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CUSTOMS

Finnish Customs Intelligence and Investigation Report 2008



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The pollution of the environment and global warming have long been among the most topical issues in the world. Hurricanes, ever more destructive heavy rains and wildfires are examples of the symptoms displayed by nature and signs of an even gloomier future. This is why the World Customs Organization (WCO) has chosen environmental protection and prevention of environmental crime as one of its themes for 2009.

For long now, customs authorities have fought against various kinds of environmental offences, for example in order to prevent trade in endangered animals and plants, to carry out controls of substances which are dangerous to the environment, and to uncover illegal transports of waste. Nor should one forget the role of Customs in the implementation of environmental taxation.

So far, the significance of Customs in the combat against ever-worsening global environmental problems has not been widely noted in Finland. Instead, there has been at times heated debate over such things as whether or not the import of snuff should be completely prohibited, and what to do about liquorice pipes which are supposedly a dangerous influence on children.

The EU decided to ban the sale of oral snuff on its territory, but nevertheless granted a special exemption to Sweden, our neighbouring country. Indeed, the import of snuff into Finland is banned for business purposes, but is allowed for private persons. The working group set up by the Ministry of Social Affairs and Health which looked into the matter decided to intervene, and also to prohibit the import of snuff by private persons, which in practice would mean imposing a prohibition act.

The concept of prohibition has been applied in Finland in the past. The prohibition of alcohol which was repealed in 1932 is an example which should be observed also in this context, not just for public health reasons. An aspect to be considered might for example be the effect of a prohibition on the public's respect for the law. Organised crime is ready to react to any new decisions which the Finnish Government makes. Tax increases and restrictions form the basis for the livelihood of criminals. If the legislation is in apparent contradiction with the general legal custom, this opens up new opportunities for criminals that they will not hesitate to exploit.

On the other hand, whenever legal instruments are applied, their benefits should be clearly greater than the disadvantages, and law enforcement should have realistic foundations. It is apparent that the drawbacks resulting from a total snuff ban would outweigh its positive effects. Furthermore, it is certain that the convincing control of snuff at the internal borders, especially on the northern land border of Finland, would be impossible. Luckily, the Finnish Government has decided not to implement the prohibition of snuff and settled for imposing only quantitative restrictions on the import of snuff in passenger traffic.

It would be desirable from Customs' point of view that the discussion on its tasks was broadened and shifted away from the world of snuff and liquorice pipes to focus on, say, environmental protection and ensuring fair taxation. This would lend Customs considerably more support in meeting future challenges.



*Mr Esko Hirvonen
Head of Investigation*

Offences Detected by Customs and Impact of Investigation

The intelligence and investigation authorities of Finnish Customs are expecting new turns in the crime situation. Indications of an upcoming turning point were apparent during 2008. The clearest indication of this is the increase in the number of offences.

There have been no perceivable changes in the structural factors of smuggling into Finland, which may in turn mean that the crime situation will worsen. In this context, the structural factors include the international security situation, the inefficient activity of authorities in the key areas of smuggling, the opportunities of criminal groups to operate domestically and in the neighbouring regions, the requirements of smooth traffic as well as traffic volumes, and the quality of border control. The decreased traffic volumes caused by the global recession were not yet reflected in the 2008 crime figures.

The extent of criminal activity which involves even more contrabands than before, for example pharmaceuticals, can also indicate a change in the crime situation in Finland. Unfortunately, the situation will likely worsen.

There have been no significant changes in the role of main perpetrators. Russian, Estonian and Lithuanian criminal groups smuggle the majority of narcotics, cigarettes and doping substances arriving in Finland in cooperation with Finnish criminals. The previously anticipated increase in the role of Lithuanian criminals was manifested already in 2007 as regards methamphetamine. Therefore, no new developments occurred as such during 2008. As yet, there have been no indications that methamphetamine produced in Lithuanian laboratories and smuggled to Russia would enter Finland via Russia.

