within the EU traffic. Among others, ports in Germany and the Netherlands function as intermediate ports of sea container smugglings in sea containers from China to the Nordic Countries. Cigarettes have also been circulated from Russia and Estonia via Finland into other EU Member States. The majority of the largest cigarette lots seized in Finland have been counterfeit products.

The most important cigarette confiscation was the case in which cigarettes and spirits were smuggled in hollow logs. The total amount of cigarettes thus smuggled into Finland was about twenty million, out of which a couple of million were regained by Customs. The brands of those cigarettes implied that they were intended for the Finnish market; but there were also brands which were probably going to the illicit cigarette market of England. Cigarettes transported similarly inside logs have also been seized in Norway and England. The cooperation with Russian customs authorities was of primary importance for the investigation of the case.