



**HM Revenue
& Customs**

PROJECT FLAMEOUT

**Smuggling of cigarettes and tobacco by organised
criminal groups though.**

HUB to HUB logistics networks.

Project FLAMEOUT– HUB to HUB methodology:

The debriefing of cigarette and tobacco seizures, by HMRC and Border Force intelligence officers, working in the Fiscal Border Debriefing Intelligence Team (FBDIT), has identified that many recent seizures have been made from consignments transported HUB to HUB in groupage loads.

This form of smuggling has a common methodology and incorporates a number of advantages to organised criminal groups.

Typically the cigarettes or tobacco are concealed and described as legitimate goods. This allows access to legitimate transport logistics and distribution networks.

The following is an example of this criminal activity:

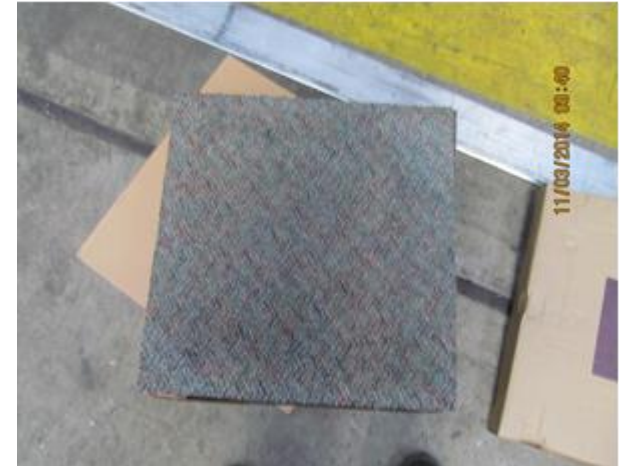
Project Flameout: Example importation.

- Seizure of 480,000 cigarettes by Border Force at Dover.
- Concealed in a consignment of carpet tiles transported by HGV to the UK from Poland in a groupage load.
- The consignment of carpet tiles had been delivered by van into the hub of Polish transport company.
- After importation into the UK the Polish HGV would have delivered the carpet tiles to the depot of their UK partner transport company in Essex.
- The UK transport company would have delivered to carpet tiles to the final delivery address in Chichester UK.

Project Flameout: Example importation concealment images



Project Flameout: Example importation concealment images



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Example importation further details

- The importer had been using the same transport hubs to import consignments described as “carpet tiles” for 18 months.
- Total of 83 previous importations
- Estimated 42 million cigarettes imported.
- Customer paid cash to Polish transport company for normal “by the pallet” freight charge.
- Final delivery was to a rented unit in an industrial area. This allowed the organised criminal group to pick up the consignment at a later time to avoid law enforcement attention.

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Methods employed by criminals to access services of legitimate transport companies.

Criminals will seek to hide their identities and intentions to gain access to service provided legitimate transport companies.

Common methods include:

- The use of false of “hijacked” company details.
- The use of common legitimate cargo to conceal cigarettes such as; furniture, refrigerators, boilers, mattresses, foodstuffs.
- The use of a third party broker to arrange freight forwarding to avoid direct contact with transport companies.
- The avoidance of any audit trail including payments by cash, contact by unregistered mobile phones, email contact through Hotmail / gmail.

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Benefits to criminals by smuggling using HUB to HUB transport.

For organised criminal groups using Hub to Hub transport to smuggle has a number of benefits:

- Drivers and transport companies are not aware of the illicit cargo and are not complicit. If examined drivers will not display nerves, as in the case of complicit importations.
- HUB to HUB transport services are almost always regular trips for the vehicle and driver. Therefore the criminals do not have to establish any reasons to attempt to make the transport appear legitimate – it already is.
- Criminals groups are able to distance themselves from the illicit cargo at the point of importation. This makes arrest of individuals involved in organising the smuggling harder for law enforcement agencies.

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Benefits to criminals by smuggling using HUB to HUB transport.

- Criminal groups do not need to invest significant funds into the importation instead they will pay standard legitimate transport costs. The criminals do not need pay significant cash to corrupt a lorry driver, or a haulage company, to import illicit goods.
- Concealments constructed for the importation of the goods can be used again and again. There is evidence that some successful concealments are even exported, by criminal groups, using the same transport company that imported the consignment. This “carousel” of consignments is a strong indicator of smuggling.
- Minimise the risk of losses made through seizures made by law enforcement agencies. Criminal groups are able to establish regular importation opportunities with HUB to HUB transport services with a single consignment typically containing 500,000 (or less) cigarettes. There is no need to import a whole trailer load.

