

# **UNCTAD Illicit Trade Forum**

*3<sup>rd</sup> to 4<sup>th</sup> February 2020  
Room XXVI, Palais des Nations, Geneva*

**On the elaboration and possible conclusion of the  
agreement to prevent, detect and suppress the  
committing of doubtful financial transactions  
by participants of foreign economic activities**

Contribution  
by

**Federal Customs Service of the Russian Federation**



# **The Federal Customs Service**

**Presentation by Head of Section, Department of trade prohibitions and restrictions, currency and export control of the Federal Customs Service  
D.A. Pchelkin**

**«On the elaboration and possible conclusion of the agreement to prevent, detect and suppress the committing of doubtful financial transactions by participants of foreign economic activities»**



## WCO Study Report on Illicit Financial Flows via Trade Mis- invoicing

Background for the  
**WCO Global Conference on IFFs/TM,**  
23 May 2018, WCO Headquarters, Brussels, Belgium.

## Executive Summary

Yeon Soo CHOI and Rachel McGauran

### PRINCIPLE CONCLUSIONS AND RECOMMENDATIONS

Acknowledging the various forms that IFFs can take, this Study Report places a particular focus on IFFs via deliberate trade mis-invoicing, as tasked by the G20. The high estimates of IFFs via trade mis-invoicing (IFFs/TM) which feature prominently in current literature, research and even media outlets, should not be understood as a reliable quantitative measurement of the scale of IFFs/TM, but rather as a risk indicator, which can be useful in comparing the risk of IFFs/TM across commodities, countries and over a longer time period.

Although the scale of IFFs/TM has been much debated, the issue of how to detect IFFs/TM has not been properly examined. The results yielded from this innovative research, considering the paucity of transaction-level data available to researchers, suggest that cross-referencing the two principle methods currently used to estimate the magnitude of IFFs, i.e. the Price Filter Methods and Partner Country Methods, can be an effective method to detect trade transactions where mis-invoicing is already suspected. Moreover, this Report concludes that the suspected trade transactions identified by trade data analysis should be the subject of further investigation by Customs administrations.

Based on the best practices to combat IFFs/TM featured in this Report, the WCO recommends that Members:

1. Ensure that Customs have a **sufficient mandate and the resources necessary** to tackle not only under-invoiced imports intended to evade Customs duty, but also over-invoiced imports intended to disguise capital flight as a form of trade payment, under-invoiced exports intended to conceal trade profit abroad such as tax havens, and over-invoiced exports intended to bring illicit proceeds into the domestic legal financial system.
2. Raise awareness of IFFs/TM, and provide **capacity building training and development** using WCO instruments and tools.
3. Provide **financial and human resources** for Customs to combat IFFs/TM. Customs should enhance **integrity** within their human resource departments as it is a prerequisite for the effective and efficient functioning of a Customs administration, and

1. Ensure that Customs have a **sufficient mandate and the resources necessary** to tackle not only under-invoiced imports intended to evade Customs duty, but also over-invoiced imports intended to disguise capital flight as a form of trade payment, under-invoiced exports intended to conceal trade profit abroad such as tax havens, and over-invoiced exports intended to bring illicit proceeds into the domestic legal financial system.

FATF

INTERNATIONAL STANDARDS  
ON COMBATING MONEY LAUNDERING  
AND THE FINANCING OF  
TERRORISM & PROLIFERATION

**The FATF Recommendations**

Updated June 2017

## G. INTERNATIONAL COOPERATION

### 37. Mutual legal assistance

Countries should rapidly, constructively and effectively provide the widest possible range of mutual legal assistance in relation to money laundering, associated predicate offences and terrorist financing investigations, prosecutions, and related proceedings. Countries should have an adequate legal basis for providing assistance and, where appropriate, should have in place treaties, arrangements or other mechanisms to enhance cooperation. In particular, countries should:

- (a) Not prohibit, or place unreasonable or unduly restrictive conditions on, the provision of mutual legal assistance.
- (b) Ensure that they have clear and efficient processes for the timely prioritisation and execution of mutual legal assistance requests. Countries should use a central authority, or another established official mechanism, for effective transmission and execution of requests. To monitor progress on requests, a case management system should be maintained.

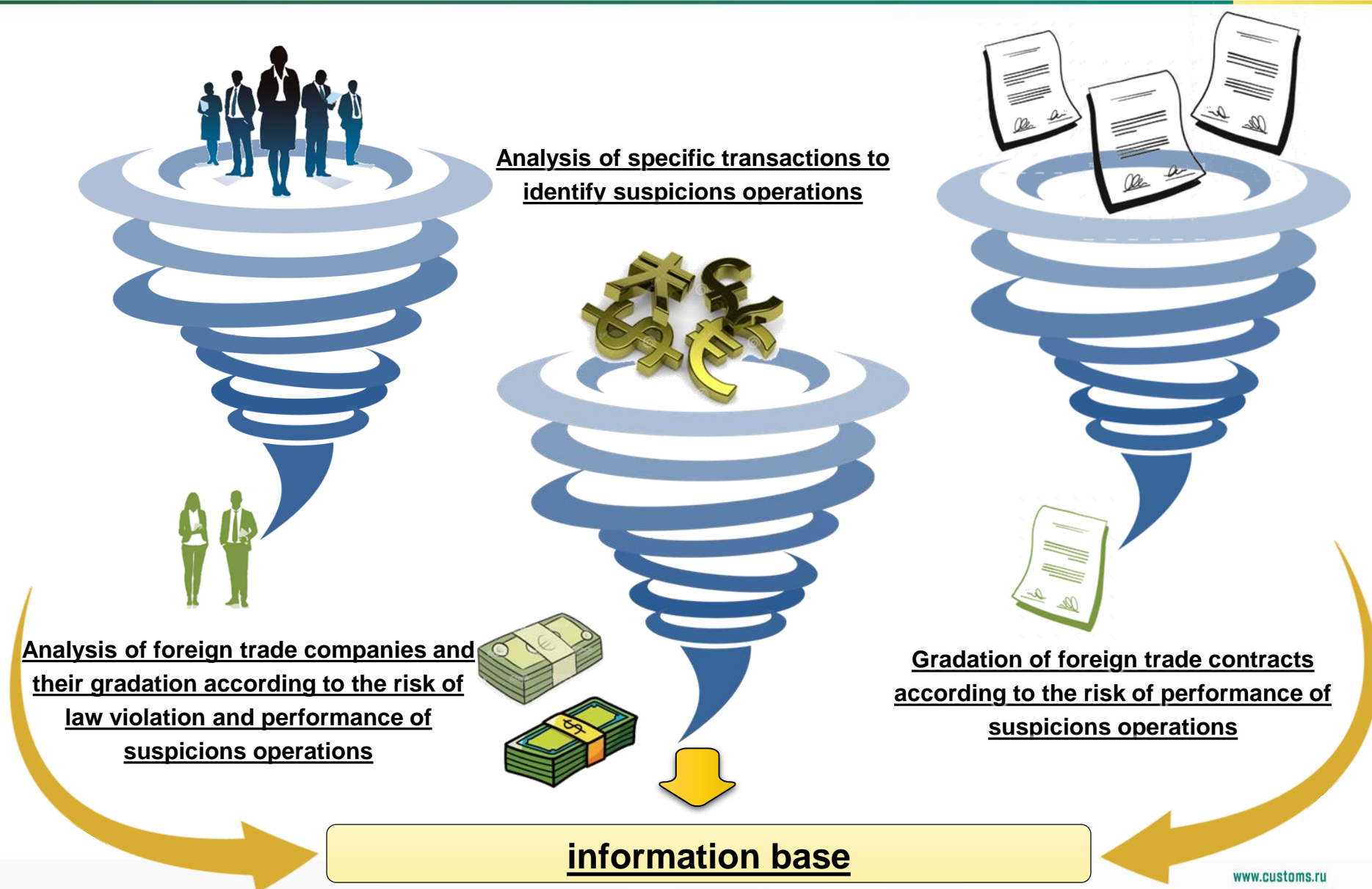
### 37. Mutual legal assistance

Countries should rapidly, constructively and effectively provide the widest possible range of mutual legal assistance in relation to money laundering, associated predicate offences and terrorist financing investigations, prosecutions, and related proceedings.

criminality, if the assistance does not involve coercive actions. Countries should consider

### 40. Other forms of international cooperation

Countries should ensure that their competent authorities can rapidly, constructively and effectively provide the widest range of international cooperation in relation to money laundering, associated predicate offences and terrorist financing.