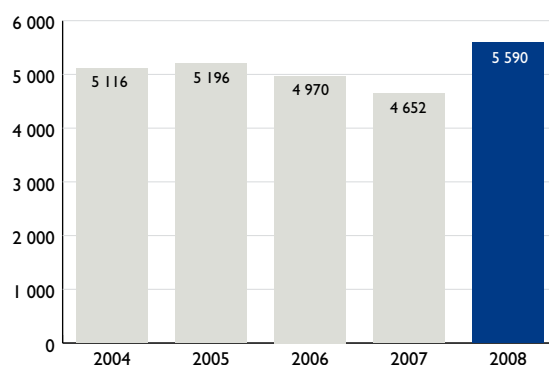
Finland's neighbouring regions are places of provenance, production and transit in the smuggling of goods into Finland. It can also be said that, in recent times, Finland's role in the transit of contrabands has become more prominent. An indication of this is the increased number of export offences as regards defence and military equipment.

The previous indications and intelligence data concerning narcotics and narcotic medicines became concrete in 2008; for example, the seizures of medicines categorised as narcotics grew almost tenfold in comparison with 2007.

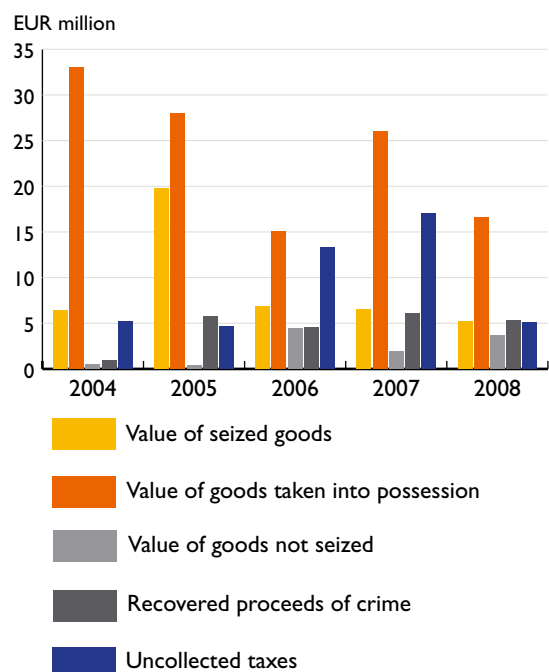
The record-high production of heroin in Afghanistan is decreasing, but the use of heroin has increased in Finland according to official figures. The abuse of buprenorphine, which is used

internationally in the replacement therapy of heroin addicts, seems to have decreased in Finland in light of the seizures carried out. Although the acquisition of Subutex in the Baltic countries has become more difficult after Estonia and Latvia became Schengen countries, drug users still receive prescriptions from Estonian doctors. It is likely that the smuggling of Subutex is finding new routes.

Offences Detected by Customs 2004–2008



Impact of Customs Intelligence and Investigation 2004–2008



In Sweden and Norway, the use of buprenorphine has become more wide-spread, and the smuggling of the substance to Finland from these countries has indeed increased. The role of the United Kingdom in the smuggling of buprenorphine has also become more apparent. There are indications of drug addicts obtaining prescriptions in the United Kingdom in the same way as in Estonia.

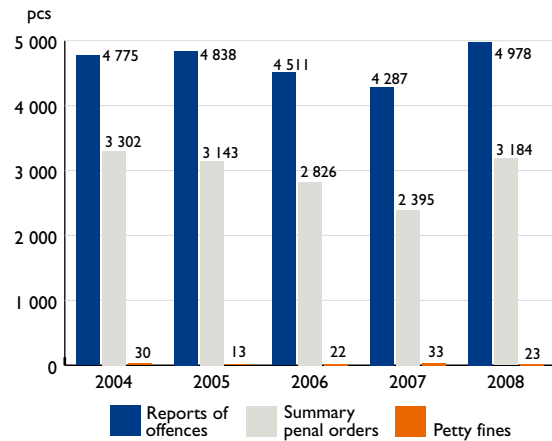
The increased smuggling of cocaine is a fact. The use of cocaine has increased also in Finland and Estonia. Large seizures of cocaine have been carried out in Europe.

Cigarette smuggling has been more wide-scale and organised than in previous years. This has become evident especially with the organised nature of trafficking small cigarette consignments. Snuff is imported to Finland in large quantities for resale from Sweden and Russia. The re-sellers of snuff are often persons who own pizzerias and kiosks.

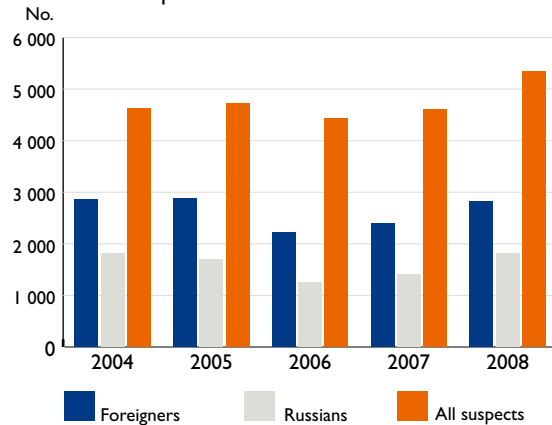
It became apparent during 2008 that more alcohol than previously is imported illegally to Finland for resale.

Furthermore, the networking of criminal groups has continued domestically as well as internationally. The criminal groups operating in Finland participate, for example, in the smuggling of narcotics as well as cigarettes. Terrain stashes in Finland and internal body concealment in border crossings are still significant trends in the smuggling of narcotics.

Reports of Offences, Summary Penal Orders and Petty Fines 2004–2008



Suspects of Offences 2004–2008



Northern Customs District

The Northern Customs District is geographically vast and sparsely populated. Almost half of the area of the customs district lies north of the Arctic Circle. Approximately 600 000 people live in the region where the largest city is Oulu. The headquarters of the customs district are next to the Finnish-Swedish border in Tornio, where most of the intelligence and investigation authorities are stationed. A characteristic of the customs district is that whichever direction you travel in, the distances are always long. Eight international airports are situated in the Northern Customs District, but the international traffic on these airports consists mainly of charter flights.

Tornio is in many ways a historical place. Many important people in terms of world history have crossed the border between east and west in the Tornio river valley. Russian war supplies passed through Tornio during the First World War, and during the final stages of the Second World War, the Finnish army landed at the Port of Tornio, making its only and perhaps most dangerous landing in the military history of Finland.

As meeting points for eastern and western railways and due to their geographically suitable location, Tornio and Haparanda, which is located on the Swedish side of the border, have been significant places for smuggling both goods and people. The years following both world wars were the most active periods of smuggling. The “northern route”, which even today passes through Tornio, has been popular especially in smuggling narcotics to Finland and Norway. Millions of border crossings take place on the E4 road between Tornio and Haparanda.

One could make an endless list of the special characteristics of the Northern Customs District, but its most special feature is probably that the passenger and goods traffic in the customs district consists strictly of diverse internal EU traffic, internal Schengen traffic and external EU border traffic. Goods traffic in the customs district consists of both transit traffic and traffic related to wood processing and the metal and IT industries. This complex totality poses great challenges to customs control and crime prevention, but fortunately, the greatest risks currently involve major population centres.

Sparse population and minimal official re-



sources have provided a good basis for the national and international cooperation between law enforcement authorities. On the national level, Customs has had the longest cooperation with the Police and the Border Guard. As regards Nordic cooperation, the Northern Customs District has mostly worked with Sweden and Norway when it comes to law enforcement and preliminary investigation. In recent years, this activity has been hindered by the divergent legislative practices of Finland's neighbouring countries, as well as by the varying emphasis in targeting resources. Progress has been slow in developing cooperation with Russia; the greatest obstacle is still the lack of a common language.

National cooperation works best with the Police, especially with the National Bureau of Investigation. It is indeed customary in the Northern Customs District to establish joint national or international investigation teams when required.

The most common types of crime in the Northern Customs District are the same as elsewhere in Finland: narcotics offences and tax frauds. Each year, a few aggravated offences are put under preliminary investigation, and that is just about what the resources allow for anyway.

There are 25 people working in intelligence and investigation, which is approximately 10 per cent of the entire customs district personnel. Two persons work in regional PCB analysis teams in Oulu and Rovaniemi. In addition, a full-time Border Guard liaison officer is working in the intelligence and investigation team in Tornio. The requirements for high-quality crime prevention are met in terms of both equipment and personnel. The Northern Customs District relies on assistance from other customs districts or authorities in all extensive and demanding cases.

Economic Crime

In 2008, offences categorised as economic crimes investigated by Finnish Customs consisted mainly of illegal imports investigated as tax frauds and aggravated tax frauds, and of intellectual property offences. In addition, forgeries including aggravated cases have been investigated by Finnish Customs in recent years.

As regards economic crime related to foreign trade and transit traffic, the perceived threat continues to be economic crime taking place in the form of business activity. In the future, special attention must also be paid to the misuse of customs procedures occurring in legal business activity, and to products which are imported under false documents. Economic crime pertaining to electronic trade and the traffic of internal trade can also be perceived as a growing threat. Authorities have observed that the Internet is used in marketing and selling highly taxable products, such as alcohol and tobacco, to consumers, and in the evasion of the tax regulations imposed on these products.

The criminal activity occurring in export and transit procedures, which was detected earlier, has continued during 2008. Significant cases concerning the forging of documents have been detected in the Eastern and Southern Customs Districts. It can be said that forged stamps in documents have become less significant, while the ambiguities occurring in export involve double invoicing to an increasing extent. In these cases, goods are cleared for import from Finland to the country of destination using clearance information which deviates from the original details submitted when the goods are appropriately cleared for export in Finland. It is estimated that 20 to 80 per cent of the exports to Russia involve double invoicing. The illegal practice has been detected by comparing declared export values and export prices.

The increase in ambiguities involving customs warehouses is a significant new phenomenon. Customs has detected cases in which large quantities of, for example, electronics for which import duties were not declared and paid were removed from customs warehouses against regulations. There has also been reason to suspect that the products have remained in the internal EU market. Problems involving warehouse losses are very open to interpretation. The content and meaning of the responsibilities provided for by the Penal Code of Finland and the Community Customs Code remain partly unclarified due to the lack of a precedent.

The problem of criminal activity involving cus-

toms procedures is that, due to legislative shortcomings, the authorities are unable to intervene efficiently in the use of forged documents within international trade and in double invoicing. Government proposal 197/2008 on the enactment of legislation regarding customs clearance offences was handed over to the Finnish Parliament towards the end of 2008.

The purpose of the customs clearance offence to be provided for by law is to prevent the use of systems intended for legal foreign trade for criminal intentions. The criminalisation of the offence also involves an effort to secure Customs with sufficient prerequisites for carrying out, for example, the control of quotas, limitations and subsidies related to import and export.

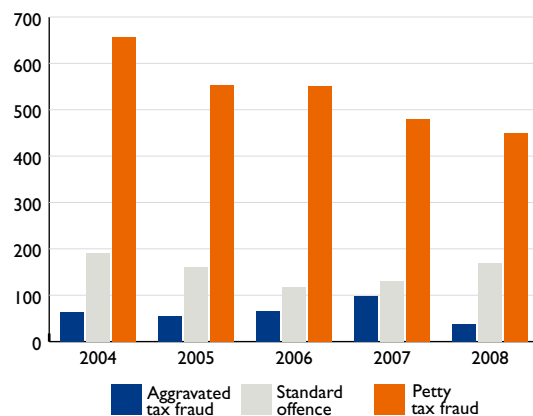
Economic Crime and Tax Frauds

During 2008, Customs investigated altogether 128 offences categorised as economic crimes. The number of investigated cases has remained quite steady in recent years. At the end of 2008, Customs was investigating or was going to investigate 130 economic crimes, whereas in 2007, the corresponding figure was 121.

The overall number of tax frauds investigated by Customs has been decreasing slightly during the past two years. However, the number of aggravated tax frauds increased until 2007. In 2008, only six per cent of the tax frauds investigated by Customs were aggravated, whereas in 2007, the figure was 14 per cent.

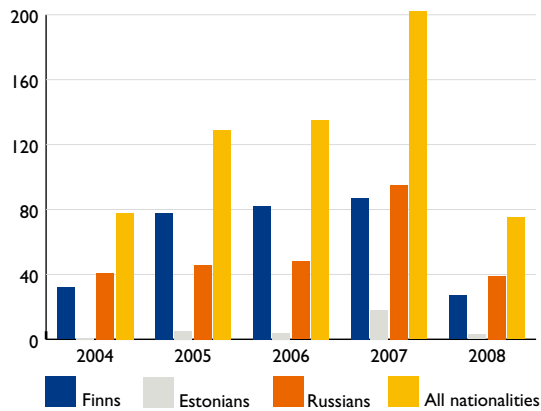
As regards persons suspected of aggravated tax frauds, the share of Russians has been signifi-

Tax Frauds 2004–2008



cant in recent years. In 2008, the share of Russians of the number of suspects was approximately 52 per cent, and the share of Finns around 36 per cent.

Aggravated Tax Fraud – Suspects 2004–2008



Cases

Aggravated Tax Fraud in Excise Taxation

The Southern Customs District investigated an aggravated tax fraud involving excise taxation during 2008. There is reason to suspect that company X, which imports cigars to Finland, provided Customs with incorrect information regarding the basis for the excise duty on tobacco and evaded excise duties for a value of approximately 490 000 euros from 1999 to 2006.

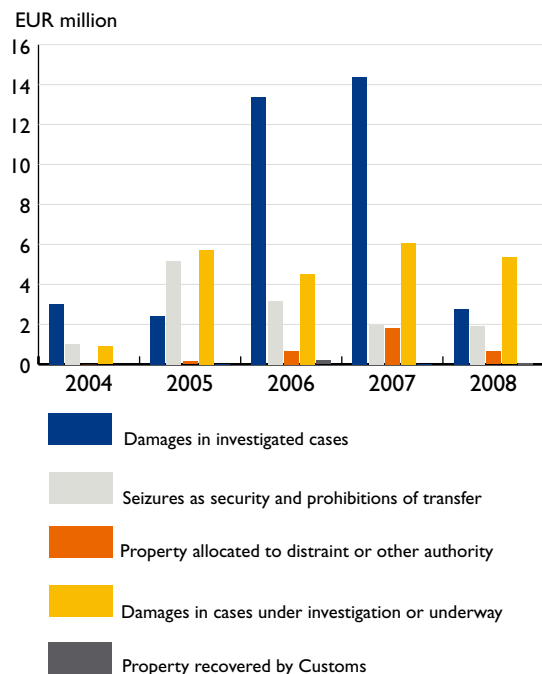
The preliminary investigation of the case was started after a special inspection team of the Southern Customs District audited the company. In connection with the tax inspection of the company, the authorities discovered that the company had used the wholesale price as the basis of taxation instead of the retail price in its tax returns. In accordance with section 8

The Impact of the Combat against Economic Crime

The value of property recovered by Customs was 5.34 million euros in 2008. The value decreased by approximately 17 per cent in comparison with 2007.

The value of damages resulting from investigated economic crimes (uncollected import duties, value of unseized goods, and illegal proceeds of crime) also decreased in comparison with 2007 and was 2.76 million euros. In 2007, the corresponding figure was 14.39 million euros.

Impact of Customs Investigation into Economic Crime 2004–2008



of the Tobacco Tax Act, the excise duty on tobacco is imposed on the basis of the retail price of cigars and cigarillos. The sales value of some products had even been declared as lower than the purchase price paid by the company.

It became apparent during the preliminary investigation that the suspects also administered company Y. Purchase invoices of cigars from company Y were found in the books of company X, which, according to its own books, had bought and imported the cigars it had sold from Sweden. Company Y had not filed any excise tax declarations on the cigars it had imported. As regards company Y, the amount of evaded taxes for the period from 2003 to 2006 was altogether 270 000 euros.

The overall amount of taxes evaded in the case is presently around 760 000 euros. The preliminary investigation of the case is still ongoing.

Aggravated Forgery and Aggravated Accounting Offence in an Export-Related Double Invoicing Case

Customs has investigated an extensive case of double invoicing from 2007 to 2009. Based on the preliminary investigation, there is reason to suspect that a Finnish forwarding agency has prepared false export documents, such as trade invoices and consignment notes, relating to the steel trade to Russia by a Finnish steel supplier. According to the preliminary investigation reports, there is reason to suspect that in this case the Finnish forwarding agency has drafted the false documents on the orders of the Finnish steel supplier.

The false trade invoices were prepared for presentation to Russian Customs. The intention was to avoid the customs duties payable to Russian Customs in connection with the import of the products to Russia. In this regard, the matter has been investigated as an aggravated forgery. Employees of both the steel company and the forwarding agency have been interrogated as suspects during the preliminary investigation.

In addition, it was established during the prelimi-

nary investigation that the Finnish steel supplier has sold steel products to Russia through various foreign pseudo-companies. On the basis of sales invoices and export declarations attached to the company books, it appears that the company does not conduct trade with Russian companies.

On the grounds of the preliminary investigation, there is reason to suspect that the companies through which trade has been conducted are, however, not real companies. Customs authorities suspect that the steel company was aware of the matter when it conducted steel trade with Russian parties which yielded significant annual turnovers. Furthermore, the authorities suspect that the steel company thus entered misleading information about the sale of steel products in its books, and made it difficult to form a correct and sufficient view of the results of its activities. The matter has been investigated as an aggravated accounting offence in this respect.

Court Decisions in Economic Crimes Investigated by Customs

District Court Decision in a Case involving Fuel Excise Duties

On 3 October 2008, Lappeenranta District Court gave its decision on a case of aggravated tax fraud investigated by the Eastern Customs District. The case involved the transfer of diesel fuel from the tank of a company to its vehicles against regulations. No taxes had been paid in Finland for the transferred diesel fuel and the total amount of evaded taxes for the illegal transfers was around 116 000 euros from 2000 to 2006.

The District Court commented in its decision on whether the Council Regulation setting up a Community system of reliefs from customs duty and the regulations of the road traffic agreement between Finland and Russia should be applied in the matter, and on the relation between the Regulation and the agreement. The District Court ruled in its decision that the Regulation and the agreement do not contradict each other, but will be applied in parallel. Therefore, the fuel should not have been used in any other vehicle besides the one in which it was imported to Finland. The fuel should not have been removed from the vehicle at any other time besides for the required reparation of the said vehicle, and should not have been stored or handed over in exchange for compensation or for free.

When weighing the criminal intent of the matter, the District Court ruled that the defendants had worked in a company which carries out international transports. Therefore, they have had knowledge of the regulations concerning road traffic between Finland and Russia. The District Court's view was that, under these circumstances, the defendants must have understood that their activities as described in the prosecution's case against them would most probably result in taxes not being imposed. The defendants were sentenced to conditional imprisonment of 6 to 8 months for aggravated tax fraud.



District Court Decision in a Case involving Customs Warehousing Losses

At the end of 2007, Kotka District Court passed a sentence in the so-called customs warehousing case investigated by the Eastern Customs District. Among other items, some 260 000 mobile phones were illicitly removed from customs control in Kotka.

The customs duties and value added taxes which were not imposed for the goods which disappeared from the warehouse amounted to approximately 8.6 million euros. To cover up the warehouse losses, the suspects added unsubstantiated entries on the removal of goods into the warehouse books and fabricated evidence attached to the books.

The District Court did not sentence the defendant for aggravated tax fraud, as it considered the defendant's explanation of the missing goods being smuggled to Russia as plausible. According to the District Court, it thus remains unproven that the defendant would have caused or attempted to cause the non-imposition of taxes in Finland. The defendant was given a sentence only for a customs violation. The customs attorney has appealed against the decision, and the matter will come before the Court of Appeals during spring 2009.

Should the view of the District Court be confirmed by the higher courts, this would bring about considerable pressure for changes in the control of customs warehouses, in the preliminary investigation of suspected offences, and in the development of legislation.

The proposed provisions on customs clearance offences which are being considered by the Finnish Parliament would perhaps enable the authorities to intervene into malpractices of this kind.

District Court Decision on the Use of Forged Customs Stamps

Helsinki District Court gave its sentence for an aggravated forgery investigated by the Southern Customs District on 14 March 2008. The defendants in the case were a Russian businessman who conducted export, and the export officer of a Finnish forwarding agency who saw to the forwarding of export consignments for the Russian businessman's company. The Russian suspect sent a document with a customs stamp to the export officer at the forwarding agency by e-mail for further delivery to Customs for the purpose of discharging the transit.

Based on the preliminary investigation, there was reason to suspect that the suspects were aware of the forged Finnish Customs' date stamp on the document, and despite this had tried to discharge the unfinished transit procedure by presenting the document to the customs authority to prove that the goods had left the Community, and to avoid the imposed subsequent tax assessment.

Helsinki District Court concluded that criminal intent could not be proven as regards the export officer of the forwarding agency, even though the Court ruled that the export officer had acted carelessly. The Russian businessman, on the other hand, was sentenced to 10 months' conditional imprisonment for aggravated forgery. The District Court ruled that misleading the employees of a forwarding agency by sending a document purporting to be authentic to the customs authorities is a matter which must be considered when assessing the level of seriousness of the criminal act.

In its decision, the District Court refers to decision 2006:93 by the Supreme Court of Finland according to which a document can be regarded as forged if a copy of it has given a misleading impression of its origin. The sentence is not valid.



Tyres removed from a warehouse against customs procedure regulations by tampering with warehouse books.

Alcohol

In 2008, altogether 565 smuggling offences involving alcohol occurred. No professional smuggling offences involving alcohol were detected.

The majority of the alcohol offences were investigated in the Eastern Customs District.

In 2008, altogether 45 596 litres of alcohol was seized. Of this quantity, the share of spirits taken into possession in previous years and of on-line spirits taken into possession as a result of an offence reported by the National Product Control Agency for Welfare and Health (STTV) was 36 435 litres. The actual quantity of seized alcohol in 2008 was 3 851 litres, of which the share of spirits was 185 litres. The largest individual seizure of 1 100 litres was made in the Northern Customs District.

The seized quantities of alcohol have continued to decrease.

The alcohol tax rose by an average of 11 per cent from the start of 2008 with an emphasis on strong alcoholic beverages. The tax increase further underlined the differences in the prices of alcoholic beverages between Finland and Estonia. The import restrictions on alcohol and the price differences between Finland and Estonia were still taken advantage of in order to gain financial benefit. There have been cases in which large quantities of low-cost alcohol imported from Estonia have been declared for personal use, when in fact the alcohol has been resold illegally in Finland.

Case

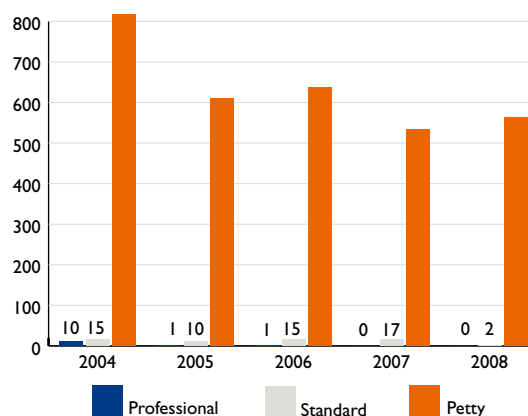
During 2007 to 2008, the intelligence and investigation authorities of Lahti Customs investigated an aggravated tax fraud and professional distribution of an alcoholic substance mainly in the province of Kymenlaakso, but also in the province of Päijät-Häme.

The investigation was started when authorities of Sea Customs in the Southern Customs District looked into the activities of men who had imported large quantities of alcohol as passenger goods from Estonia since 2006. By May 2008, the men had imported at least 110 000 litres of various alcoholic beverages for the purpose of resale from Estonia and from ships sailing between Finland and Estonia.

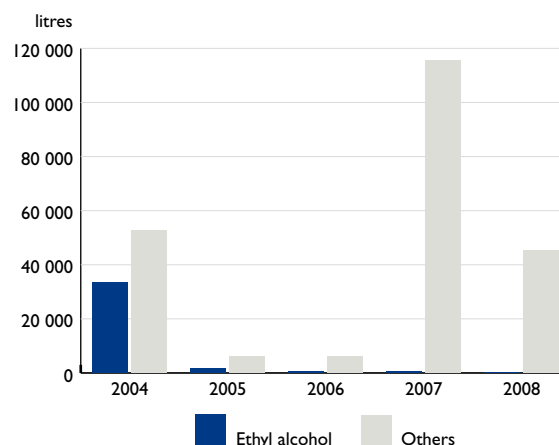
The alcohol was imported from another EU member state because its price was considerably lower than in Finland. In customs inspections, the alcoholic beverages were declared as passenger imports for personal use. The quantity imported at one time ranged from 1 000 to 2 000 litres, and the men made several monthly trips to acquire alcohol during 2006 to 2008.