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Costs to legitimate HUB to HUB operators.

UK Border Force conduct examinations of HGV at UK ports. These include examinations of consignments in consolidated groupage loads.

Border Force officers will examine trailer manifests and loading lists to identify consignments of interest for physical examination. If cigarettes are detected there are a number of factors that can adversely impact on the transport service provider:

- Arrest of the driver of the freight vehicle found to be used to import cigarettes. This can include a formal interview and the driver may be delayed for a number of hours.
- Seizure of the vehicle and trailer by Border Force. In many cases the vehicle and trailer will not be restored immediately. If not restored immediately the process of restoration can take many weeks and may require a payment if it is determined that due diligence “know your customer” checks were not conducted before taking the business.

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Costs to legitimate HUB to HUB operators.

The impact of Border Force / HMRC seizure and other enforcement action may:

- A direct financial loss to transport companies in order to pay for restoration of the vehicle and trailer.
- Cause delays to legitimate consignments that may require to be transhipped to another HGV to allow for final delivery if the vehicle is seized at a UK port.
- Loss of legitimate customers and business as a result of any delays to delivery.
- Reputational damage resulting from indirect association to smuggling of illicit goods.

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Risk indicators for illicit consignments in groupage:

There are indicators that can be used by transport companies to attempt to identify if a customer is seeking to use their services to import illicit goods:

- How did the customer make their enquiry concerning transporting goods. Did they visit in person before placing their order or have they avoided making personal contact?
- Was the customer interested in obtaining the best price?
- Does the customer have a bank account?
- Did the customer ask about payments in cash?
- Does the customer have their own website?

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Risk indicators for illicit consignments in groupage:

- Are all the following details available and supplied:
 1. First name and a second name of all contact persons (not just a nick name, or a first name).
 2. A landline telephone number (not just mobile) most legitimate businesses will still use a landline.
 3. Detailed description of the goods to be transported. (In many cases this will be avoided and only vague descriptions such as plastics, household good etc will be supplied.
- Were did electronic communication originate from? The use of public domains including gmail, Hotmail etc. is often an indicator!
- Does the declared weight of the goods correspond to the declared description?

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Risk indicators for illicit consignments in groupage:

- The exporter:
- If the exporter is a company is the business associated to the place where the goods are to be collected or loaded?
- Are the goods being collected corresponding to the business activity of the company? For example it could be considered an indicator for a company registered as a food wholesale to be exporting non food goods.
- Is the place of loading for export clearly defined and actually exists? Often addresses will be vague requiring contact with the customer to obtain directions to a place close to the stated address. The use of another logistics company warehouse, a car park or industrial park is also an indicator.
- Did the customer contact with an alternative address for collection just before the agreed time of pick up?

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Risk indicators for illicit consignments in groupage:

- The importer:
- Again is the importer associated to the delivery address?
- It is common for criminal groups active in the UK to arrange for illicit consignments to be delivered to a self storage site.
- Self stores may appear to a driver to be a legitimate delivery site. They can be a similar as a fenced site containing shipping containers for goods to be stored after offloading from an HGV.
- A check on internet search engines and mapping sites can be used to determine the true nature of a delivery location.
- Is the importer overly concerned about the consignment? Are they making unnecessary calls concerning where the consignment is and time for delivery?

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Risk indicators for illicit consignments in groupage:

Indicators relating to the consignments:

- Is the consignment to be exported after import by the same customer. A “carousel” load is an indicator of smuggling.
- Are the goods in good condition? Do they show signs of being reused?
- Is the consignment over wrapped? This could be to help conceal illicit goods.
- Are the goods commercially worth the cost of transport charges?
- Are the goods covered in warning markers such as “fragile”? This could be to stop unwanted examination.

The following are examples of consignments used to conceal illicit cigarettes and tobacco?

Examples of consignments used to conceal illicit goods.

Computer modem boxes:



Examples of consignments used to conceal illicit goods.

Radiators:

