

# TRADE-BASED MONEY LAUNDERING:

By

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# **TRADE-BASED MONEY LAUNDERING**

## **INCREASED FOCUS**

**FFIEC – EXAMINATION MANUAL - 2005, 2006, 2007, 2014**

**ICE - ESTABLISHMENT OF TRADE TRANSPARENCY UNITS**

**FATF TRADE-BASED MONEY LAUNDERING REPORT - 2006**

**FATF BEST PRACTICES REPORT - 2008**

**IFSA - BAFT – GUIDELINES TRADE SERVICES**

**WOLFSBERG GROUP TRADE FINANCE PRINCIPLES**

## Trade-Based Money Laundering

“The process of disguising the proceeds of crime and moving value through the use of trade transactions to legitimize their illicit origins”

Financial Action Task Force - 2006

### **MONEY MOVED OUT OF COUNTRY**

- Under-valued Exports
- Over-valued Imports

### **MONEY MOVED INTO COUNTRY**

- Over-valued Exports
- Under-valued Imports

# UNDER-INVOICED EXPORTS

Move \$1,000,000 from Domestic Criminal to Foreign Criminal Through Export at Low Price

1. Domestic Criminal has \$1 million to move to Foreign Criminal
2. Domestic Criminal buys 200 gold watches at \$5,000 each (pay \$1,000,000)
3. Sell/Export 200 watches to Foreign Criminal at \$5 each

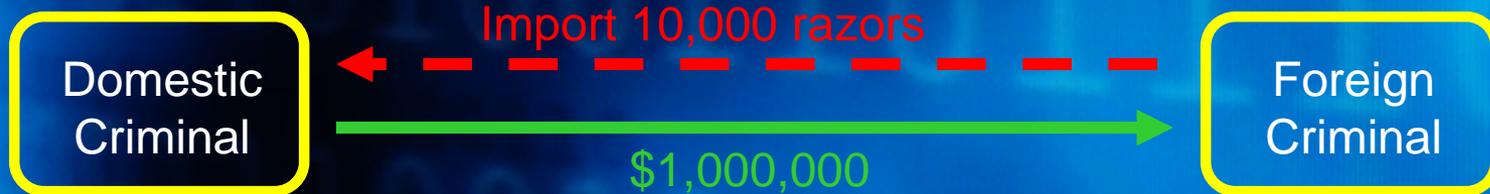


4. The Foreign Criminal: Sells 200 gold watches at \$5,000 each = \$1,000,000

# OVER-INVOICED IMPORTS

Move \$1,000,000 to Foreign Criminal  
Through US Import at High Price

1. Domestic Criminal has \$1 million to move to Foreign Criminal
2. Foreign Criminal buys 10,000 razors at 10 cents each (\$1,000) locally
3. Foreign Criminal sells 10,000 razors to Domestic Criminal at \$100 each



4. Domestic Criminal pays \$1,000,000 to Foreign Criminal

# Impact of Trade Price Manipulation

- **Under-invoiced Exports**
  - Money laundering from illegal activities
  - Terrorist financing
  - Income tax avoidance/evasion
  - Capital flight
  - Avoid export surcharge
  - Conceal illegal commissions
- **Over-invoiced Exports**
  - Increase export subsidies

# Impact of Trade Price Manipulation

- **Over-invoiced Imports**
  - Money laundering from illegal activities
  - Terrorist financing
  - Income tax avoidance/evasion
  - Capital flight
  - Justify excessive high domestic prices under price control
  - Conceal illegal commissions
- **Under-invoiced Imports**
  - Avoid/Reduce import duties
  - Dumping at below market prices

# INTERNATIONAL TRADE PRICE ANALYSIS

## METHODOLOGY - 1991

COUNTRY AVERAGE PRICE

VS.

WORLD AVERAGE PRICE

# International money laundering possibilities in various commodities

COMMODITY	COUNTRY	COUNTRY AVERAGE PRICE	WORLD AVERAGE PRICE	PERCENT OF AVERAGE WORLD PRICE
<b>U.S. EXPORTS AT LOW AVERAGE PRICES</b>				
Electrical tape	Venezuela	\$0.12/sq.meter	\$2.96	4%
Safety headgear	Colombia	\$2.28/doz.	\$38.01	6%
<b>Erythromycin</b>	<b>Iran</b>	<b>\$0.10/gram</b>	<b>\$1.20</b>	<b>8%</b>
Wire of nickel alloy	Venezuela	\$2.21/kg	\$12.26	18%
<b>Cooking stoves</b>	<b>Colombia</b>	<b>\$76.62/each</b>	<b>\$425.65</b>	<b>18%</b>
Tin bars, rods & wire	Venezuela	\$1.57/kg	\$6.56	24%
Syringes	Colombia	\$0.14/each	\$0.47	29%
Tin waste and scrap	Colombia	\$0.12/kg	\$0.39	32%

# International money laundering possibilities in various commodities

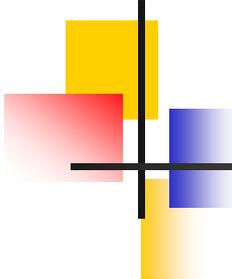
COMMODITY	COUNTRY	COUNTRY AVERAGE PRICE	WORLD AVERAGE PRICE	PERCENT OF AVERAGE WORLD PRICE
<b>U.S. IMPORTS AT HIGH AVERAGE PRICES</b>				
Razors	Colombia	\$34.81/each	\$0.09	38,933%
Razors	Panama	\$29.35/each	\$0.09	32,820%
Ind. Miners diamond	Venezuela	\$795.62/carat	\$6.45	12,335%
Pencils and crayons	Venezuela	\$371.29/gross	\$11.84	3,135%
Cut emeralds	Panama	\$974.58/carat	\$43.63	2,233%
Pens	Colombia	\$27.74/each	\$1.61	1,727%
Memo pads	Colombia	\$4.05/each	\$0.28	1,427%
Alloy steel scrap	Venezuela	\$1,257.14/ton	\$93.75	1,341%
Cut rubies	Colombia	\$431.75/carat	\$48.73	886%
Cut emeralds	Colombia	\$152.26/carat	\$43.63	349%

# International money laundering possibilities in various commodities

COMMODITY	COUNTRY	COUNTRY AVERAGE PRICE	WORLD AVERAGE PRICE	PERCENT OF AVERAGE WORLD PRICE
<b>U.S. EXPORTS AT HIGH AVERAGE PRICES</b>				
Tetracyclines	Colombia	\$180.09/gram	\$1.76	10,254%
Erythromycin	Colombia	\$79.07/gram	\$1.20	6,599%
Erythromycin	Venezuela	\$74.94/gram	\$1.20	6,255%
Chlorine	Venezuela	\$6.62/kg	\$0.20	3.309%
Adhesive tape	Venezuela	\$54.17/kg	\$5.55	976%

# International money laundering possibilities in various commodities

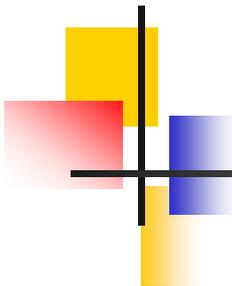
COMMODITY	COUNTRY	COUNTRY AVERAGE PRICE	WORLD AVERAGE PRICE	PERCENT OF AVERAGE WORLD PRICE
<b>U.S. IMPORTS AT LOW AVERAGE PRICES</b>				
Cooking stoves	Venezuela	\$10.00/each	\$500.00	2%
Onion or garlic oils	Colombia	\$6.00/kg	\$66.66	9%
Molasses	Colombia	\$0.008/liter	\$0.07	11%
Cut emeralds	Brazil	\$5.29/carat	\$43.63	12%
Cut sapphires	Colombia	\$3.39/carat	\$21.18	16%
Clinical thermometers	Colombia	\$0.12/each	\$0.74	16%
Calcium carbonate	Venezuela	\$0.10/kg	\$0.48	22%
Razors	Israel	\$0.03/each	\$0.09	35%



# U.S. Imports At High Average Price

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<u>COMMODITY</u>	<u>COUNTRY</u>	<u>COUNTRY AVERAGE PRICE</u>	<u>WORLD AVERAGE PRICE</u>
Untrimmed Pillowcases (#)	France	909.29	.62
Unrecorded Mag. Discs (#)	Spain	698.16	.43
Sand (Ton)	Spain	1,993.67	11.20
Flashbulbs (#)	France	321.90	.66
Balls For Ball Point Pens(#)	France	1.43	.007
Single Edge Razor Blades (#)	France	5.33	.04
Cordless Telephones (#)	France	4,232.50	47.65
Raw Cane Sugar (Kg)	U.K.	1,407.00	.50
Slip Joint Pliers (#)	U.K.	489.75	.88



# U.S. Exports At Low Average Prices

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<u>COMMODITY</u>	<u>COUNTRY</u>	<u>COUNTRY AVERAGE PRICE</u>	<u>WORLD AVERAGE PRICE</u>
HERRING-BONE TIRES (#)	FRANCE	7.69	192.25
ENRICHED 235 URANIUM (KG)	SPAIN	15.50	172.22
MACHINE GUNS (#)	FRANCE	364.08	2,022.67
MILITARY RIFLES (#)	U.K.	106.87	387.55

# INTERNATIONAL TRADE PRICE ANALYSIS

## METHODOLOGY 1992-1995

IMPORT PRICES > 150% AVERAGE COUNTRY IMPORT PRICE  
EXPORT PRICES < 50% AVERAGE COUNTRY EXPORT PRICE

## MONEY MOVED OUT OF UNITED STATES

<b>1992</b>	<b>\$ 84.12 BILLION</b>
<b>1993</b>	<b>\$ 97.35 BILLION</b>
<b>1994</b>	<b>\$116.18 BILLION</b>
<b>1995</b>	<b>\$136.76 BILLION</b>

Quote...The Boston Globe

April 11, 1994

Asked to comment on the methodology Dale Jorgenson, a Harvard economist who specializes in international trade, termed it a “momentous piece of work” comparable in computing terms to “the voyage of Magellan”

# MONEY MOVED OUT OF THE UNITED STATES

## Some Under-valued US Exports

Product	Country	U.S.C.D.	Month	Price
Bulldozers (New)	Venez.	Norfolk	5	\$387.73/unit
Rocket / Grenade Launchers	Venez.	Miami	10	\$59.50/unit
Prefabricated Buildings	Haiti	Miami	12	\$2.12/unit
Forklift Trucks	Haiti	Miami	2	\$555.73/unit
New Tires	Russia	Seattle	11	\$3.97/unit
Color Video Monitors	Russia	New York	2	\$28.99/unit

# MONEY MOVED OUT OF THE UNITED STATES

## Some Over-valued US Imports

Product	Country	U.S.C.D.	Month	Price
Oats	Venez.	New York	5	\$142.87/ Kg
Women's Cotton Briefs	Venez.	Miami	3	\$50/unit
Used Clothing	Haiti	LA	3	\$260/Kg.
Slide Projectors	Haiti	Savannah	5	\$8,620/unit
Binoculars	Russia	San Fran.	6	\$3,395/unit
Emeralds	Russia	New York	7	\$17,976/car

# MONEY MOVED INTO THE UNITED STATES

## Some Over-valued US Exports

Product	Country	U.S.C.D.	Month	Price
Spark Plugs	Venez.	Norfolk	2	\$313/unit
Used Clothing	Venez.	Miami	1	\$724/Kg
6 Volt Batteries	Haiti	Miami	4	\$5,236/unit
Dot Matrix Printers	Haiti	Miami	10	\$36,193/ unit
Inflatable Toy Balls	Russia	New York	7	\$4,770/unit
Smoke Detector - Battery	Russia	New York	9	\$5,595/unit

# MONEY MOVED INTO THE UNITED STATES

## Some Under-valued US Imports

Product	Country	U.S.C.D.	Month	Price
Ceramic Sinks	Venez.	Miami	6	\$1.13 / unit
Mackerel	Venez.	Miami	5	\$0.24 / Kg
Greeting Cards	Haiti	Miami	10	\$20.00 / Ths
Transformers	Haiti	Miami	12	\$0.53 / unit
Diamonds	Russia	New York	4	\$0.78 / carat
Caviar	Russia	Los Angeles	5	\$3.38 / Kg

# INTERNATIONAL TRADE PRICE ANALYSIS

## METHODOLOGY 1998-2001

IMPORT PRICES > UPPER QUARTILE COUNTRY IMPORT PRICE  
EXPORT PRICES < LOWER QUARTILE COUNTRY EXPORT PRICE

## MONEY MOVED OUT OF UNITED STATES

1998	\$104.71 BILLION
1999	\$125.59 BILLION
2000	\$130.88 BILLION
2001	\$156.18 BILLION

**“The Impact of Switzerland’s Money Laundering Law  
on Capital Flows Through Abnormal Pricing in  
International Trade”**

Journal of Applied Financial Economics

January 2005, 15, 217 - 230

## **EVENT STUDIED**

**April 1998: Federal Act on the Prevention of Money Laundering in the Financial Sector – Money Laundering Act (MLA)**

## **TIME PERIOD STUDIED – 1995 TO 2000**

Before the Law: 1995, 1996, 1997

After the Law: 1998, 1999, 2000

## **OTHER VARIABLES EVALUATED**

Interest Rates: Swiss and U.S.

Exchange Rates: Swiss and U.S.

Consumer Price Index: Swiss and U.S.

Producer Price Index: Swiss and U.S.

## **RESULTS OF STUDY**

Other Variables had **NO** Impact on Movement of Money  
from Switzerland to U.S.

The only significant variable was the **NEW LAW**

## AVERAGE MONTHLY OUTFLOWS – BEFORE vs. AFTER

<u>Time Period</u>	<u>\$ Amount</u>	<u>% of Trade Volume</u>
Before the Law	\$ 252,863,571	28.93 %
After the Law	\$ 628,437,709	57.76 %
Percent Increase	149 %	100 %

## **CONCLUSION**

Increased Regulation of Financial Sector Shifts Money Laundering to International Trade

## **POLICY IMPLICATIONS**

Close the Back Door – Monitor International Trade Pricing

**MONEY MOVED  
OUT OF U.S.  
INTO U.S.**

**COUNTRY – DOLLAR VALUE  
COUNTRY - PERCENT OF TRADE**

**U.S. CUSTOMS DISTRICT – DOLLAR VALUE  
U.S. CUSTOMS DISTRICT – PERCENT OF TRADE**

## MONEY MOVED OUT OF THE UNITED STATES TO THE WORLD

SUSPICIOUS PRICING	DOLLAR VALUE	PERCENT
UNDER-VALUED EXPORTS	\$ 118.9 Billion	55.0%
OVER-VALUED IMPORTS	\$ 97.3 Billion	45.0%
<b>TOTAL</b>	<b>\$ 216.2 Billion</b>	<b>100%</b>

## MONEY MOVED INTO THE UNITED STATES FROM THE WORLD

SUSPICIOUS PRICING	DOLLAR VALUE	PERCENT
OVER-VALUED EXPORTS	\$ 69.1 Billion	21.4%
UNDER-VALUED IMPORTS	\$ 253.9 Billion	78.6%
<b>TOTAL</b>	<b>\$ 323.0 Billion</b>	<b>100%</b>

# MONEY MOVED OUT OF THE U.S. - COUNTRY DOLLAR VALUE

Obs	COUNTRY	UNDER-VALUED EXPORTS	OVER-VALUED IMPORTS	TOTAL MOVED OUT OF THE US	SHARE OF TRADE
1	CHINA	\$6,526,129,750	\$19,925,611,109	\$26,451,740,859	4.93%
2	CANADA	\$14,103,458,439	\$11,206,899,321	\$25,310,357,760	4.11%
3	JAPAN	\$14,408,576,738	\$8,183,422,064	\$22,591,998,802	10.44%
4	GERMANY	\$7,073,526,156	\$9,794,097,893	\$16,867,624,049	10.72%
5	MEXICO	\$7,649,068,647	\$6,587,364,011	\$14,236,432,659	2.88%
6	KOR REP	\$4,436,135,911	\$3,047,492,123	\$7,483,628,034	7.40%
7	U KING	\$4,258,730,184	\$3,155,635,881	\$7,414,366,065	6.76%
8	INDIA	\$3,233,302,166	\$2,904,330,218	\$6,137,632,383	9.76%
9	IRELAND	\$668,941,125	\$5,353,558,879	\$6,022,500,004	14.80%
10	TAIWAN	\$3,744,757,196	\$1,920,689,971	\$5,665,447,168	8.96%
11	FRANCE	\$2,671,059,206	\$2,634,150,562	\$5,305,209,768	7.32%
12	NETHLDS	\$3,171,355,427	\$1,873,166,403	\$5,044,521,830	8.01%
13	ITALY	\$1,834,263,307	\$2,628,242,804	\$4,462,506,111	8.44%
14	BRAZIL	\$3,604,728,170	\$702,989,564	\$4,307,717,734	5.68%
15	SWITZLD	\$1,938,947,967	\$1,937,716,359	\$3,876,664,326	7.48%

# MONEY MOVED OUT OF THE U.S. - COUNTRY % TRADE

Obs	COUNTRY	UNDER-VALUED EXPORTS	OVER-VALUED IMPORTS	TOTAL MOVED OUT OF THE US	SHARE OF TRADE
1	BNGLDH	\$733,656,812	\$170,312,591	\$903,969,403	16.69%
2	IRELAND	\$668,941,125	\$5,353,558,879	\$6,022,500,004	14.80%
3	ARUBA	\$192,403,790	\$9,125,340	\$201,529,130	13.06%
4	CROATIA	\$84,639,814	\$12,072,820	\$96,712,634	12.83%
5	DENMARK	\$268,872,703	\$784,737,315	\$1,053,610,018	11.73%
6	AFGHAN	\$176,982,175	\$1,736,381	\$178,718,556	11.71%
7	GERMANY	\$7,073,526,156	\$9,794,097,893	\$16,867,624,049	10.72%
8	JAPAN	\$14,408,576,738	\$8,183,422,064	\$22,591,998,802	10.44%
9	CZECH	\$413,611,636	\$156,296,644	\$569,908,280	9.90%
10	INDIA	\$3,233,302,166	\$2,904,330,218	\$6,137,632,383	9.76%
11	THAILND	\$2,766,137,697	\$850,797,657	\$3,616,935,355	9.75%
12	TAIWAN	\$3,744,757,196	\$1,920,689,971	\$5,665,447,168	8.96%
13	SENEGAL	\$14,864,204	\$20,189	\$14,884,394	8.95%
14	BERMUDA	\$62,536,697	\$138,622	\$62,675,318	8.87%
15	ZAMBIA	\$4,072,071	\$13,838,025	\$17,910,096	8.50%

# MONEY MOVED OUT OF U.S. – CUSTOMS DISTRICT DOLLAR VALUE

Obs	CUSTOMS DIST	UNDER-VALUED EXPORTS	OVER-VALUED IMPORTS	TOTAL MOVED OUT OF THE US	SHARE OF TRADE
1	LOS ANG	\$13,984,269,663	\$8,705,875,969	\$22,690,145,633	5.62%
2	NY CITY	\$13,777,116,542	\$8,338,969,145	\$22,116,085,687	5.79%
3	HOUSTON	\$12,548,548,604	\$4,338,982,295	\$16,887,530,899	6.16%
4	CLEVLND	\$3,961,551,295	\$8,882,893,771	\$12,844,445,066	10.92%
5	CHICAGO	\$3,219,774,683	\$9,461,842,976	\$12,681,617,659	6.76%
6	NEW ORL	\$6,072,748,818	\$5,574,725,544	\$11,647,474,361	4.77%
7	SAN FRN	\$6,962,087,417	\$4,530,668,715	\$11,492,756,133	9.64%
8	SAVANNH	\$5,490,814,959	\$4,114,217,571	\$9,605,032,530	7.27%
9	DETROIT	\$6,064,375,104	\$3,442,923,416	\$9,507,298,521	3.77%
10	MIAMI	\$5,490,314,797	\$1,596,140,748	\$7,086,455,545	5.68%
11	SEATTLE	\$3,575,272,704	\$3,471,495,713	\$7,046,768,417	5.09%
12	NORFOLK	\$5,173,025,709	\$1,559,958,697	\$6,732,984,406	11.92%
13	LAREDO	\$2,782,514,396	\$2,465,408,383	\$5,247,922,779	2.19%
14	DALLAS	\$1,795,264,505	\$2,995,763,979	\$4,791,028,484	7.02%
15	PHILA	\$1,761,149,767	\$3,022,045,128	\$4,783,194,895	6.12%

# MONEY MOVED OUT OF THE U.S. - CUSTOMS DISTRICT

## % TRADE

Obs	CUSTOMS DIST	UNDER-VALUED EXPORTS	OVER-VALUED IMPORTS	TOTAL MOVED OUT OF THE US	SHARE OF TRADE
1	OTHER	\$41,416,459	.	\$41,416,459	19.70%
2	WASH DC	\$1,336,592,669	\$511,910,530	\$1,848,503,199	15.12%
3	NORFOLK	\$5,173,025,709	\$1,559,958,697	\$6,732,984,406	11.92%
4	WILM NC	\$1,191,288,537	\$1,070,144,780	\$2,261,433,317	11.11%
5	CLEVLND	\$3,961,551,295	\$8,882,893,771	\$12,844,445,066	10.92%
6	SAN FRN	\$6,962,087,417	\$4,530,668,715	\$11,492,756,133	9.64%
7	OGDENSB	\$2,522,213,676	\$1,156,594,983	\$3,678,808,659	8.10%
8	SAVANNH	\$5,490,814,959	\$4,114,217,571	\$9,605,032,530	7.27%
9	CHRLSTN	\$2,073,376,275	\$2,492,473,541	\$4,565,849,816	7.07%
10	DALLAS	\$1,795,264,505	\$2,995,763,979	\$4,791,028,484	7.02%
11	ALASKA	\$1,057,967,360	\$1,113,039,883	\$2,171,007,243	6.99%
12	CHICAGO	\$3,219,774,683	\$9,461,842,976	\$12,681,617,659	6.76%
13	TAMPA	\$1,770,146,644	\$748,444,803	\$2,518,591,448	6.72%
14	BOSTON	\$793,738,171	\$1,085,569,872	\$1,879,308,042	6.71%
15	MINNPLS	\$311,057,898	\$977,685,436	\$1,288,743,335	6.49%

# MONEY MOVED INTO THE U.S. - COUNTRY DOLLAR VALUE

Obs	COUNTRY	OVER-VALUED EXPORTS	UNDER-VALUED IMPORTS	TOTAL MOVED INTO THE US	SHARE OF TRADE
1	CHINA	\$4,779,755,219	\$43,066,286,355	\$47,846,041,574	8.92%
2	CANADA	\$10,264,861,009	\$19,042,991,315	\$29,307,852,324	4.76%
3	JAPAN	\$3,858,179,371	\$25,133,150,084	\$28,991,329,455	13.39%
4	GERMANY	\$2,814,337,974	\$26,144,676,611	\$28,959,014,585	18.41%
5	MEXICO	\$7,628,893,144	\$12,703,876,376	\$20,332,769,520	4.12%
6	U KING	\$3,317,930,230	\$14,578,800,798	\$17,896,731,027	16.31%
7	FRANCE	\$1,460,853,150	\$11,643,960,290	\$13,104,813,440	18.09%
8	KOR REP	\$2,861,852,420	\$6,263,560,600	\$9,125,413,020	9.02%
9	ITALY	\$1,238,067,401	\$7,795,033,685	\$9,033,101,085	17.07%
10	SWITZLD	\$642,189,624	\$7,214,815,076	\$7,857,004,699	15.15%
11	NETHLDS	\$2,289,290,309	\$4,947,142,476	\$7,236,432,786	11.49%
12	TAIWAN	\$1,396,252,964	\$5,522,178,978	\$6,918,431,942	10.94%
13	PHIL R	\$398,694,173	\$6,075,591,076	\$6,474,285,249	36.70%
14	BELGIUM	\$2,784,761,459	\$3,425,910,168	\$6,210,671,626	13.29%
15	INDIA	\$1,182,662,696	\$4,909,939,807	\$6,092,602,503	9.69%

# MONEY MOVED INTO THE U.S. - COUNTRY % TRADE

Obs	COUNTRY	OVER-VALUED EXPORTS	UNDER-VALUED IMPORTS	TOTAL MOVED INTO THE US	SHARE OF TRADE
1	SLOVAK	\$27,618,780	\$1,623,723,061	\$1,651,341,841	78.15%
2	CZECH	\$84,598,181	\$2,736,557,912	\$2,821,156,093	49.02%
3	PHIL R	\$398,694,173	\$6,075,591,076	\$6,474,285,249	36.70%
4	LICHTEN	\$629,828	\$120,958,469	\$121,588,297	36.60%
5	BULGAR	\$7,059,416	\$189,949,443	\$197,008,859	26.39%
6	DENMARK	\$110,179,169	\$2,083,871,540	\$2,194,050,710	24.43%
7	SWEDEN	\$218,074,928	\$3,504,474,074	\$3,722,549,002	24.11%
8	GERMANY	\$2,814,337,974	\$26,144,676,611	\$28,959,014,585	18.41%
9	VIETNAM	\$140,210,734	\$4,411,093,432	\$4,551,304,166	18.29%
10	FRANCE	\$1,460,853,150	\$11,643,960,290	\$13,104,813,440	18.09%
11	AUSTRIA	\$487,647,124	\$1,788,944,029	\$2,276,591,152	17.69%
12	ITALY	\$1,238,067,401	\$7,795,033,685	\$9,033,101,085	17.07%
13	FINLAND	\$106,259,269	\$1,203,556,788	\$1,309,816,057	17.04%
14	U KING	\$3,317,930,230	\$14,578,800,798	\$17,896,731,027	16.31%
15	URUGUAY	\$55,990,254	\$218,642,558	\$274,632,812	16.19%

# MONEY MOVED INTO U.S. – CUSTOMS DISTRICT DOLLAR VALUE

Obs	CUSTOMS DIST	OVER-VALUED EXPORTS	UNDER-VALUED IMPORTS	TOTAL MOVED INTO THE US	SHARE OF TRADE
1	NY CITY	\$8,022,161,956	\$21,569,379,781	\$29,591,541,737	7.75%
2	CHICAGO	\$2,938,475,455	\$23,856,194,230	\$26,794,669,685	14.28%
3	LOS ANG	\$5,759,812,533	\$19,222,830,646	\$24,982,643,179	6.18%
4	CLEVLND	\$2,271,419,972	\$22,342,042,467	\$24,613,462,439	20.92%
5	NEW ORL	\$4,098,181,572	\$15,094,162,139	\$19,192,343,711	7.86%
6	SAVANNH	\$2,459,027,727	\$14,993,802,860	\$17,452,830,587	13.21%
7	SAN FRN	\$2,750,001,673	\$13,407,219,321	\$16,157,220,993	13.55%
8	HOUSTON	\$5,018,515,798	\$10,903,143,946	\$15,921,659,744	5.81%
9	DETROIT	\$2,134,788,016	\$12,289,592,100	\$14,424,380,115	5.73%
10	CHRLSTN	\$1,338,895,255	\$11,619,294,022	\$12,958,189,277	20.07%
11	MIAMI	\$3,374,176,963	\$6,272,253,737	\$9,646,430,701	7.73%
12	LAREDO	\$2,210,956,374	\$6,840,776,114	\$9,051,732,488	3.78%
13	DALLAS	\$2,190,129,085	\$6,690,913,348	\$8,881,042,434	13.01%
14	NORFOLK	\$1,140,250,296	\$7,499,981,238	\$8,640,231,534	15.30%
15	SEATTLE	\$1,947,792,843	\$6,367,212,413	\$8,315,005,255	6.01%

# MONEY MOVED INTO THE U.S. - CUSTOMS DISTRICT

## % TRADE

Obs	CUSTOMS DIST	OVER-VALUED EXPORTS	UNDER-VALUED IMPORTS	TOTAL MOVED INTO THE US	SHARE OF TRADE
1	ST LOUI	\$29,493,566	\$5,976,117,168	\$6,005,610,734	26.67%
2	WILM NC	\$410,601,520	\$4,340,676,827	\$4,751,278,347	23.35%
3	MILWAUK	\$56,232,812	\$210,273,862	\$266,506,674	21.81%
4	CLEVLND	\$2,271,419,972	\$22,342,042,467	\$24,613,462,439	20.92%
5	CHRLSTN	\$1,338,895,255	\$11,619,294,022	\$12,958,189,277	20.07%
6	MINNPLS	\$131,785,656	\$2,992,311,763	\$3,124,097,419	15.74%
7	NORFOLK	\$1,140,250,296	\$7,499,981,238	\$8,640,231,534	15.30%
8	CHICAGO	\$2,938,475,455	\$23,856,194,230	\$26,794,669,685	14.28%
9	BOSTON	\$763,087,508	\$3,148,410,790	\$3,911,498,298	13.98%
10	SAN FRN	\$2,750,001,673	\$13,407,219,321	\$16,157,220,993	13.55%
11	SAVANNH	\$2,459,027,727	\$14,993,802,860	\$17,452,830,587	13.21%
12	DALLAS	\$2,190,129,085	\$6,690,913,348	\$8,881,042,434	13.01%
13	P RICO	\$3,019,271,265	\$2,273,105,839	\$5,292,377,104	12.47%
14	ST ALBN	\$808,510,215	\$574,967,065	\$1,383,477,280	10.99%
15	BALT	\$1,531,177,367	\$3,877,084,395	\$5,408,261,763	9.71%

# Total Money Moved Out of the United States

Year	Under-Valued Exports	Over-Valued Imports	Total Moved Out of the US
2003	\$118,652,916,956	\$49,664,465,955	\$168,317,382,911
2004	\$111,593,487,257	\$56,167,170,400	\$167,760,657,657
2005	\$129,141,799,287	\$62,806,778,514	\$191,948,577,801
2006	\$119,755,537,632	\$69,297,773,741	\$189,053,311,373
2007	\$94,166,413,168	\$80,081,220,087	\$174,247,633,255
2008	\$109,298,632,681	\$89,433,034,390	\$198,731,667,071
2009	\$84,969,676,924	\$69,888,788,685	\$154,858,465,609
2010	\$112,732,188,667	\$77,957,195,834	\$190,689,384,502
2011	\$123,140,716,302	\$89,966,476,588	\$213,107,192,891
2012	\$118,898,299,754	\$97,290,377,964	\$216,188,677,718
2013	\$124,116,420,714	\$94,796,135,280	\$218,912,555,994
2014	\$128,344,311,131	\$102,231,668,766	\$230,575,979,896
2015	\$134,388,813,232	\$111,503,629,259	\$245,892,442,490
2016	\$133,216,400,525	\$114,730,398,487	\$247,946,799,012
2017	\$129,699,236,837	\$119,365,903,200	\$249,065,140,037
<b>Total</b>	<b>\$1,772,114,851,067</b>	<b>\$1,285,181,017,150</b>	<b>\$3,057,295,868,217</b>

# Total Money Moved Into the United States

Year	Over-Valued Exports	Under-Valued Imports	Total Moved Into the US
2003	\$45,610,266,120	\$210,429,871,726	\$256,040,137,846
2004	\$48,066,362,572	\$175,219,246,010	\$223,285,608,582
2005	\$49,264,668,182	\$191,082,104,372	\$240,346,772,555
2006	\$55,019,551,428	\$198,262,349,586	\$253,281,901,014
2007	\$62,113,115,248	\$215,180,217,157	\$277,293,332,404
2008	\$70,271,408,461	\$243,400,138,325	\$313,671,546,786
2009	\$56,243,088,305	\$193,389,208,095	\$249,632,296,400
2010	\$64,226,633,384	\$203,466,423,521	\$267,693,056,905
2011	\$66,202,260,593	\$242,331,535,229	\$308,533,795,822
2012	\$69,072,020,087	\$253,949,286,750	\$323,021,306,838
2013	\$68,332,594,940	\$272,753,571,621	\$341,086,166,561
2014	\$71,206,228,001	\$303,638,733,220	\$374,844,961,220
2015	\$72,843,053,143	\$300,347,715,788	\$373,190,768,931
2016	\$72,272,728,926	\$303,480,570,796	\$375,753,299,722
2017	\$74,944,286,852	\$324,654,777,309	\$399,599,064,161
<b>Total</b>	<b>\$945,688,266,242</b>	<b>\$3,631,585,749,505</b>	<b>\$4,577,274,015,747</b>

# Net \$ Moved

YEAR	Total \$ Move out of US	Total \$ Moved In to US	Net \$ Moved
2003	(\$168,317,382,911)	\$256,040,137,846	\$87,722,754,935
2004	(\$167,760,657,657)	\$223,285,608,582	\$55,524,950,925
2005	(\$191,948,577,801)	\$240,346,772,555	\$48,398,194,754
2006	(\$189,053,311,373)	\$253,281,901,014	\$64,228,589,641
2007	(\$174,247,633,255)	\$277,293,332,404	\$103,045,699,149
2008	(\$198,731,667,071)	\$313,671,546,786	\$114,939,879,715
2009	(\$154,858,465,609)	\$249,632,296,400	\$94,773,830,791
2010	(\$190,689,384,502)	\$267,693,056,905	\$77,003,672,403
2011	(\$213,107,192,891)	\$308,533,795,822	\$95,426,602,931
2012	(\$216,188,677,718)	\$323,021,306,838	\$106,832,629,120
2013	(\$218,912,555,994)	\$341,086,166,561	\$122,173,610,567
2014	(\$230,575,979,896)	\$374,844,961,220	\$144,268,981,324
2015	(\$245,892,442,490)	\$373,190,768,931	\$127,298,326,441
2016	(\$247,946,799,012)	\$375,753,299,722	\$127,806,500,710
2017	(\$249,065,140,037)	\$399,599,064,161	\$150,533,924,124
<b>TOTAL</b>	<b>(\$3,057,295,868,217)</b>	<b>\$4,577,274,015,747</b>	<b>\$1,519,978,147,530</b>

**ABNORMAL**

**IMPORT**

**WEIGHTS**

## ABNORMAL IMPORT WEIGHTS

<u>COUNTRY</u>	<u>PRODUCT</u>	<u>MONTH</u>	<u>U.S.C.D.</u>	<u>WEIGHT</u>
Egypt	Razors	AUG	New York	15 Kg/Unit
Indonesia	Coffee	OCT	San Francisco	1.26 Kg/Kg
Iran	Carpet	NOV	San Francisco	63 Kg/Sq Meter
Malaysia	Briefcases	MAY	San Francisco	98 Kg/Unit
Pakistan	Fabric	DEC	Los Angeles	62 Kg/Sq Meter
Russia	Binoculars	AUG	Los Angeles	120 Kg/Unit
France	Footwear	JUL	Philadelphia	46 Kg/Pair
Germany	Sweaters	APR	New York	57 Kg/Dozen

## ABNORMAL IMPORT WEIGHTS

<u>COUNTRY</u>	<u>PRODUCT</u>	<u>MONTH</u>	<u>U.S.C.D.</u>	<u>WEIGHT</u>
Egypt	Tape	MAR 04	New York	3 Kg/Sq Meter
Indonesia	Pillows	MAR 03	Los Angeles	55 Kg/Unit
Iran	Carpet	JAN 04	Baltimore	10 Kg/Sq Meter
<b>Pakistan</b>	<b>Towels</b>	<b>AUG 03</b>	<b>Charleston</b>	<b>2 Kg/Unit</b>
Russia	Magnesium	JAN 03	New York	1,042 Kg/Kg
France	Travel Bags	JAN 04	Miami	38 Kg/Unit
<b>Germany</b>	<b>Travel Bags</b>	<b>FEB 03</b>	<b>New Orleans</b>	<b>56 Kg/Unit</b>

**INVESTIGATING**

**TRADE-BASED MONEY LAUNDERING**

# UNITED STATES V. TEI-FU CHEN, ET AL (SUNRIDER CORPORATION)

- GEORGE NEWHOUSE – ASSISTANT US ATTORNEY
- CENTRAL DISTRICT OF CALIFORNIA
- OVER-INVOICED IMPORTS FROM FAR EAST
- IMPORTED HERBS AND SPICES
- TEI-FU CHEN – TWO YEAR PRISON SENTENCE
- OI-LIN CHEN (WIFE) – PROBATION
- IRS - \$93,000,000 – TAXES AND PENALTIES
- CUSTOMS - \$ 4,000,000 – PENALTY
- NO SPECIFIED UNLAWFUL ACTIVITY

TABLE 3-1

## 1990 Imports of "Other Mushrooms" by All Other US Importers

(HTSUSA=0712302000,KG) from China(Taiwan)

	Entry No.	Line No.	Date	Qty (KG)	Line Value	Price per KG	
1	<b>EntryNo....</b>	<b>001</b>	<b>900511</b>	<b>910</b>	<b>\$3,576</b>	<b>\$3.93</b>	<i>minimum price</i>
2	EntryNo....	001	901016	2,939	\$21,222	\$7.22	
3	EntryNo....	003	900129	1,701	\$14,870	\$8.74	
4	EntryNo....	003	900827	227	\$2,160	\$9.52	
5	EntryNo....	009	900810	1,288	\$13,202	\$10.25	
6	EntryNo....	001	900606	1,588	\$17,350	\$10.93	
7	EntryNo....	001	901213	98	\$1,146	\$11.69	
8	EntryNo....	001	900918	1,165	\$16,400	\$14.08	
9	EntryNo....	001	900313	3,685	\$59,138	\$16.05	
10	EntryNo....	001	900430	3,685	\$59,293	\$16.09	
11	<b>EntryNo....</b>	<b>001</b>	<b>900424</b>	<b>454</b>	<b>\$7,700</b>	<b>\$16.96</b>	<i>lower quartile price</i>
12	EntryNo....	001	900612	680	\$12,300	\$18.09	
13	EntryNo....	001	901227	320	\$8,000	\$25.00	
14	EntryNo....	001	900604	55	\$1,635	\$29.73	
15	EntryNo....	001	900126	2,703	\$86,360	\$31.95	
16	EntryNo....	001	901203	100	\$3,200	\$32.00	
17	EntryNo....	001	900207	2,613	\$89,222	\$34.15	
18	EntryNo....	001	900207	2,871	\$99,502	\$34.66	
19	EntryNo....	001	900314	2,830	\$98,612	\$34.85	
20	EntryNo....	001	900515	1,388	\$48,520	\$34.96	
21	<b>EntryNo....</b>	<b>001</b>	<b>900517</b>	<b>2,703</b>	<b>\$94,525</b>	<b>\$34.97</b>	<i>median price</i>

*Continued ...*

TABLE 3-1

## 1990 Imports of "Other Mushrooms" by All Other US Importers

(HTSUSA=0712302000,KG) from China(Taiwan)

	Entry No.	Line No.	Date	Qty (KG)	Line Value	Price per KG	
21	EntryNo....	001	900517	2,703	\$94,525	\$34.97	<i>median price</i>
22	EntryNo....	001	900212	2,703	\$94,526	\$34.97	
23	EntryNo....	001	900326	2,703	\$94,526	\$34.97	
24	EntryNo....	001	900906	2,703	\$95,002	\$35.15	
25	EntryNo....	001	901009	2,703	\$95,002	\$35.15	
26	EntryNo....	001	900802	272	\$9,564	\$35.16	
27	EntryNo....	001	900723	2,695	\$94,880	\$35.21	
28	EntryNo....	001	900815	1,207	\$42,560	\$35.26	
29	EntryNo....	001	900829	1,207	\$42,560	\$35.26	
30	EntryNo....	001	901001	1,207	\$42,560	\$35.26	
31	EntryNo....	001	901011	1,207	\$42,560	\$35.26	<i>upper quartile price</i>
32	EntryNo....	001	901024	1,207	\$42,560	\$35.26	
33	EntryNo....	001	901217	1,207	\$42,560	\$35.26	
34	EntryNo....	001	900830	1,207	\$42,560	\$35.26	
35	EntryNo....	001	900322	2,762	\$97,542	\$35.32	
36	EntryNo....	001	900409	2,776	\$99,099	\$35.70	
37	EntryNo....	001	900228	1,207	\$43,491	\$36.03	
38	EntryNo....	001	900320	2,703	\$97,446	\$36.05	
39	EntryNo....	001	901001	2,400	\$87,389	\$36.41	
40	EntryNo....	001	900312	91	\$3,368	\$37.01	
41	EntryNo....	001	900709	91	\$3,370	\$37.03	<i>maximum price</i>
	TOTAL			68,261	\$1,971,058	\$28.88	<i>average price</i>

# 0712302000 OTHER MUSHROOMS [KG]

REFERENCE PRICES OF US-TAIWAN TRANSACTIONS  
EXCLUDING DEFENDANT'S TRANSACTIONS BY YEAR

	<b>1989</b>	<b>1990</b>	<b>1991</b>
Highest	\$41.90	\$37.03	\$39.70
<b>Upper Quartile</b>	<b>\$33.03</b>	<b>\$35.26</b>	<b>\$35.38</b>
Median	\$31.95	\$34.97	\$26.42
Average	\$27.88	\$28.88	\$20.85
Lower Quartile	\$29.19	\$16.96	\$6.50
Lowest	\$1.23	\$3.93	\$3.37

# Chart 4: Other mushrooms

TSUSA: 0712302000(KG) CHINA(TAIWAN)

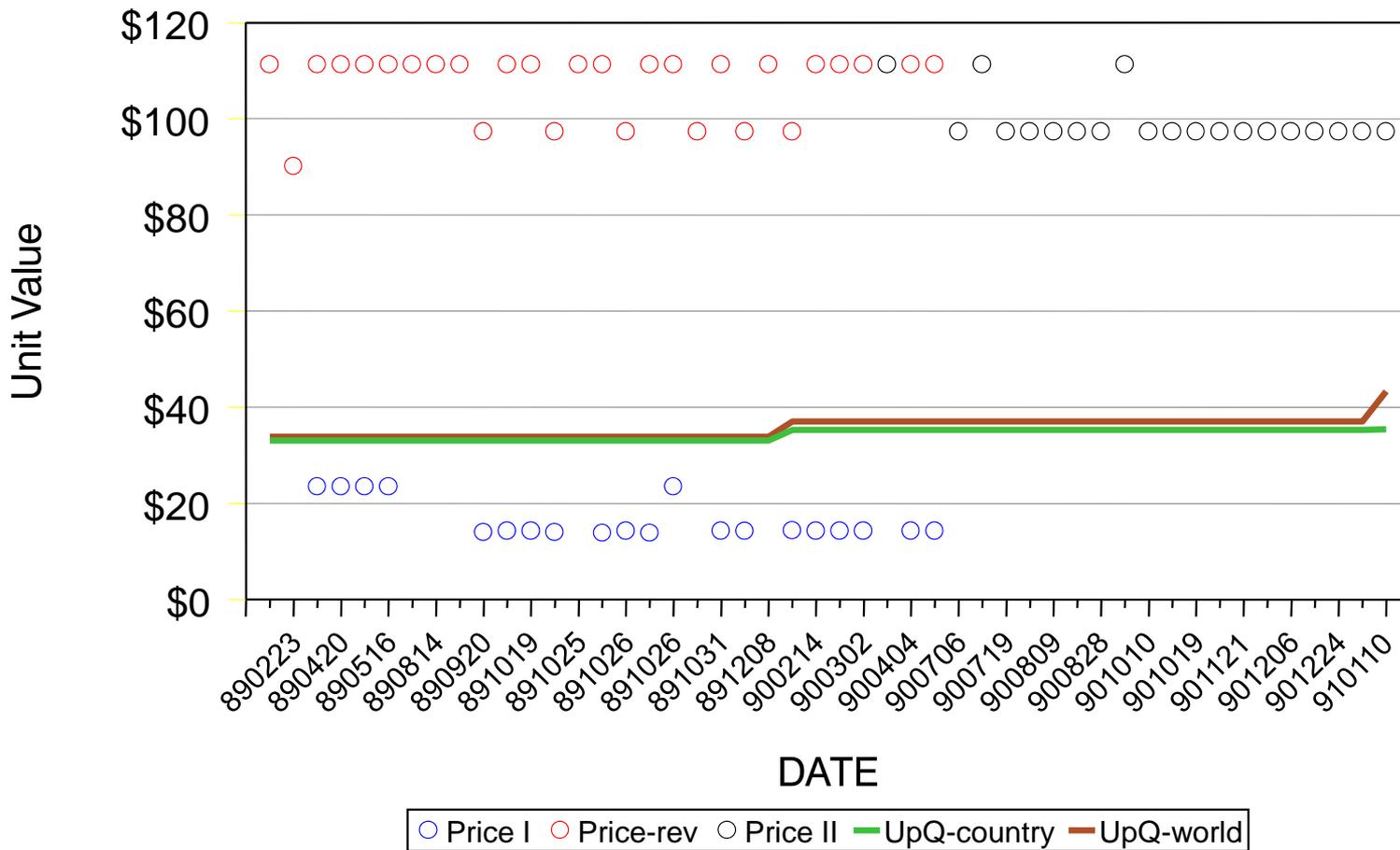


Chart 5-1: Proportion of Imports with Prices Higher Than  
Country Upper Quartile Prices

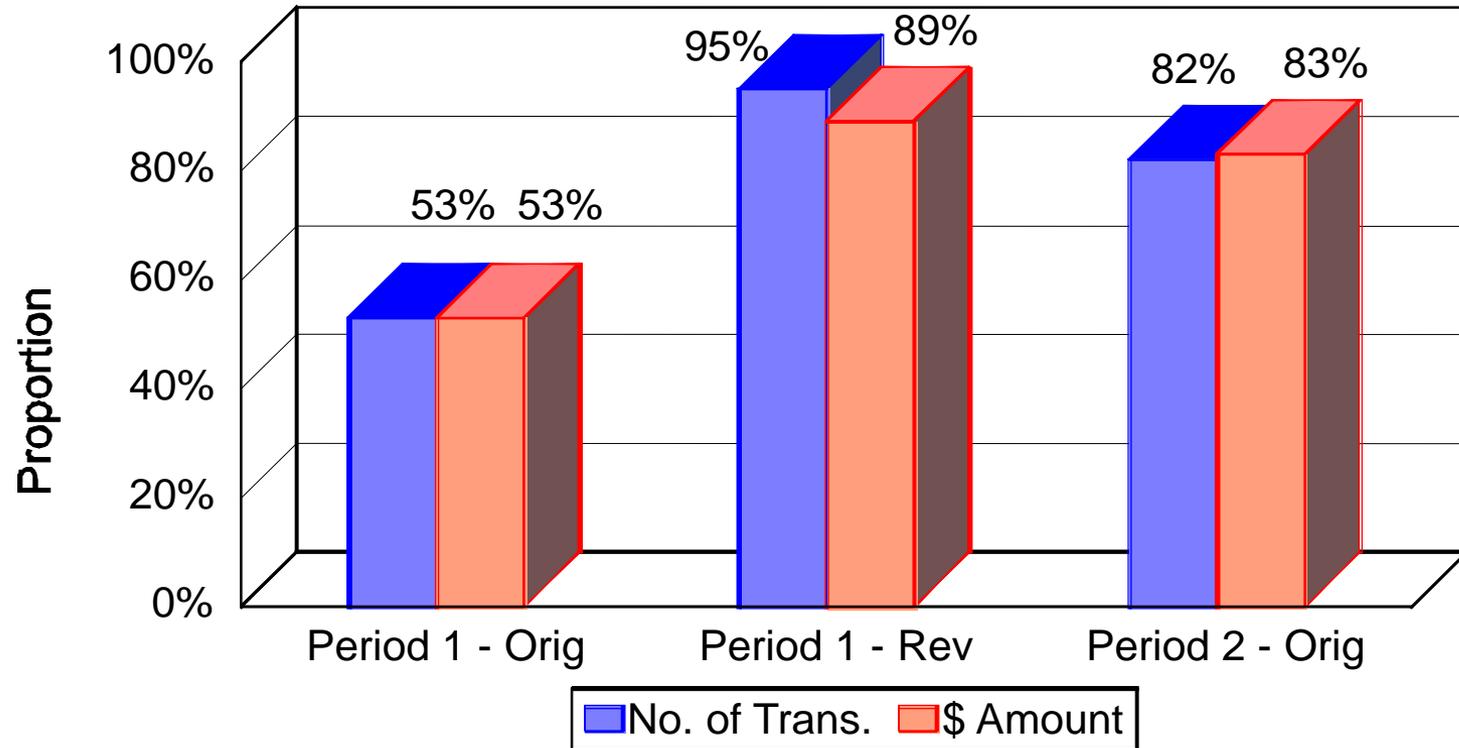
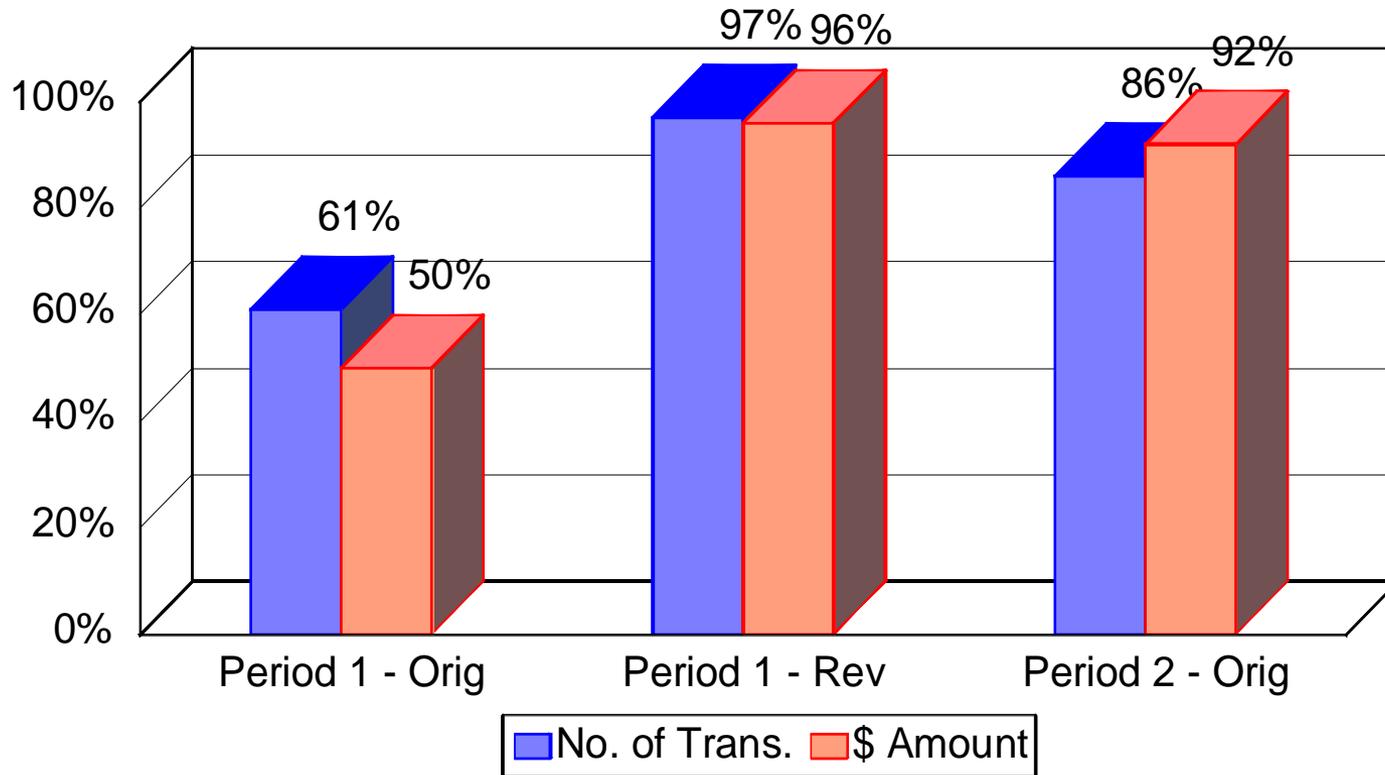


Chart 5-2: Proportion of Imports with Prices Higher Than World Upper Quartile Prices



# UNITED STATES V. SHAKLEE AHMAD, ET AL

- JOHN P ROWLEY- ASST. US ATTORNEY
- EASTERN DISTRICT OF VIRGINIA -1994
- OVER-INVOICING – MEDICAL INSTRUMENTS
- IMPORTS FROM PAKISTAN
- IMPORTER – FALCON INSTRUMENTS
- FALSE STATEMENTS TO CUSTOMS
- INCOME TAX EVASION

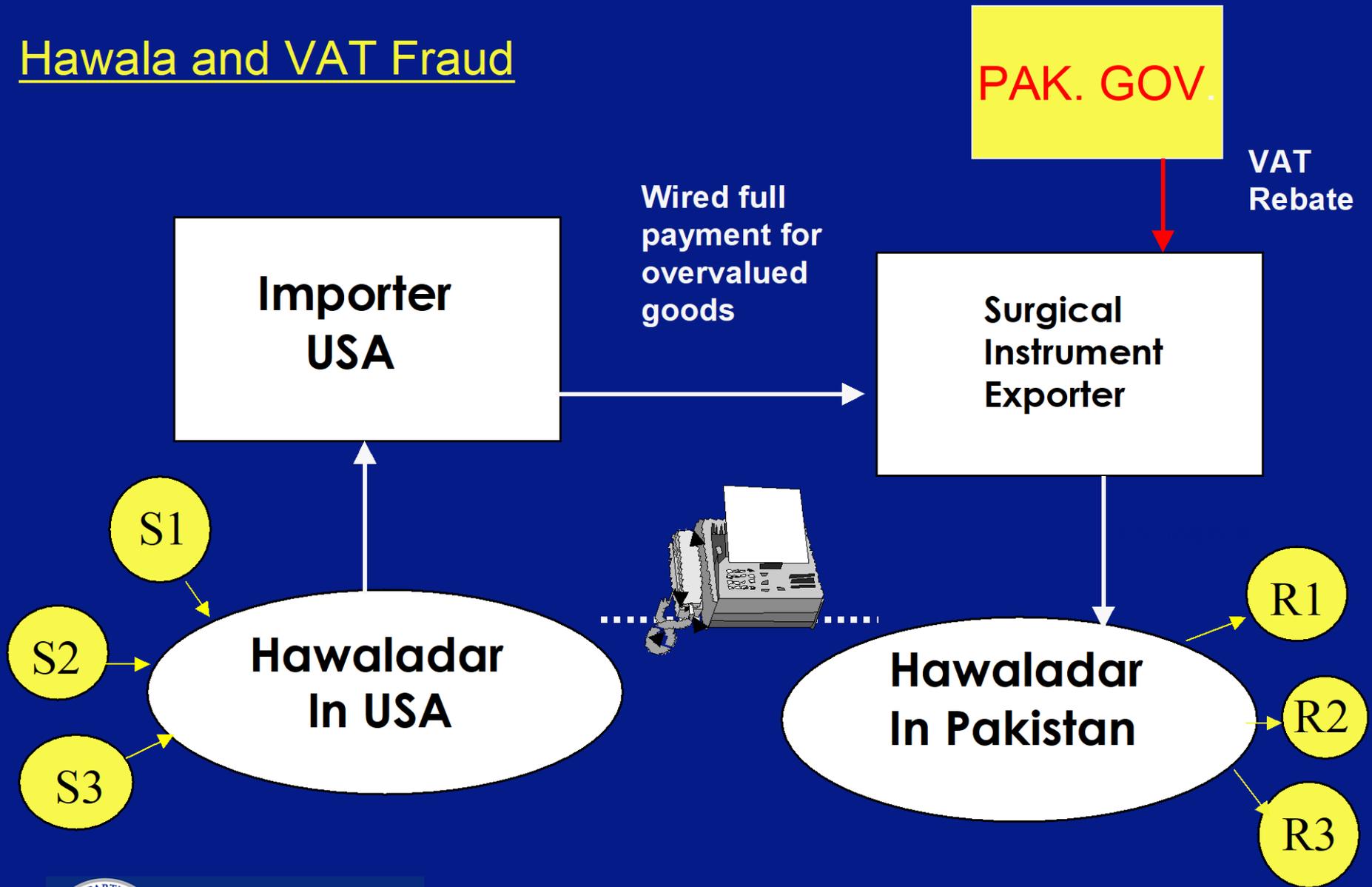
# Overvaluation, VAT, & Hawala

- A hawaladar in Washington, DC collected money from persons in the US who wished to send money to Pakistan.
- An Exporter of Surgical Instruments in Pakistan wanted to maximize his VAT rebate from Pakistan Gov't
- Hawaladar and Exporter entered into a mutually beneficial relationship

# Overvaluation, Vat & Hawala

- Hawaladar would supply US Importers with those funds to to be used for payment of the overvalued portion of the commercial invoice
- Exporter would provide rupees to hawaladar's Pakistani partner
- Rupees would be remitted to intended recipients

# Hawala and VAT Fraud



U.S. Immigration  
and Customs  
Enforcement

**DETECTING**  
**TRADE-BASED MONEY LAUNDERING**  
**RISK MITIGATION**

**John S. Zdanowicz, Ph.D.**  
**International Trade Alert, Inc.**

**BANK SECRECY ACT / ANTI-MONEY LAUNDERING  
EXAMINATION MANUAL**

**REVISED 8/24/2014**

**FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL**

**BOARD OF GOVERNORS – FEDERAL RESERVE SYSTEM**

**FEDERAL DEPOSIT INSURANCE CORPORATION**

**NATIONAL CREDIT UNION ADMINISTRATION**

**OFFICE OF COMPTROLLER OF THE CURRENCY**

**OFFICE OF THRIFT SUPERVISION**

# **ELEVEN RED FLAGS**

## **KNOW YOUR CUSTOMER AND**

## **TRANSACTIONS**

- Products inconsistent with customer's business
- Transaction structure unnecessarily complex
- Payment of proceeds to unrelated third party
- Locations or descriptions inconsistent with LC
- Significantly amended letter of credit

# **ELEVEN RED FLAGS – CONTINUED**

## **ANALYSIS OF U.S. TRADE DATA**

- Conducting business in high-risk jurisdictions
- Shipping products through high-risk jurisdictions
- Transaction in high-risk products
- Misrepresentation of quantity & type of products
- Invoice inconsistent with Customs documents
- Obvious over- or under-pricing of products

**GENERIC**  
**CHARACTER-BASED AUDITS**

**CURRENT PROCEDURES**

**CUSTOMER DUE DILIGENCE**  
**KNOW YOUR CUSTOMER**

**OFAC LISTS**

**PEP LISTS**

**CORRUPTION INDEX LIST**

# CHARACTER-BASED AUDITS

## TRADE DATA ANALYSIS

**COUNTRY RISK INDEX**  
**CUSTOMS DISTRICT RISK INDEX**  
**PRODUCT RISK INDEX**

# **COUNTRY RISK INDEX**

**TRADE-BASED  
RISK ANALYSIS OF 239 COUNTRIES**

**UPDATED MONTHLY**

**[www.internationaltradealert.com](http://www.internationaltradealert.com)**

# MONEY MOVED OUT OF THE U.S. - COUNTRY % TRADE

Obs	COUNTRY	UNDER-VALUED EXPORTS	OVER-VALUED IMPORTS	TOTAL MOVED OUT OF THE US	SHARE OF TRADE
1	BNGLD SH	\$733,656,812	\$170,312,591	\$903,969,403	16.69%
2	IRELAND	\$668,941,125	\$5,353,558,879	\$6,022,500,004	14.80%
3	ARUBA	\$192,403,790	\$9,125,340	\$201,529,130	13.06%
4	CROATIA	\$84,639,814	\$12,072,820	\$96,712,634	12.83%
5	DENMARK	\$268,872,703	\$784,737,315	\$1,053,610,018	11.73%
6	AFGHAN	\$176,982,175	\$1,736,381	\$178,718,556	11.71%
7	GERMANY	\$7,073,526,156	\$9,794,097,893	\$16,867,624,049	10.72%
8	JAPAN	\$14,408,576,738	\$8,183,422,064	\$22,591,998,802	10.44%
9	CZECH	\$413,611,636	\$156,296,644	\$569,908,280	9.90%
10	INDIA	\$3,233,302,166	\$2,904,330,218	\$6,137,632,383	9.76%
11	THAILND	\$2,766,137,697	\$850,797,657	\$3,616,935,355	9.75%
12	TAIWAN	\$3,744,757,196	\$1,920,689,971	\$5,665,447,168	8.96%
13	SENEGAL	\$14,864,204	\$20,189	\$14,884,394	8.95%
14	BERMUDA	\$62,536,697	\$138,622	\$62,675,318	8.87%
15	ZAMBIA	\$4,072,071	\$13,838,025	\$17,910,096	8.50%

# **U.S. CUSTOMS DISTRICT RISK INDEX**

**TRADE-BASED  
RISK ANALYSIS OF 47 U.S.  
CUSTOMS DISTRICTS**

**UPDATED MONTHLY**

**[www.internationaltradealert.com](http://www.internationaltradealert.com)**

# MONEY MOVED OUT OF THE U.S. - CUSTOMS DISTRICT

## % TRADE

Obs	CUSTOMS DIST	UNDER-VALUED EXPORTS	OVER-VALUED IMPORTS	TOTAL MOVED OUT OF THE US	SHARE OF TRADE
1	OTHER	\$41,416,459	.	\$41,416,459	19.70%
2	WASH DC	\$1,336,592,669	\$511,910,530	\$1,848,503,199	15.12%
3	NORFOLK	\$5,173,025,709	\$1,559,958,697	\$6,732,984,406	11.92%
4	WILM NC	\$1,191,288,537	\$1,070,144,780	\$2,261,433,317	11.11%
5	CLEVLND	\$3,961,551,295	\$8,882,893,771	\$12,844,445,066	10.92%
6	SAN FRN	\$6,962,087,417	\$4,530,668,715	\$11,492,756,133	9.64%
7	OGDENSB	\$2,522,213,676	\$1,156,594,983	\$3,678,808,659	8.10%
8	SAVANNH	\$5,490,814,959	\$4,114,217,571	\$9,605,032,530	7.27%
9	CHRLSTN	\$2,073,376,275	\$2,492,473,541	\$4,565,849,816	7.07%
10	DALLAS	\$1,795,264,505	\$2,995,763,979	\$4,791,028,484	7.02%
11	ALASKA	\$1,057,967,360	\$1,113,039,883	\$2,171,007,243	6.99%
12	CHICAGO	\$3,219,774,683	\$9,461,842,976	\$12,681,617,659	6.76%
13	TAMPA	\$1,770,146,644	\$748,444,803	\$2,518,591,448	6.72%
14	BOSTON	\$793,738,171	\$1,085,569,872	\$1,879,308,042	6.71%
15	MINNPLS	\$311,057,898	\$977,685,436	\$1,288,743,335	6.49%

# **PRODUCT RISK INDEX**

**TRADE-BASED  
RISK ANALYSIS OF 4,758 PRODUCTS  
(6 digit harmonized codes)**

**UPDATED MONTHLY**

**[www.internationaltradealert.com](http://www.internationaltradealert.com)**

# MONEY MOVED OUT OF THE U.S. – PRODUCT PERCENT OF TRADE

Obj	DESCRIPTION	TOTAL MOVED OUT OF THE US	SHARE OF TRADE
1	CARDS INCORPORATING A MAGNETIC STRIPE	558,284,560	449.3%
2	CARBON ELECTRODES NESOI	907,519,512	423.3%
3	ALBUMIN & ALBUMIN DERIVATIVES, NESOI	198,065,794	355.2%
4	TANKS ETC, OVER 300 LITER CAPACITY, ALUMINUM	158,672,863	344.3%
5	IODIDES AND IODIDE OXIDES	166,414,097	319.9%
6	OPTICAL MEDIA FOR SOUND/OTHER PHENOMENA, RECORDED	8,298,864,126	223.5%
7	HYDROMETERS & SIM FL INST, HYGROMETERS, ETC, NESOI	626,157,176	201.3%
8	OTH BALL OR ROLL BRG, INC COMBINED BALL/ROLL BRGS	306,673,663	166.7%
9	MECHANICAL SEALS	710,614,658	157.4%
10	WASTE PHARMACEUTICALS	4,365,797	154.0%
11	PLAT WST A SCRP NT CNTNG OTH PREC MTLs	2,765,665,887	153.0%
12	ACYCLIC ETHERS (EXCL DIETHYL ETHER) NESOI	4,762,310,808	148.9%
13	VARIABLE OR ADJUSTABLE (PRE-SET) CAPACITORS	61,867,646	139.6%
14	RESIDUE OF PET OILS OR BITUMIN OILS NESOI	45,525,422	138.6%
15	EXTRACTS OF GLANDS OR OTHER ORGS OR SECRETIONS	81,042,587	137.3%
16	CASKS ETC, NOT OVER 300 LITER CAP NESOI, ALUMINUM	672,410,721	130.8%
17	FIXED CAPACITORS, 50-60 HZ, POWER, CPCTY =>.5 KVAR	178,230,750	129.5%
18	AIRCRAFT LAUNCHING GEAR AND PRts;DECK ARRESTORS,PT	290,419,708	125.5%
19	INSLT FIT EX CERAM/PLAS;ELEC COND TB/JNT,BMTL ETC	274,493,284	121.5%
20	OTH REFRAC CERAMIC GDS W GRAPHITE/CARBON OV 50PCT	42,115,359	119.8%

# TRANSACTION-BASED AUDITS

**PRODUCTS TRADED ON EXCHANGES**  
**COMPARE PRICE TO SPOT PRICES**

**PRODUCTS NOT TRADED ON**  
**EXCHANGES**

**STATISTICAL ANALYSIS OF**  
**U.S. TRADE DATA BASE**

**INTERNATIONAL PRICE PROFILING**  
**SYSTEM**

**WEB – BASED**

**INTERNATIONAL PRICE PROFILING  
SYSTEM  
(IPPS)**

[www.internationaltradealert.com](http://www.internationaltradealert.com)

# PROBLEMS WITH DETERMINING MARKET PRICES

**OVER 6 MILLION PRODUCT-COUNTRY  
COMBINATIONS**

**PRICE RANGES CHANGE OVER TIME**

**NO INDIVIDUAL IS AN EXPERT IN ALL PRODUCTS**

**BANKS AND LAW ENFORCEMENT NEED TO DEVELOP  
STATISTICAL ANALYSIS OF HISTORICAL TRADE  
PRICING**

# Statistical Approach in Audits/Inspection

- Determine the benchmark upper and lower bounds of prices
  - Based on statistical analysis of historical prices (12 Months)
  - For each commodity category
  - For each country
  - For the world
  - Update monthly
- Detect transactions with prices outside the benchmark prices
  - Higher probability of being abnormal than the population

# DATA

Based on the US Export and Import data produced by the US Dept. of Commerce, Bureau of Census

- 5.57 million records – for US Exports
- 6.54 million records – for US Imports
- 9,084 – 10 digit harmonized commodity codes for Exports
- 18,243 – 10 digit harmonized commodity codes for Imports
- 239 – Countries
- 47 – US Customs District

## RESEARCH METHODOLOGY

### International Price Profiling System (IPPS):

For each commodity code and the world:

For each commodity code and each country:

The Median Price and the Mean Price

Upper bound = 95<sup>th</sup> Percentile and Mean + 2 Standard Deviations

Lower bound = 5<sup>th</sup> Percentile and Mean – 2 Standard Deviations

Total Number of country/commodity combinations

$$= (9,084 + 18,243) \times (239+1) = 6.6 \text{ million combinations}$$

Updated Monthly – Database: Prior 12 Months of Trade Data

## RESEARCH METHODOLOGY

### Transfer Price Profiling System (TPPS):

For each commodity code and the world:

For each commodity code and each country:

The Median Price and the Mean Price

Upper bound = 75<sup>th</sup> Percentile and Mean + .67 Standard Deviations

Lower bound = 25<sup>th</sup> Percentile and Mean – .67 Standard Deviations

Total Number of country/commodity combinations

$$= (9,084 + 18,243) \times (239+1) = 6.6 \text{ million combinations}$$

Updated Monthly – Database: Prior 12 Months of Trade Data

# TRADE PRICE RISK INDEX

<u>Risk Index</u>	<u>Analysis</u>	<u>Interpretation of Risk Index</u>
-4	Violates 4 Price Filters	\$ Out - Very Extreme Indication
-3	Violates 3 Price Filters	\$ Out - Extreme Indication
-2	Violates 2 Price Filters	\$ Out - Moderate Indication
-1	Violates 1 Price Filter	\$ Out - Slight Indication
0	Violates 0 Price Filters	No Risk of \$ Moved Out or In
+1	Violates 1 Price Filter	\$ In - Slight Indication
+2	Violates 2 Price Filters	\$ In - Moderate Indication
+3	Violates 3 Price Filters	\$ In - Extreme Indication
+4	Violates 4 Price Filters	\$ In - Very Extreme Indication

## Example 1:

US Exports of Tomato Ketchup to Kuwait

Select Export and type code or keyword

## INTERNATIONAL PRICE PROFILING SYSTEM (IPPS)

Export  Import

Commodity Code / Product Description keyword:

Select EXPORT or IMPORT

Enter any part of the 10-digit commodity code or keyword/s used in the product description (this search is not case sensitive)

Select commodity

## INTERNATIONAL PRICE PROFILING SYSTEM (IPPS)

[New Search](#)

Data Source: US EXPORT

Submit

COMMODITY	DESCRIPTION	UNIT
<input type="radio"/> 0702000010	CHERRY TOMATOES, FRESH OR CHILLED	KG
<input type="radio"/> 0702000030	ROMA (PLUM TYPE) TOMATOES, FRESH OR CHILLED	KG
<input type="radio"/> 0702000050	TOMATOES, FRESH OR CHILLED, NESOI	KG
<input type="radio"/> 1209918070	TOMATO SEEDS FOR SOWING	KG
<input type="radio"/> 2002100000	TOMATOES, WHOLE OR IN PIECES, PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR OR ACETIC ACID	KG
<input type="radio"/> 2002900060	TOMATO PASTE	KG
<input type="radio"/> 2002900080	TOMATOES, NESOI, (INCLUDING TOMATO PUREE) PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR OR ACETIC ACID	KG
<input type="radio"/> 2009500000	TOMATO JUICE (DRY WEIGHT CONTENT LESS THAN 7%)	L
<input checked="" type="radio"/> 2103202000	TOMATO KETCHUP	KG
<input type="radio"/> 2103204000	TOMATO SAUCES, NESOI	KG
<input type="radio"/> 9618000000	TAILORS' DUMMIES & OTHER MANNEQUINS; AUTOMATONS & OTHER ANIMATED DISPLAYS FOR SHOP WINDOW DRESSING	X

Source: Foreign Trade Division, U.S. Census Bureau, 2005.

Select country

## INTERNATIONAL PRICE PROFILING SYSTEM (IPPS)

(Please note that this analysis is based on the Jan 2005-Dec 2005 data and does not reflect the most recent prices. Also note that this analysis is based on the US trade data provided by the US Census Bureau, and International Trade Alert, Inc. is not responsible for the accuracy or validity of the information.)

[New Search](#)

**Check Price**

US EXPORTS

Commodity: 2103202000

Country:

Unit Price \$:

Submit

Select country

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Click button for result

## INTERNATIONAL PRICE PROFILING SYSTEM (IPPS)

(Please note that this analysis is based on the Jan 2005-Dec 2005 data and does not reflect the most recent prices. Also note that this analysis is based on the US trade data provided by the US Census Bureau, and International Trade Alert, Inc. is not responsible for the accuracy or validity of the information.)

[New Search](#)

**Check Price**

US EXPORTS Commodity: 2103202000 Country:  Unit Price \$:

Select country

Copyright © 2006 International Trade Alert, Inc.

Enter the unit price here

## Check Price

US EXPORTS

Commodity: 2103202000

Country:

Kuwait

Unit Price \$: 0.14

TOMATO KETCHUP (Unit: KG)

**WORLD**

Transactions: 2378

95th Percentile: \$ 1.28

MEDIAN: \$ 0.81

5th Percentile: \$ 0.55

Mean + 2SD: \$ 2.20

MEAN: \$ 0.81

Mean - 2SD: \$ 0.30

**KUWAIT**

Transactions: 26

95th Percentile: \$ 2.53

MEDIAN: \$ 0.58

5th Percentile: \$ 0.51

Mean + 2SD: \$ 3.55

MEAN: \$ 0.76

Mean - 2SD: \$ 0.16

**Risk Index = - 4**

RISK INDEX: 4=Highest Risk, 1=Lowest Risk, 0=No Risk  
("+ " is money moved into the US, "- " is money moved out of the US)

Data Source: US Trade January 2005 - December 2005

## Check Price

US EXPORTS Commodity: 2103202000 Country:  Unit Price \$:

TOMATO KETCHUP (Unit: KG)

WORLD	KUWAIT
Transactions: 2378	Transactions: 26
95th Percentile: \$ 1.28	95th Percentile: \$ 2.53
MEDIAN: \$ 0.81	MEDIAN: \$ 0.58
5th Percentile: \$ 0.55	5th Percentile: \$ 0.51
Mean + 2SD: \$ 2.20	Mean + 2SD: \$ 3.55
MEAN: \$ 0.81	MEAN: \$ 0.76
Mean - 2SD: \$ 0.30	Mean - 2SD: \$ 0.16

Risk Index = 0

RISK INDEX: 4=Highest Risk, 1=Lowest Risk, 0=No Risk  
("+ " is money moved into the US, "- " is money moved out of the US)

Data Source: US Trade January 2005 - December 2005

## Check Price

US EXPORTS

Commodity: 2103202000

Country: Kuwait

Unit Price \$: 3.75

Submit

TOMATO KETCHUP (Unit: KG)

### WORLD

Transactions: 2378

95th Percentile: \$ 1.28

MEDIAN: \$ 0.81

5th Percentile: \$ 0.55

Mean + 2SD: \$ 2.20

MEAN: \$ 0.81

Mean - 2SD: \$ 0.30

### KUWAIT

Transactions: 26

95th Percentile: \$ 2.53

MEDIAN: \$ 0.58

5th Percentile: \$ 0.51

Mean + 2SD: \$ 3.55

MEAN: \$ 0.76

Mean - 2SD: \$ 0.16

Risk Index = + 4

RISK INDEX: 4=Highest Risk, 1=Lowest Risk, 0=No Risk  
("+ " is money moved into the US, "- " is money moved out of the US)

Data Source: US Trade January 2005 - December 2005

## Example 2:

US Imports of Soccer Balls from Pakistan

Select Import and type code or keyword

## INTERNATIONAL PRICE PROFILING SYSTEM (IPFS)

Export  Import

Commodity Code / Product Description keyword:

Submit

Select EXPORT or IMPORT

Enter any part of the 10-digit commodity code or keyword/s used in the product description (this search is not case sensitive)

Select commodity

- |                                  |            |  |     |
|----------------------------------|------------|--|-----|
| <input type="radio"/>            | 7002102000 | GLASS IN BALLS WITH DIAMETER OVER 6MM, UNWORKED  | KG  |
| <input type="radio"/>            | 7325910000 | GRINDING BALLS AND SIM ARTICL FOR MILLS, CAST, OF IRON OR STEEL EXCEPT NONMALLEABLE CAST IRON              | KG  |
| <input type="radio"/>            | 7326110000 | GRINDING BALLS AND SIMILAR ARTICLES FOR MILLS, FORGED OR STAMPED, BUT NOT FURTHER WORKED, OF IRON OR STEEL | KG  |
| <input type="radio"/>            | 8482910010 | ALLOY STEEL BALLS FOR BALL BEARINGS  | KG  |
| <input type="radio"/>            | 8482910020 | BALLS FOR BALL BEARINGS, EXCEPT ALLOY STEEL  | KG  |
| <input type="radio"/>            | 9503900021 | INFLATABLE TOY BALLS, BALLOONS AND PUNCHBALLS OF RUBBER  | NO  |
| <input type="radio"/>            | 9503900025 | INFLATABLE TOY BALLS, BALLONS AND PUNCHBALLS, OTHER THAN RUBBER  | NO  |
| <input type="radio"/>            | 9504202000 | BILLIARD BALLS   | NO  |
| <input type="radio"/>            | 9504909040 | BOWLING BALLS  | NO  |
| <input type="radio"/>            | 9506320000 | GOLF BALLS   | DOZ |
| <input type="radio"/>            | 9506610000 | LAWN-TENNIS BALLS  | NO  |
| <input type="radio"/>            | 9506624040 | FOOTBALLS  | NO  |
| <input checked="" type="radio"/> | 9506624080 | SOCCER BALLS   | NO  |
| <input type="radio"/>            | 9506628020 | BASKETBALLS  | NO  |
| <input type="radio"/>            | 9506628040 | VOLLEYBALLS  | NO  |
| <input type="radio"/>            | 9506628060 | INFLATABLE BALLS, NESOI  | NO  |
| <input type="radio"/>            | 9506692040 | BASEBALLS  | NO  |
| <input type="radio"/>            | 9506692080 | SOFTBALLS  | NO  |

Select country

## INTERNATIONAL PRICE PROFILING SYSTEM (IPPS)

(Please note that this analysis is based on the Jan 2005-Dec 2005 data and does not reflect the most recent prices. Also note that this analysis is based on the US trade data provided by the US Census Bureau, and International Trade Alert, Inc. is not responsible for the accuracy or validity of the information.)

[New Search](#)

**Check Price**

US IMPORTS

Commodity: 9506624080

Country:

Unit Price \$:

Submit

Select country

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Click button for result

## INTERNATIONAL PRICE PROFILING SYSTEM (IPPS)

(Please note that this analysis is based on the Jan 2005-Dec 2005 data and does not reflect the most recent prices. Also note that this analysis is based on the US trade data provided by the US Census Bureau, and International Trade Alert, Inc. is not responsible for the accuracy or validity of the information.)

[New Search](#)

**Check Price**

US IMPORTS Commodity: 9506624080 Country:  Unit Price \$:

Select country

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Enter the unit price here

## Check Price

US IMPORTS

Commodity: 9506624080

Country: Pakistan

Unit Price \$: 0.30

SOCCER BALLS (Unit: NO)

**WORLD**

Transactions: 3014

95th Percentile: \$ 7.14

MEDIAN: \$ 2.79

5th Percentile: \$ 1.35

Mean + 2SD: \$ 27.40

MEAN: \$ 2.96

Mean - 2SD: \$ 0.32

**PAKISTN**

Transactions: 966

95th Percentile: \$ 7.02

MEDIAN: \$ 3.54

5th Percentile: \$ 2.19

Mean + 2SD: \$ 20.61

MEAN: \$ 3.73

Mean - 2SD: \$ 0.67

**Risk Index = + 4**

RISK INDEX: 4=Highest Risk, 1=Lowest Risk, 0=No Risk  
("+ is money moved into the US, "-" is money moved out of the US)

Data Source: US Trade January 2005 - December 2005

## Check Price

US IMPORTS

Commodity: 9506624080

Country: Pakistan

Unit Price \$: 2.95

SOCCER BALLS (Unit: NO)

**WORLD**

Transactions: 3014

95th Percentile: \$ 7.14

MEDIAN: \$ 2.79

5th Percentile: \$ 1.35

Mean + 2SD: \$ 27.40

MEAN: \$ 2.96

Mean - 2SD: \$ 0.32

**PAKISTN**

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95th Percentile: \$ 7.02

MEDIAN: \$ 3.54

5th Percentile: \$ 2.19

Mean + 2SD: \$ 20.61

MEAN: \$ 3.73

Mean - 2SD: \$ 0.67

**Risk Index = 0**

RISK INDEX: 4=Highest Risk, 1=Lowest Risk, 0=No Risk  
("+ is money moved into the US, "-" is money moved out of the US)

Data Source: US Trade January 2005 - December 2005

## Check Price

US IMPORTS

Commodity: 9506624080

Country:

Pakistan

Unit Price \$:

30.00

SOCCER BALLS (Unit: NO)

**WORLD**

Transactions: 3014

95th Percentile: \$ 7.14

MEDIAN: \$ 2.79

5th Percentile: \$ 1.35

Mean + 2SD: \$ 27.40

MEAN: \$ 2.96

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RISK INDEX: 4=Highest Risk, 1=Lowest Risk, 0=No Risk  
("+ " is money moved into the US, "- " is money moved out of the US)

Data Source: US Trade January 2005 - December 2005

# Applications

## International Price Profiling System (IPPS)

- **Governments: US & Foreign:** Investigative Analysis
  - Money Laundering
  - Terrorist Financing
  - Tax Avoidance/Evasion
  - Import Duty Fraud
- **Banks:** Avoid Trade Financing Illegal Transactions  
Determine Value at Risk
- **Accounting Firms:** Auditing Transactions
- **Attorneys:** Litigation Evidence
- **Insurance:** Avoid Insurance Fraud
- **Business:** Monitoring Abnormal Trade Patterns

# **TRADE BASED MONEY LAUNDERING**

**OCTOBER 12, 2004**

**CANADA REVENUE AGENCY  
CANADA BORDER SERVICE AGENCY  
MINISTRY OF FINANCE  
EXPORT DEVELOPMENT CORPORATION  
STATISTICS CANADA**

**OCTOBER 13, 2004**

**FINANCIAL TRANSACTIONS AND REPORTS  
ANALYSIS CENTRE OF CANADA  
(FINTRAC)**

**OTTOWA CANADA**

## MONEY MOVED FROM U.S. TO CANADA – DEC 2003 BASED ON U.S. TRADE DATA

	# TRANS	\$ VALUE
<b>Overvalued Canada Exports to U.S.</b> (Overvalued U.S. Imports from Canada)	<b>181,277</b>	<b>\$ 604,089,804</b>
<b>Undervalued Canada Imports from U.S.</b> (Undervalued U.S. Exports to Canada)	<b>84,749</b>	<b>\$ 575,785,214</b>
<b>TOTAL</b>	<b>266,026</b>	<b>\$ 1,179,875,018</b>

## **MONEY MOVED FROM CANADA TO U.S.– DEC 2003 BASED ON U.S. TRADE DATA**

	<b># TRANS</b>	<b>\$ VALUE</b>
<b>Undervalued Canada Exports to U.S.</b> (Undervalued U.S. Imports from Canada)	<b>135,235</b>	<b>\$ 1,933,835,616</b>
<b>Overvalued Canada Imports from U.S.</b> (Overvalued U.S. Exports to Canada)	<b>126,331</b>	<b>\$ 505,190,810</b>
<b>TOTAL</b>	<b>261,566</b>	<b>\$ 2,439,026,426</b>

**EXAMPLE: MONEY MOVED FROM U.S. TO CANADA – DEC. 2003**  
**OVERVALUED CANADA EXPORTS TO U.S.**  
**(OVERVALUED U.S. IMPORTS FROM CANADA)**

HS Code:	7108121013
Description:	Gold Bullion, not less than 99.95 percent gold by weight, unwrought, non monetary: gold content
Unit:	CGM (Content Gram)
U.S.C.D.	Ogdensburg, N.Y.
# of Trans:	11
Quantity:	4,429,712
Value:	\$ 59,318,801
Unit Price:	\$ 13.39
Upper Quartile Price:	\$ 12.50
Overvalue/Unit:	\$ 0.89
Overvalue Total:	\$ 3,941,557.74

**EXAMPLE: MONEY MOVED FROM U.S. TO CANADA – DEC. 2003**  
**UNDERVALUED CANADA IMPORTS FROM U.S.**  
**(UNDERVALUED U.S. EXPORTS TO CANADA)**

HS Code:	8429110010
Description:	Bulldozers and Angledozers, Self-Propelled, Track Laying, New
Unit:	No (Number)
U.S.C.D.	Pembina, North Dakota
# of Trans:	44
Quantity:	465
Value:	\$ 11,735,034
Unit Price:	\$ 25,236.63
Lower Quartile Price:	\$ 51,363.00
Undervalue/Unit:	\$ 26,126.37
Undervalue Total:	\$ 12,148,760.98

**EXAMPLE: MONEY MOVED FROM CANADA TO U.S. – DEC. 2003**  
**UNDERVALUED CANADA EXPORTS TO U.S.**  
**(UNDERVALUED U.S. IMPORTS FROM CANADA)**

HS Code:	441820400
Description:	French Doors, of wood
Unit:	No (Number)
U.S.C.D.	Seattle, Washington
# of Trans:	8
Quantity:	7,325
Value:	\$ 185,855
Unit Price:	\$ 25.37
Lower Quartile Price:	\$ 66.46
Undervalue/Unit:	\$ 41.08
Undervalue Total:	\$ 300,939.57

**EXAMPLE: MONEY MOVED FROM CANADA TO U.S. – DEC. 2003**  
**OVERVALUED CANADA IMPORTS FROM U.S.**  
**(OVERVALUED U.S. EXPORTS TO CANADA)**

HS Code:	8212100000
Description:	Razors
Unit:	No (Number)
U.S.C.D.	Pembina, North Dakota
# of Trans:	6
Quantity:	664,654
Value:	\$ 1,681,125
Unit Price:	\$ 2.53
Upper Quartile Price:	\$ 0.82
Overvalue/Unit:	\$ 1.71
Overvalue Total:	\$ 1,133,700.33

**INTERNATIONAL TRADE PRICING ANALYSIS**  
**MONEY MOVED IN AND OUT OF CANADA**  
**MONEY MOVED IN AND OUT OF BC**  
**2015 - 2019**

---

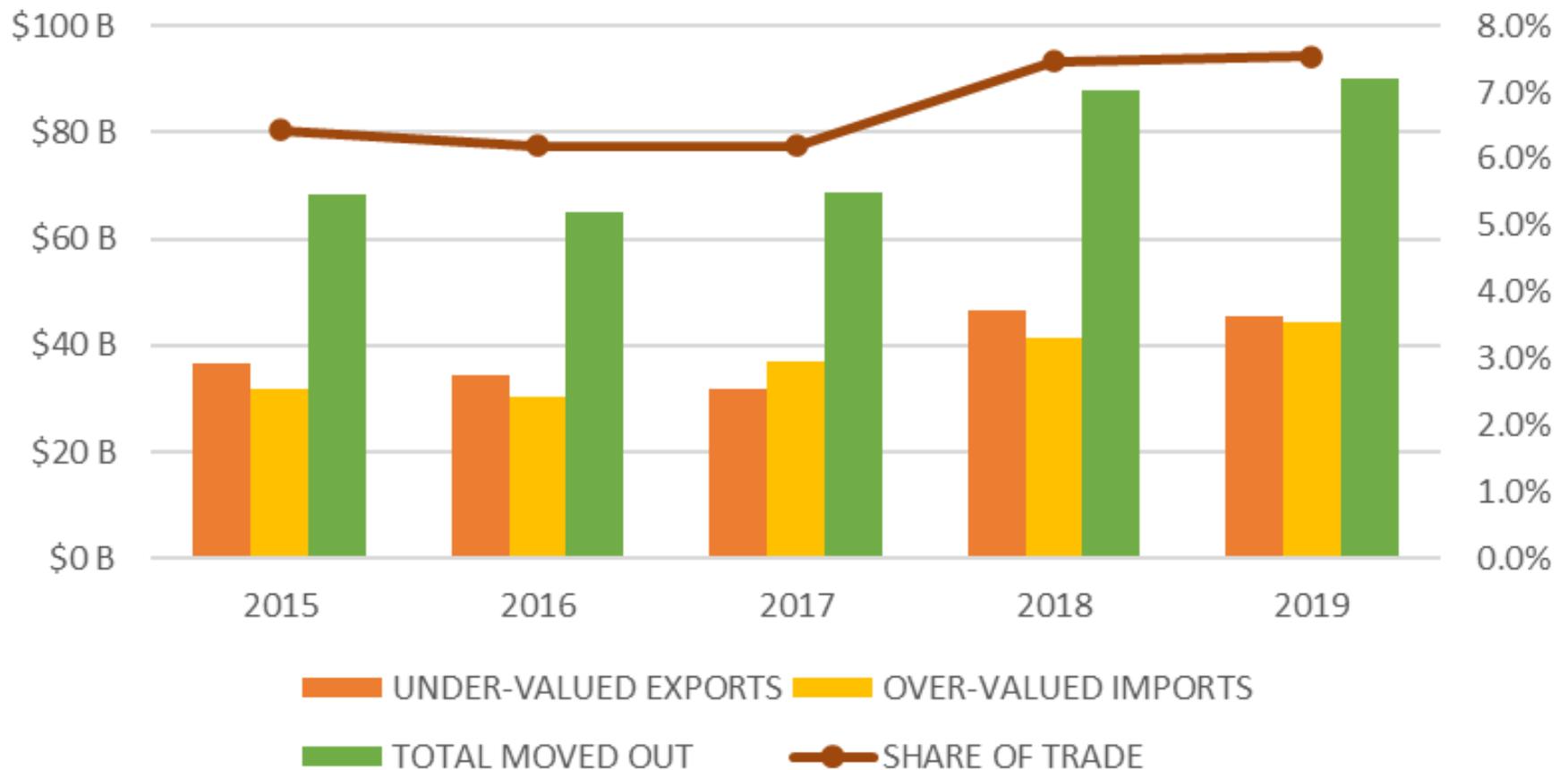
**PREPARED BY**  
**INTERNATIONAL TRADE ALERT, INC.**  
[Internationaltradealert.com](http://Internationaltradealert.com)

International Trade Alert, Inc.

# MONEY MOVED OUT OF CANADA (CAD-BILLIONS)

<u>YEAR</u>	<u>UNDER-VALUED EXPORTS</u>	<u>OVER-VALUED IMPORTS</u>	<u>TOTAL MOVED OUT</u>	<u>SHARE</u>
2015	36.50	31.67	68.17	6.43%
2016	34.54	30.44	64.98	6.19%
2017	31.69	36.87	68.56	6.19%
2018	46.66	41.38	88.04	7.46%
<b>2019</b>	<b>45.64</b>	<b>44.40</b>	<b>90.04</b>	<b>7.54%</b>

## MONEY MOVED OUT OF CANADA



**TABLE 1: MONEY MOVED OUT OF CANADA BY COUNTRY (2019)**  
**Dollar Value**

Obs	COUNTRY	UNDER-VALUED EXPORTS	OVER-VALUED IMPORTS	TOTAL MOVED OUT OF CANADA	SHARE OF TRADE
1	United States	\$39,413,380,771	\$24,472,225,182	\$63,885,605,953	8.49%
2	China	\$549,833,661	\$4,196,892,221	\$4,746,725,882	4.83%
3	Germany	\$243,905,211	\$2,965,081,859	\$3,208,987,070	12.54%
4	Mexico	\$194,118,721	\$1,512,197,751	\$1,706,316,472	3.85%
5	Japan	\$517,448,007	\$1,173,844,682	\$1,691,292,689	5.80%
6	Switzerland	\$48,753,601	\$1,616,265,604	\$1,665,019,205	26.09%
7	United Kingdom	\$923,428,058	\$669,260,292	\$1,592,688,349	5.48%
8	Italy	\$49,737,452	\$937,254,423	\$986,991,875	7.76%
9	France	\$100,480,556	\$866,643,995	\$967,124,551	7.84%
10	Belgium	\$602,075,963	\$288,429,983	\$890,505,945	10.88%
11	Netherlands	\$392,325,911	\$355,928,167	\$748,254,078	7.60%
12	Korea, South	\$167,380,557	\$517,916,345	\$685,296,902	4.50%
13	Brazil	\$490,113,341	\$117,547,285	\$607,660,626	7.94%
14	India	\$149,765,842	\$397,175,247	\$546,941,089	5.40%
15	Ireland	\$42,113,368	\$482,744,499	\$524,857,867	13.59%

**TABLE 2: MONEY MOVED OUT OF CANADA BY COUNTRY (2019)**  
**Percent of Trade**

Obs	COUNTRY	UNDER-VALUED EXPORTS	OVER-VALUED IMPORTS	TOTAL MOVED OUT OF CANADA	SHARE OF TRADE
1	Kiribati	\$294,230	\$751	\$294,981	29.57%
2	Switzerland	\$48,753,601	\$1,616,265,604	\$1,665,019,205	26.09%
3	Ireland	\$42,113,368	\$482,744,499	\$524,857,867	13.59%
4	Germany	\$243,905,211	\$2,965,081,859	\$3,208,987,070	12.54%
5	Malaysia	\$309,166,716	\$137,180,577	\$446,347,293	12.23%
6	Belgium	\$602,075,963	\$288,429,983	\$890,505,945	10.88%
7	Panama	\$24,949,983	\$154,038	\$25,104,021	10.33%
8	Norway	\$297,934,747	\$52,302,556	\$350,237,303	9.50%
9	Israel	\$13,134,936	\$129,520,143	\$142,655,079	8.50%
10	Canada	.	\$385,412,943	\$385,412,943	8.50%
11	United States	\$39,413,380,771	\$24,472,225,182	\$63,885,605,953	8.49%
12	Myanmar	\$1,209,709	\$18,422,959	\$19,632,667	8.36%
13	Cocos (Keeling) Islands	.	\$18,084	\$18,084	8.08%
14	Brazil	\$490,113,341	\$117,547,285	\$607,660,626	7.94%
15	France	\$100,480,556	\$866,643,995	\$967,124,551	7.84%

**TABLE 3: MONEY MOVED OUT OF CANADA BY PROVINCE (2019)**  
Dollar Value

<b>Obs</b>	<b>PROVINCE</b>	<b>UNDER-VALUED EXPORTS</b>	<b>OVER-VALUED IMPORTS</b>	<b>TOTAL MOVED OUT OF CANADA</b>	<b>SHARE OF TRADE</b>
1	Ontario	\$24,289,931,169	\$25,888,384,985	\$50,178,316,154	7.84%
2	Quebec	\$4,627,696,349	\$6,867,168,885	\$11,494,865,234	6.72%
3	Alberta	\$6,784,674,637	\$2,509,393,711	\$9,294,068,349	8.62%
4	British Columbia	\$4,335,941,694	\$4,148,954,576	\$8,484,896,270	5.89%
5	Saskatchewan	\$2,709,233,154	\$1,311,222,138	\$4,020,455,292	15.76%
6	Manitoba	\$1,367,949,826	\$2,094,990,380	\$3,462,940,206	7.96%
7	New Brunswick	\$860,048,531	\$649,361,607	\$1,509,410,137	5.29%
8	Nova Scotia	\$265,270,621	\$571,378,080	\$836,648,701	4.96%
9	Newfoundland and Labrador	\$280,872,004	\$348,000,775	\$628,872,778	4.04%
10	Yukon	\$90,910,103	\$1,954,273	\$92,864,376	22.80%
11	Prince Edward Island	\$21,114,063	\$6,207,856	\$27,321,918	6.66%
12	Nunavut	\$643,993	\$4,950,423	\$5,594,416	0.77%
13	Northwest Territories	\$761,685	\$69,409	\$831,094	3.63%

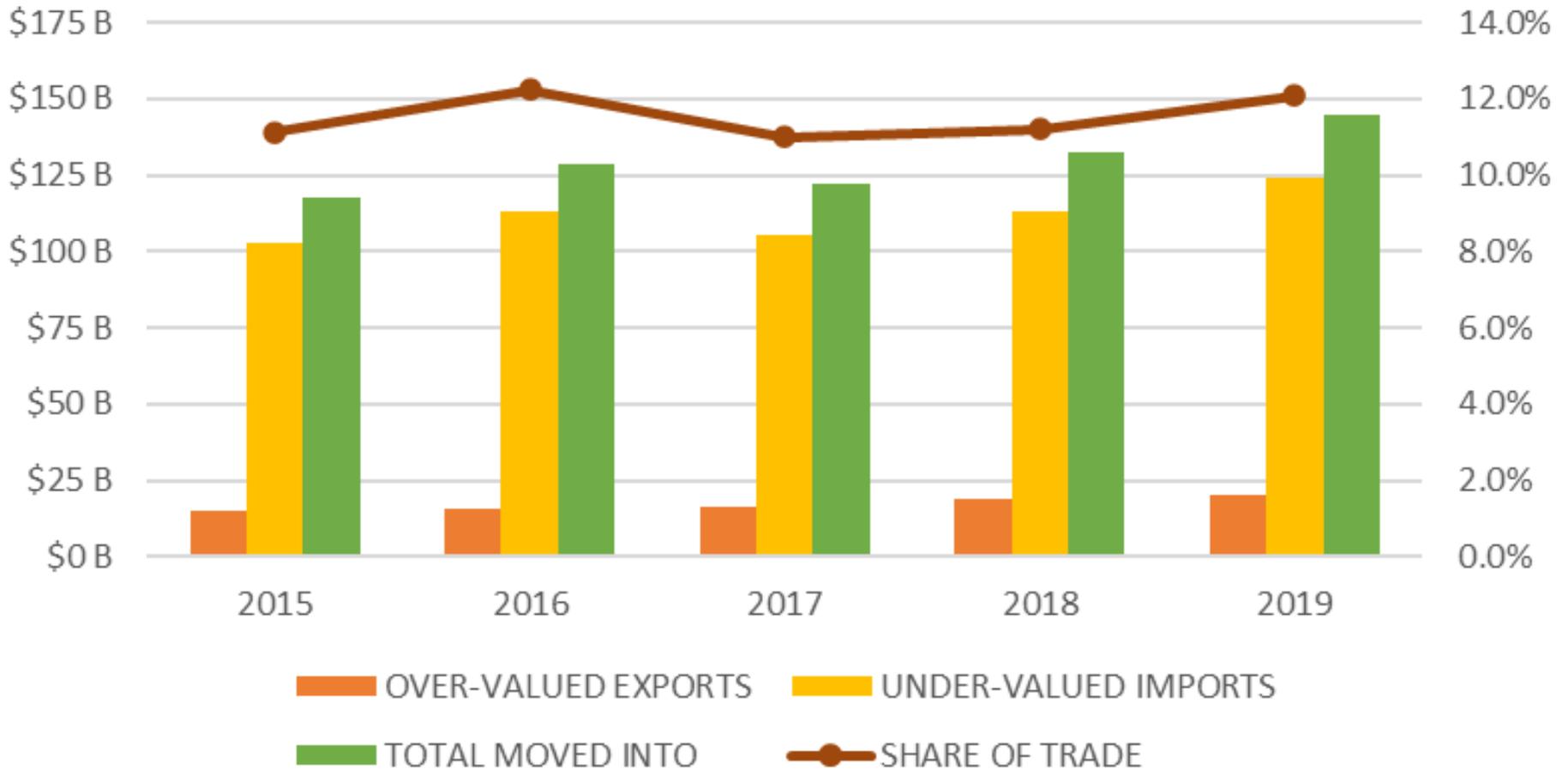
**TABLE 4: MONEY MOVED OUT OF CANADA BY PROVINCE (2019)**  
**Percent of Trade**

<b>Obs</b>	<b>PROVINCE</b>	<b>UNDER-VALUED EXPORTS</b>	<b>OVER-VALUED IMPORTS</b>	<b>TOTAL MOVED OUT OF CANADA</b>	<b>SHARE OF TRADE</b>
1	Yukon	\$90,910,103	\$1,954,273	\$92,864,376	22.80%
2	Saskatchewan	\$2,709,233,154	\$1,311,222,138	\$4,020,455,292	15.76%
3	Alberta	\$6,784,674,637	\$2,509,393,711	\$9,294,068,349	8.62%
4	Manitoba	\$1,367,949,826	\$2,094,990,380	\$3,462,940,206	7.96%
5	Ontario	\$24,289,931,169	\$25,888,384,985	\$50,178,316,154	7.84%
6	Quebec	\$4,627,696,349	\$6,867,168,885	\$11,494,865,234	6.72%
7	Prince Edward Island	\$21,114,063	\$6,207,856	\$27,321,918	6.66%
8	British Columbia	\$4,335,941,694	\$4,148,954,576	\$8,484,896,270	5.89%
9	New Brunswick	\$860,048,531	\$649,361,607	\$1,509,410,137	5.29%
10	Nova Scotia	\$265,270,621	\$571,378,080	\$836,648,701	4.96%
11	Newfoundland and Labrador	\$280,872,004	\$348,000,775	\$628,872,778	4.04%
12	Northwest Territories	\$761,685	\$69,409	\$831,094	3.63%
13	Nunavut	\$643,993	\$4,950,423	\$5,594,416	0.77%

# MONEY MOVED INTO CANADA (CAD-BILLIONS)

<u>YEAR</u>	<u>OVER-VALUED EXPORTS</u>	<u>UNDER-VALUED IMPORTS</u>	<u>TOTAL MOVED IN</u>	<u>SHARE</u>
2015	14.94	102.98	117.92	11.12%
2016	15.33	113.16	128.49	12.24%
2017	16.55	105.43	121.98	11.01%
2018	18.92	113.26	132.18	11.20%
<b>2019</b>	<b>20.34</b>	<b>124.10</b>	<b>144.44</b>	<b>12.09%</b>

## MONEY MOVED INTO CANADA



**TABLE 5: MONEY MOVED INTO CANADA BY COUNTRY (2019)**  
**Dollar Value**

<b>Obs</b>	<b>COUNTRY</b>	<b>OVER-VALUED EXPORTS</b>	<b>UNDER-VALUED IMPORTS</b>	<b>TOTAL MOVED INTO CANADA</b>	<b>SHARE OF TRADE</b>
1	United States	\$17,292,650,469	\$60,887,485,894	\$78,180,136,363	10.40%
2	China	\$480,615,940	\$25,553,813,764	\$26,034,429,703	26.48%
3	Germany	\$113,953,682	\$4,771,797,961	\$4,885,751,643	19.10%
4	Mexico	\$174,816,743	\$4,094,776,774	\$4,269,593,517	9.64%
5	Spain	\$25,159,211	\$2,944,101,346	\$2,969,260,557	59.38%
6	Japan	\$257,873,813	\$1,817,481,020	\$2,075,354,833	7.12%
7	France	\$153,427,209	\$1,838,750,596	\$1,992,177,805	16.16%
8	Taiwan	\$61,997,817	\$1,894,511,869	\$1,956,509,687	24.42%
9	Italy	\$83,052,297	\$1,689,125,094	\$1,772,177,391	13.94%
10	United Kingdom	\$161,963,771	\$1,447,778,181	\$1,609,741,952	5.54%
11	India	\$108,713,761	\$1,375,699,530	\$1,484,413,291	14.65%
12	Trinidad and Tobago	\$4,713,549	\$1,210,367,103	\$1,215,080,652	221.08%
13	Korea, South	\$103,557,614	\$1,022,232,987	\$1,125,790,601	7.39%
14	Finland	\$8,269,884	\$1,077,415,109	\$1,085,684,993	61.53%
15	Viet Nam	\$18,827,357	\$1,056,698,196	\$1,075,525,553	13.48%

**TABLE 6: MONEY MOVED INTO CANADA BY COUNTRY (2019)**  
**Percent of Trade**

Obs	COUNTRY	OVER-VALUED EXPORTS	UNDER-VALUED IMPORTS	TOTAL MOVED INTO CANADA	SHARE OF TRADE
1	Trinidad and Tobago	\$4,713,549	\$1,210,367,103	\$1,215,080,652	221.08%
2	Lesotho	\$7,200	\$5,259,455	\$5,266,655	69.55%
3	Finland	\$8,269,884	\$1,077,415,109	\$1,085,684,993	61.53%
4	Spain	\$25,159,211	\$2,944,101,346	\$2,969,260,557	59.38%
5	Tanzania, United Republic of	\$419,265	\$86,037,192	\$86,456,457	56.85%
6	Greece	\$3,506,228	\$168,405,884	\$171,912,112	41.67%
7	El Salvador	\$522,432	\$68,893,413	\$69,415,845	36.17%
8	Botswana	\$204,230,261	\$3,983,763	\$208,214,024	35.63%
9	Haiti	\$572,541	\$54,562,022	\$55,134,564	31.47%
10	Austria	\$1,696,394	\$730,139,332	\$731,835,726	28.71%
11	China	\$480,615,940	\$25,553,813,764	\$26,034,429,703	26.48%
12	Jordan	\$3,962,077	\$54,295,087	\$58,257,165	25.45%
13	Israel	\$8,323,303	\$418,289,957	\$426,613,259	25.43%
14	Honduras	\$300,502	\$121,071,406	\$121,371,909	24.48%
15	Taiwan	\$61,997,817	\$1,894,511,869	\$1,956,509,687	24.42%

**TABLE 7: MONEY MOVED INTO CANADA BY PROVINCE (2019)**  
**Dollar Value**

Obs	PROVINCE	OVER-VALUED EXPORTS	UNDER-VALUED IMPORTS	TOTAL MOVED INTO CANADA	SHARE OF TRADE
1	Ontario	\$10,690,195,596	\$72,222,946,637	\$82,913,142,234	12.95%
2	Quebec	\$3,054,691,025	\$21,987,648,029	\$25,042,339,054	14.64%
3	British Columbia	\$2,598,522,806	\$13,941,585,327	\$16,540,108,133	11.49%
4	Alberta	\$915,712,390	\$6,588,423,689	\$7,504,136,079	6.96%
5	Manitoba	\$1,298,292,909	\$4,376,998,233	\$5,675,291,142	13.04%
6	Saskatchewan	\$574,455,456	\$1,714,260,154	\$2,288,715,610	8.97%
7	Nova Scotia	\$159,815,128	\$1,942,505,335	\$2,102,320,463	12.46%
8	New Brunswick	\$525,649,776	\$874,422,192	\$1,400,071,968	4.91%
9	Newfoundland and Labrador	\$394,746,281	\$395,818,499	\$790,564,781	5.08%
10	Prince Edward Island	\$31,627,832	\$42,586,898	\$74,214,730	18.08%
11	Nunavut	\$62,122,455	\$3,467,927	\$65,590,382	9.02%
12	Yukon	\$22,446,374	\$6,305,226	\$28,751,600	7.06%
13	Northwest Territories	\$12,466,713	\$6,962	\$12,473,675	54.48%

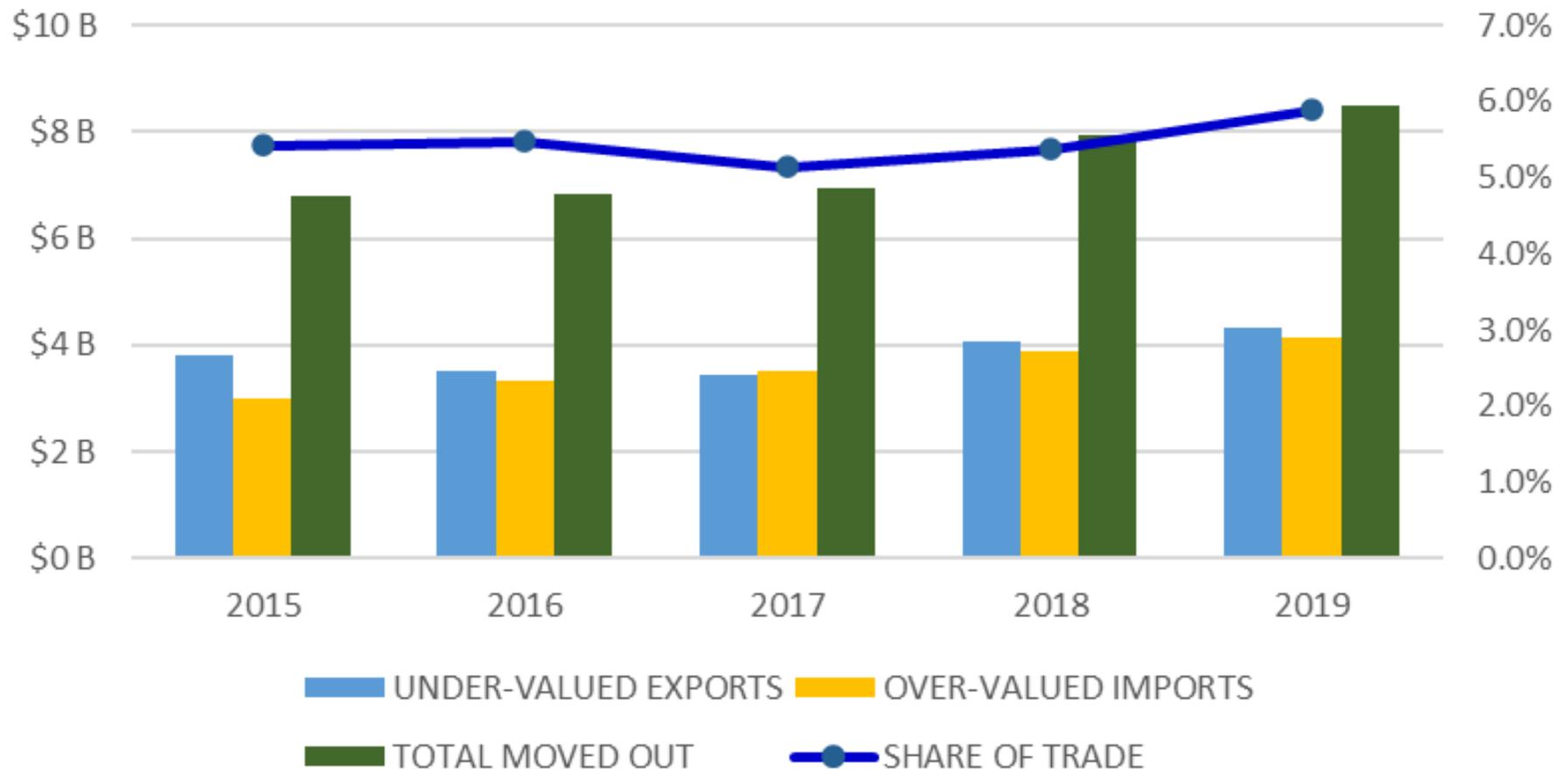
**TABLE 8: MONEY MOVED INTO CANADA BY PROVINCE (2019)**  
**Percent of Trade**

<b>Obs</b>	<b>PROVINCE</b>	<b>OVER-VALUED EXPORTS</b>	<b>UNDER-VALUED IMPORTS</b>	<b>TOTAL MOVED INTO CANADA</b>	<b>SHARE OF TRADE</b>
1	Northwest Territories	\$12,466,713	\$6,962	\$12,473,675	54.48%
2	Prince Edward Island	\$31,627,832	\$42,586,898	\$74,214,730	18.08%
3	Quebec	\$3,054,691,025	\$21,987,648,029	\$25,042,339,054	14.64%
4	Manitoba	\$1,298,292,909	\$4,376,998,233	\$5,675,291,142	13.04%
5	Ontario	\$10,690,195,596	\$72,222,946,637	\$82,913,142,234	12.95%
6	Nova Scotia	\$159,815,128	\$1,942,505,335	\$2,102,320,463	12.46%
7	British Columbia	\$2,598,522,806	\$13,941,585,327	\$16,540,108,133	11.49%
8	Nunavut	\$62,122,455	\$3,467,927	\$65,590,382	9.02%
9	Saskatchewan	\$574,455,456	\$1,714,260,154	\$2,288,715,610	8.97%
10	Yukon	\$22,446,374	\$6,305,226	\$28,751,600	7.06%
11	Alberta	\$915,712,390	\$6,588,423,689	\$7,504,136,079	6.96%
12	Newfoundland and Labrador	\$394,746,281	\$395,818,499	\$790,564,781	5.08%
13	New Brunswick	\$525,649,776	\$874,422,192	\$1,400,071,968	4.91%

# MONEY MOVED OUT OF BRITISH COLUMBIA (CAD-BILLIONS)

<u>YEAR</u>	<u>UNDER-VALUED EXPORTS</u>	<u>OVER-VALUED IMPORTS</u>	<u>TOTAL MOVE OUT</u>	<u>SHARE</u>
2015	3.79	2.99	6.78	5.42%
2016	3.51	3.34	6.85	5.48%
2017	3.43	3.51	6.94	5.14%
2018	4.07	3.88	7.95	5.37%
<b>2019</b>	<b>4.34</b>	<b>4.15</b>	<b>8.48</b>	<b>5.89%</b>

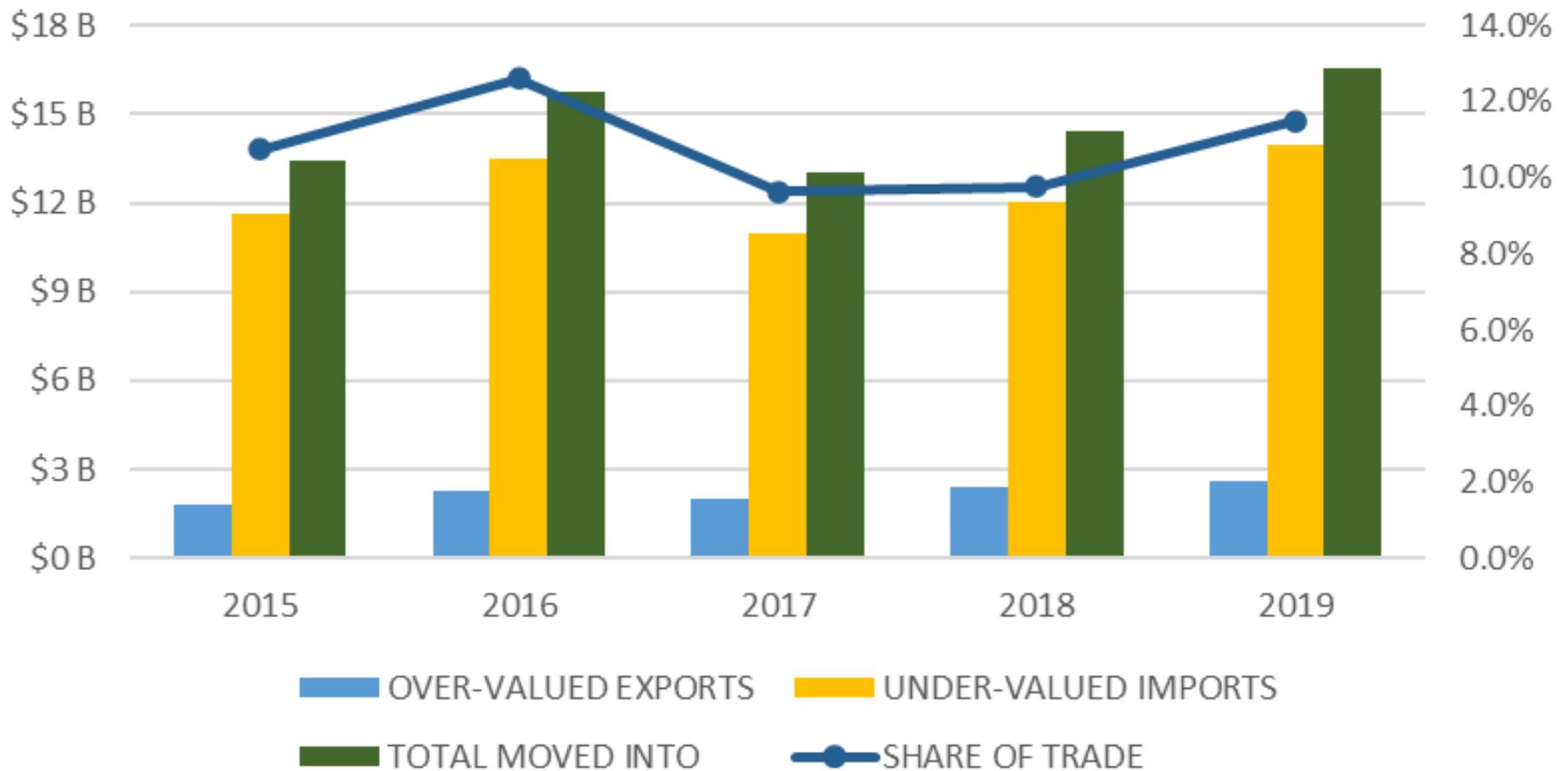
## MONEY MOVED OUT OF BRITISH COLUMBIA



# MONEY MOVED INTO BRITISH COLUMBIA (CAD-BILLIONS)

<u>YEAR</u>	<u>OVER-VALUED EXPORTS</u>	<u>UNDER-VALUED IMPORTS</u>	<u>TOTAL MOVED IN</u>	<u>SHARE</u>
2015	1.79	11.64	13.43	10.73%
2016	2.27	13.48	15.75	12.60%
2017	2.02	11.00	13.03	9.63%
2018	2.38	12.05	14.43	9.76%
<b>2019</b>	<b>2.60</b>	<b>13.94</b>	<b>16.54</b>	<b>11.49%</b>

## MONEY MOVED INTO BRITISH COLUMBIA



# MONEY MOVED OUT OF BRITISH COLUMBIA

## UNDERVALUED BRITISH COLUMBIA EXPORTS

HS Code:	85258020
Description:	Digital Cameras
Unit:	NMB (Number)
Country - Month	Australia - 201909
# of Trans:	77
Quantity:	10,729
Value:	\$ 1,123,640
Unit Price:	\$ 104.73
Lower Quartile Price:	\$ 606.55
Undervalue/Unit:	\$ 501.82
Undervalue Total:	\$ 5,384,042

# MONEY MOVED OUT OF BRITISH COLUMBIA

## OVERVALUED BRITISH COLUMBIA IMPORTS

HS Code:	2203000031
Description:	Beer, Lager, Made From Malt
Unit:	Litre
Country - Month	Mexico - 201906
# of Trans:	4
Quantity:	1,128,322
Value:	\$ 3,693,258
Unit Price:	\$ 3.27
Upper Quartile Price:	\$ 1.55
Overvalue/Unit:	\$ 1.72
Overvalue Total:	\$ 1,941,521

## MONEY MOVED INTO BRITISH COLUMBIA

### OVERVALUED BRITISH COLUMBIA EXPORTS

HS Code:	03061610
Description:	Cold Water Shrimps and Prawns, Frozen in Shell
Unit:	Kilogram
Country - Month	China - 201907
# of Trans:	4
Quantity:	81,262
Value:	\$ 2,804,007
Unit Price:	\$ 34.51
Upper Quartile Price:	\$ 6.82
Overvalue/Unit:	\$ 27.68
Ovrvalue Total:	\$ 2,249,490

## MONEY MOVED INTO BRITISH COLUMBIA

### UNDERVALUED BRITISH COLUMBIA IMPORTS

HS Code:	8422119090
Description:	Dish Washing Machines, Household Type
Unit:	NMB (Number)
Country - Month	United States - 201908
# of Trans:	25
Quantity:	195,783
Value:	\$ 1,405,640
Unit Price:	\$ 7.18
Lower Quartile Price:	\$ 339.04
Undervalue/Unit:	\$ 331.86
Undervalue Total:	\$ 64,972,582

# MITIGATING TRADE-BASED MONEY LAUNDERING (TBML)

STATISTICAL ANALYSIS OF CANADA  
TRADE DATA BASE

HISTORICAL TRADE TRANSACTIONS

REAL TIME TRADE TRANSACTIONS

**FOLLOW**

**THE**

**DATA**