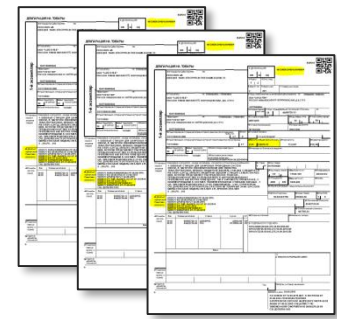
# Interaction of the Federal Customs Service of the Russian Federation with the Central Bank of the Russian Federation and authorized banks



**The Federal Customs Service**

Information exchange under the agreement is conducted via a closed communication channel

*Declaration on goods*



**The Central Bank**



*Unique contract number, bank currency control sheet*



**Authorized banks**

# Cooperation of customs and tax authorities to combat illegal activities of shell companies

Customs officers

enquiries

legal entities

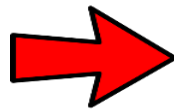


Reasons for return claim:

- Senders
- Refusal of send
- Absence at the address
- Impossibility to read the sendees address
- Storage period expired
  
- Other reasons

claim of violation of legislation on state registration of legal entities

Excluded from the Unified state register of legal entities and individual entrepreneurs (Register)

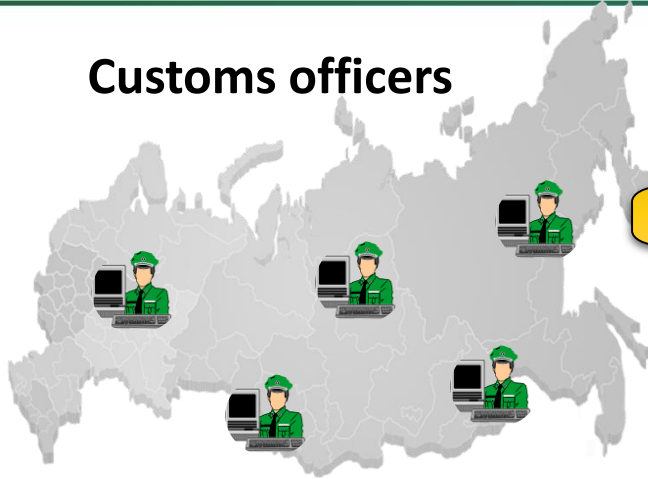


6 months later

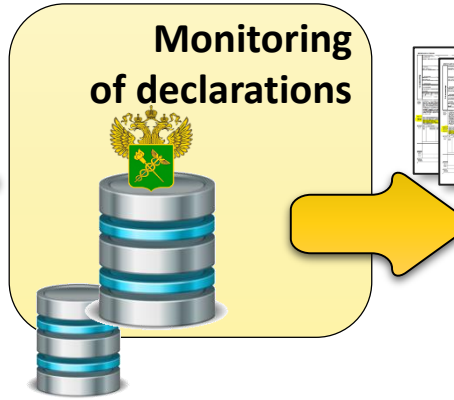


From 2016 till now 893 shell legal entities have been excluded from the Register.  
Suspicious foreign trade operations in the amount of over 3,6 bn US dollars have been prevented.

## Customs officers




## Monitoring of declarations





- Customs procedures: **40** (no duties or taxes), **53, 70, 78, 93, 94**
- paid transaction
- Price for the goods exceeds **200.00 rubles**



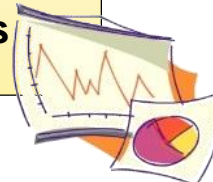
## analysis of price



the price is twice as high as the price for similar or identical goods



## Extra analysis




In 2019 the amount of suspicions foreign trade operations decreased from 2,4 bn rubles to 1,3 bn rubles. Illegal transactions in the amount of 3 bn US dollars were prevented






Bank of Russia




Refusal to make payments



## Central office of the Federal Customs Service



## Accumulation and integration of data

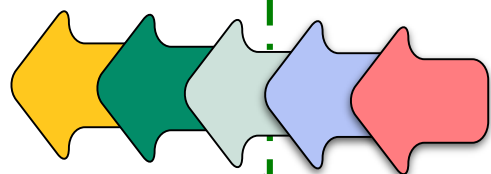




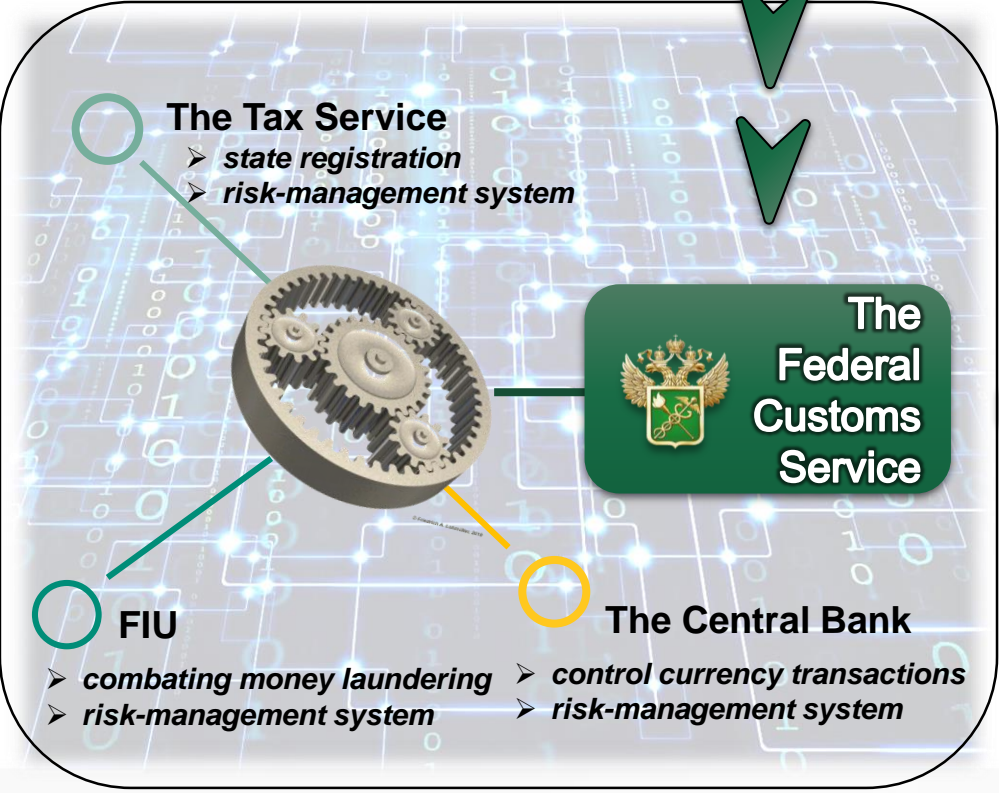
# The scheme of interaction by the Federal Customs Service of the Russian Federation with foreign competent authorities in the field of combating suspicious financial transactions



**A Russian company**



**A Swiss company**



**Customs Service**

information about goods

request

Registration information

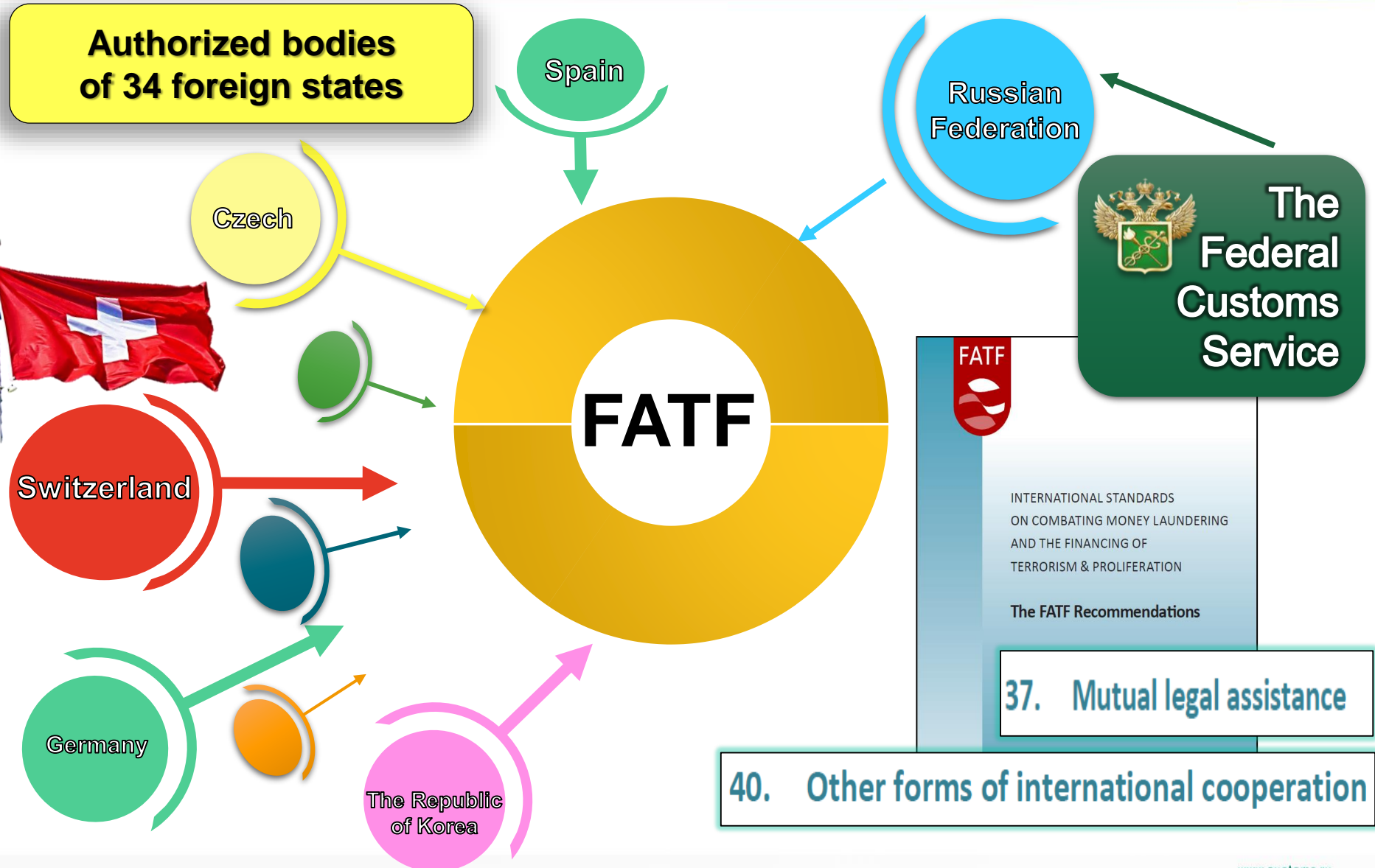
**Tax Service**





*The Federal Customs Service initiated conclusion of bilateral agreements with foreign competent bodies to prevent, detect and suppress the committing of doubtful financial transactions*





AGREEMENT

Draft

between the Federal Customs Service (Russian Federation)

5

Either Party may terminate this Agreement by sending written notice to the other Party of such its intention. In this case, this Agreement is terminated after 2 months from the date of receipt of such notification.

**AGREEMENT on prevention, detection and control of suspicious financial operations between the Federal Customs Service of the Russian Federation and Customs service of the Government of the Republic of Tajikistan**

*Signed in Moscow on October 24, 2019*

and/or documents under this Agreement;

the "Doubtful foreign economic manner of their in meaning and obvy financial assets as well as for money the "Partic established in acc individuals who a territory of the re trade in goods, sei the "Financ instruments to a b

The Parties in preventing, de activities from pe Parties.



# Examples of suspicious currency transactions

ДЕКЛАРАЦИЯ НА ТОВАРЫ

1 ДЕКЛАРАЦИЯ 1001204/200716/022722

ИМ 40 ЭД

3 Форма 4 Отр. спец.

6 Всего тов. 8 Всего мест 7 Серийный номер

1 1 1

1 1

2 Отправитель Экспортёр № ASTRA TRAVEL LTD BY ORDER GRIZPOL OU ЭСТОНИЯ 11415 HARJU MAAKOND PETERBURI TEE 47, TALLINNA LINN

3 Получатель № 781657055 781651001 ООО "ПЕТЕРБУРГСКАЯ СТРОИТЕЛЬНАЯ ИНВЕСТИЦИОННАЯ КОМПАНИЯ" РОССИЯ 192289 ЛЕНИНГРАДСКАЯ ОБЛ. Г. САНКТ-ПЕТЕРБУРГ УЛ. БУХАРЕСТСКАЯ, ДОМ 142, КОРПУС 1, ЛИТЕР В

7 Инд. идентификационный таможенный документ № 781650576100001 ООО "ПЕТЕРБУРГСКАЯ СТРОИТЕЛЬНАЯ ИНВЕСТИЦИОННАЯ КОМПАНИЯ" РОССИЯ 192289 ЛЕНИНГРАДСКАЯ ОБЛ. Г. САНКТ-ПЕТЕРБУРГ УЛ. БУХАРЕСТСКАЯ, ДОМ 142, КОРПУС 1, ЛИТЕР В

1-й экзemplяр

1147847027460

22 Валюта и общая сумма по счёту | 23 Курс валюты

EUR | 2600000.00 | 72.5150

2X166MOAM043 RU 0 СРТ КАЛВИНИНГРАД

1X166MO RU EUR 2600000.00 72.5150 010|00

Thermoplast automatic machine (molding lithium) trademark: OIMA model: TPI-500



44 Дополнит. информация: 01191/1 TC N RU Д.Т. ОМ02 В.12070 ОТ 21.04.2016 ПО 20.04.2017

42 Цена товара 2500000.00

43 Код МОС 1 1 0

46 Таможенная стоимость 1885390.00

48 Статистическая стоимость 2858960.34

47 Условие поставки: Вид Основное наименование Ставка Сумма СДТ

Вид	Основное наименование	Ставка	Сумма	СДТ
1010	1885390.00.00	22500 РУБ	225.00.00	УУ
5010	1885390.00.00	18%	335370.20.00	УН
5010				УН
Всего				

4800 грам в упаковке

49 Рециклинг отходов

В ПОДРОБНОСТИ ПОДСЧЕТА

1010-225.00.00-643-24-19.07.2016-БН

61 Предоставление информации (в стране)

62 Территория происхождения товара для

63 Страна (и страна) назначения

64 Место и дата: 28.07.2016

2-КУЗЬМИН ДМИТРИЙ МИХАЙЛОВИЧ ПАСПФ 40 03 231588 ОТ 01.07.2009 ГЕНЕРАЛЬНЫЙ ДИРЕКТОР ООО "СЭРВЕКО"

3-РЕШЕНИЕ 1 ОТ 21.01.2014 ПО 21.01.2015

5-4 02 ТРОФИМКИ ОЛЕГ ВЛАДИМИРОВИЧ 30.07.2016 20:46:15

5-4 00 ПРОВЕРЕНО РОМАНОВА ТАТЬЯНА АЛЕКСАНДРОВНА 29.07.2016 18:16:20

5-4 01 1001204/300716/000263/ДТРОФИМКИ ОЛЕГ ВЛАДИМИРОВИЧ 30.07.2016 19:00:00

5-4 99 ЗАВЕРШЕНО СТРЕКАЛОВА НАТАЛЬЯ МИХАЙЛОВНА 30.07.2016 20:45:00

5-9 00 ТОВАР 1 ДОП. ПРОВЕРКА, СТ.106 НЕДЕЯЛЬНОГО ЗАКОНА ОТ 27.11.2010 Г. № 311-ФЗ

РОМАНОВА ТАТЬЯНА АЛЕКСАНДРОВНА 29.07.2016 17:43:43

5-9 00 ТОВАР 1 РЕШЕНИИ О НАЗНАЧЕНИИ ТАМОЖЕННОЙ ЭКСПЕРТИЗЫ ОТ: ОТ 29.07.2016 № 10101204/200716/022722 РОМАНОВА ТАТЬЯНА АЛЕКСАНДРОВНА 29.07.2016 17:43:54

СМ. ДОПОЛНЕНИЕ



# Examples of suspicious currency transactions

OIMA S.r.l.  
Via Enrico Mattei, 48  
I-31010 Maser (Treviso) - Italy  
Tel. +39 0423 9535 Fax +39 0423 953699  
E-mail: oima@oima.it Web site: www.oima.it

Al Capo  
del Servizio Federale doganale  
Bulavin Vladimir Ivanovich

121087, Mosca, Via Novozavodskaya, n. 11/5

**“pressa ad iniezione TPI-500”**

Con la presente si comunica che i funzionari della Dogana di Pskov della Direzione Doganale di Nord-Ovest hanno scoperto e stanno controllando l'attività illegale commessa da soggetti ignoti che importano nel territorio della Federazione Russa la merce sopraindicata.

non ha mai prodotto né consegnato nel territorio della Federazione Russa la merce sopraindicata.

La società OIMA S.r.l. non ha mai prodotto né consegnato nel territorio della Federazione Russa la merce sopraindicata.

***company has never produced or shipped the above-mentioned goods to the Russian Federation.***

La società OIMA S.r.l. è una registrazione dei paesi membri dell'UD, nonché con lo scopo di evitare il compimento di attività illegale nei confronti della società OIMA S.r.l. nel territorio della Federazione Russa. La preghiamo cortesemente di dare disposizione agli uffici dei servizi doganali a Lei affidati, di contattare il titolare del marchio OIMA all'indirizzo qui di seguito indicato, qualora vengano trasportate attraverso le frontiere doganali della Federazione Russa delle merci sotto il marchio di OIMA:

OIMA S.R.L.  
Via Enrico Mattei, 48  
31010 Maser (TV)  
Tel. +39 0423 9535  
<http://www.oima.it>



REPUBLIC OF ESTONIA  
TAX AND CUSTOMS BOARD

Mr A. Pitchugov  
Federal Customs Service of  
Russian Federation in Latvian Republic  
Elizabetes str.2 - 417  
Riga, LV 1340  
LATVIA

ASUTUSESISESEKS KASUTAMISEKS  
Maksu- ja Tolliamet  
Juurdepäasupirangu aadress: 12.07.2016  
Juurdepäasupirangu lõpp: 12.07.2021  
Juurdepäasupirangu aius: AVTS § 35 lg 1 p 19, MKS § 26

This document contains information for internal use and it may be used only by an addressee.

Your ref.: 29.06.2016 no 12-11/263

Our ref.: 14.07.2016 no 14-1/7601-1

Agreement between the Government of the Republic of the Estonia and the Federation of Russia regarding mutual assistance in customs matter.

***«Referring to your request we can inform you that the company Novestica OU is registered in the Estonian Commercial Register (printouts from the register enclosed). Novestica OU is not active on Estonian territory.***

**The market value is more than 4 times overstated  
(2 600 000 евро versus 540 000 евро)**

**The customs authorities initiated a criminal case under article 193.1 of the Russian criminal code (currency transactions by use of false documents), the result of which was a conviction against a citizen of the Russian Federation**

# Examples of suspicious currency transactions



FCS  
OF RUSSIA

By a court decision Pinta and Trader companies were forbidden to import or enter into civil circulation on the territory of Russia of the goods containing trademarks «**KIA**», «**H**» and the use of these trademarks.

1. Идентификация страны регистрации транспортного средства при таможне	00	1. Код страны	00	2. Идентификация транспортного средства	00	3. Код страны	00	4. Место погрузки/разгрузки	00	5. Место погрузки/разгрузки	00	6. Место погрузки/разгрузки	00	7. Место погрузки/разгрузки	00	8. Место погрузки/разгрузки	00	9. Место погрузки/разгрузки	00	10. Место погрузки/разгрузки	00	11. Место погрузки/разгрузки	00	12. Место погрузки/разгрузки	00	13. Место погрузки/разгрузки	00	14. Место погрузки/разгрузки	00	15. Место погрузки/разгрузки	00	16. Место погрузки/разгрузки	00	17. Место погрузки/разгрузки	00	18. Место погрузки/разгрузки	00	19. Место погрузки/разгрузки	00	20. Место погрузки/разгрузки	00	21. Место погрузки/разгрузки	00	22. Место погрузки/разгрузки	00	23. Место погрузки/разгрузки	00	24. Место погрузки/разгрузки	00	25. Место погрузки/разгрузки	00	26. Место погрузки/разгрузки	00	27. Место погрузки/разгрузки	00	28. Место погрузки/разгрузки	00	29. Место погрузки/разгрузки	00	30. Место погрузки/разгрузки	00	31. Место погрузки/разгрузки	00	32. Место погрузки/разгрузки	00	33. Место погрузки/разгрузки	00	34. Место погрузки/разгрузки	00	35. Место погрузки/разгрузки	00	36. Место погрузки/разгрузки	00	37. Место погрузки/разгрузки	00	38. Место погрузки/разгрузки	00	39. Место погрузки/разгрузки	00	40. Место погрузки/разгрузки	00	41. Место погрузки/разгрузки	00	42. Место погрузки/разгрузки	00	43. Место погрузки/разгрузки	00	44. Место погрузки/разгрузки	00	45. Место погрузки/разгрузки	00	46. Место погрузки/разгрузки	00	47. Место погрузки/разгрузки	00	48. Место погрузки/разгрузки	00	49. Место погрузки/разгрузки	00	50. Место погрузки/разгрузки	00	51. Место погрузки/разгрузки	00	52. Место погрузки/разгрузки	00	53. Место погрузки/разгрузки	00	54. Место погрузки/разгрузки	00	55. Место погрузки/разгрузки	00	56. Место погрузки/разгрузки	00	57. Место погрузки/разгрузки	00	58. Место погрузки/разгрузки	00	59. Место погрузки/разгрузки	00	60. Место погрузки/разгрузки	00	61. Место погрузки/разгрузки	00	62. Место погрузки/разгрузки	00	63. Место погрузки/разгрузки	00	64. Место погрузки/разгрузки	00	65. Место погрузки/разгрузки	00	66. Место погрузки/разгрузки	00	67. Место погрузки/разгрузки	00	68. Место погрузки/разгрузки	00	69. Место погрузки/разгрузки	00	70. Место погрузки/разгрузки	00	71. Место погрузки/разгрузки	00	72. Место погрузки/разгрузки	00	73. Место погрузки/разгрузки	00	74. Место погрузки/разгрузки	00	75. Место погрузки/разгрузки	00	76. Место погрузки/разгрузки	00	77. Место погрузки/разгрузки	00	78. Место погрузки/разгрузки	00	79. Место погрузки/разгрузки	00	80. Место погрузки/разгрузки	00	81. Место погрузки/разгрузки	00	82. Место погрузки/разгрузки	00	83. Место погрузки/разгрузки	00	84. Место погрузки/разгрузки	00	85. Место погрузки/разгрузки	00	86. Место погрузки/разгрузки	00	87. Место погрузки/разгрузки	00	88. Место погрузки/разгрузки	00	89. Место погрузки/разгрузки	00	90. Место погрузки/разгрузки	00	91. Место погрузки/разгрузки	00	92. Место погрузки/разгрузки	00	93. Место погрузки/разгрузки	00	94. Место погрузки/разгрузки	00	95. Место погрузки/разгрузки	00	96. Место погрузки/разгрузки	00	97. Место погрузки/разгрузки	00	98. Место погрузки/разгрузки	00	99. Место погрузки/разгрузки	00	100. Место погрузки/разгрузки	00
--	----	---------------	----	---	----	---------------	----	-----------------------------	----	-----------------------------	----	-----------------------------	----	-----------------------------	----	-----------------------------	----	-----------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	------------------------------	----	-------------------------------	----

2 Отправитель Экспортёр №  
КОРЕЯ, РЕСПУБЛИКА YEONGDENGPO-GU SEOUL #301 28-5 MUNRAE 4GA

8 Получатель № 2540227095 / 253601001  
РОССИЯ 690014 ПРИМОРСКИЙ КРАЙ ВЛАДИВОСТОК  
НЕКРА СОВСКАЯ УЛ, ДОМ № 36Б, ОФИС 904

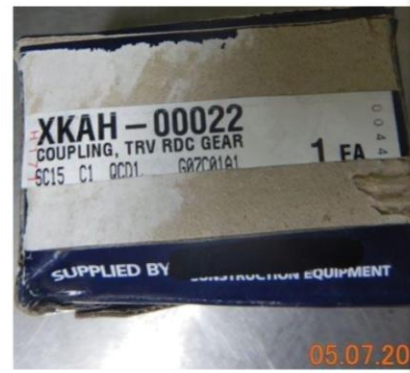
## Letter from the customs service of the Republic of Korea



Customs Border Targeting Center

ICT Intelligence & Cooperation Team

*In addition, the consignors specified in the B/L have no export declaration record under the B/L 'DBSLDC180603003' and 'DBSLDC180715003'. It means that other exporters submitted export declaration to Korea Customs and after clearance, they issued and submitted B/L and outbound manifest under the name of two business abovementioned.*



# СХЕМА ВЫВОДА КАПИТАЛА ЗА РУБЕЖ



non-resident

cable



Small-size goods, hard to identify

microchip

ИМ-78

Import duties and VAT are not levied

Multiple overpricing

Free economic zone

resident



БАЛТИЙСКОЕ МОРЕ

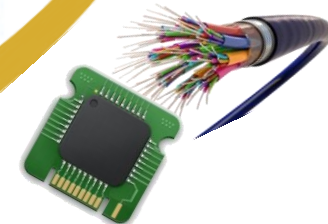


КАПИНИНГРАД

КАПИНИНГРАДСКАЯ ОБЛ.

Export of goods by passing customs control

cable



microchip

Reimport of goods with the purpose of capital outflow





# Examples of suspicious currency transactions

2 Отправитель Экспортёр №

ЧЕХИЯ 273 51 UNHOST LIDICKA 1022

22 Валюта и общая сумма по счёту

EUR 803899.11

An organized criminal group has been uncovered, multiple episodes of been criminal activities have revealed, police agencies on February 22, 2019 initiated a criminal case (part 1, article 210 of the Russian criminal code).

At the same time competent agencies of Germany are investigating foreign counterpart to find possible facts of money laundering.

## Letter from the Customs administration of the Czech Republic

GENERAL DIRECTORATE OF CUSTOMS  
140 96 Praha 4, Budejovicka 7, P.O. BOX 12, Czech Republic

Mr. E. Kozyrev

The representative of the company also stated, that she did not have any confirmation that the company Would took over or paid for the goods, and the goods should have been returned to the supplier. The company in the delivered statement about this case stated that no business case took place in reality, and therefore they do not have any documents to be submitted. Apart from others, the representative of the company also stated that she doesn't know the company which is declared at the Russian import customs declaration as the exporter.

In the provided statement the company stated that they do not know about export of such goods to the Russian Federation and because they did not realise this export, they are not able to submit any invoices or other documents.

Head of the International Cooperation Department

Enclosure: 1. Final Report with attachments  
2. Translation of the Final Report



# **The Federal Customs Service**

**Presentation by Head of Section, Department of trade prohibitions and restrictions, currency and export control of the Federal Customs Service  
D.A. Pchelkin**

**«On the elaboration and possible conclusion of the agreement to prevent, detect and suppress the committing of doubtful financial transactions by participants of foreign economic activities»**