The men travelled mainly in vans. Usually two per-

Smuggling of an Alcoholic Substance 2004–2008



Alcohol Seizures 2004–2008



sons per van took part in the trips. One of the persons who took part in a trip declared half of the quantity of alcohol as personal belongings in the arrival inspection.

As the activity was continuous and initially occurred on a monthly and later, towards its end, on an almost weekly basis, the intelligence and investigation authorities started to keenly monitor the activity in autumn 2007. The investigation revealed that a resale organisation of alcoholic beverages established by the Finnish men involved had operated in Kymenlaakso since 2006.

The three main suspects recruited helpers for their trips solely for the purpose of importing alcohol. The main suspects paid for the trips and the alcohol the helpers bought. They also distributed the alcoholic beverages in return for compensation to clients who ordered alcohol and to random clients in the provinces of Kymenlaakso and Päijät-Häme. The activity was efficiently organised. Several persons who admitted to having bought alcoholic beverages and cigarettes from the suspects were interrogated during the preliminary investigation.

The men were apprehended in May 2008 and the real estates and vehicles owned by them were searched. A total quantity of 9 000 litres of alcoholic beverages, a small quantity of strong spirits as well as cigarettes were seized from the real estates.

This was the first large-scale organisation distributing legal alcoholic beverages imported as passenger goods to be uncovered by Finnish Customs since Estonia joined the European Union. The activity of the suspects caused a loss of approximately 164 000 euros in tax revenue to the state of Finland.

“Passenger imports” sometimes require a larger vehicle.



Trade of Estonian Alcohol and Cigarettes in Northern Finland

Tornio Customs received a telephone tip-off from an anonymous caller who said that a white Estonian van was parked outside a service station in Ylitornio, Lapland, and that alcohol was sold from it. Based on the tip-off, Customs alerted a local police patrol to the scene to stop the vehicle from leaving and thus allow the customs authorities to arrive at the scene in time.

The driver of the vehicle was a Finnish man and the assistant driver an Estonian man. In the preliminary inspection of the vehicle, it was discovered that the cargo space contained two pallets. Wood brickets had been placed on one of the pallets. Several dozens of cases containing ten vodka bottles in foreign retail packages had been placed between the pallets. In addition, ten cartons of blue L&M cigarettes were found inside a garbage bag in the cargo space. The cartons had Russian labels. A roll of packaging foil of the same width as the foil used for packaging the pellets was found under the assistant driver's seat.

Upon closer inspection, altogether 1 100 litres of strong alcoholic beverages and approximately 70 000 cigarettes were found on two pallets and from other places in the vehicle. The alcohol was in retail packages of ten bottles. The cigarettes comprised several brands and had Russian and Estonian tax stamps. The persons involved were apprehended and arrested on suspicion of aggravated tax fraud.

During the preliminary investigation, the Finnish man involved in the case said that he had been commissioned by a Russian man he knew in Estonia to transport the seized 68 000 cigarettes and 600 litres of alcohol which were placed on the two pallets. The men had agreed that the Finnish man was to hand the pallets

over to persons unknown to him at a service station in Muurola, Rovaniemi at a specific time. The agreed fee for the transport was 300 euros. The Finnish man had also received 2 500 Estonian kroons for boat tickets. The authorities were not able to identify the Russian man who commissioned the transport and whom the Finnish man named.

According to the Finnish man, the 500 litres of strong alcohol and 2 000 cigarettes discovered in other parts of the van were meant to be sold later in the Helsinki region.

The Estonian man denied having known anything about the cigarettes and alcohol in the van and said he had only been looking for work in northern Finland.

The evaded import duties for the cigarettes and alcohol seized from the van amounted to over 25 000 euros. Charges are currently being considered in the criminal matter.



1 100 litres of vodka imported illegally from Estonia to Finland.

Cigarettes

In 2008, Finnish Customs took possession of altogether 18.34 million cigarettes in criminal matters. The quantity was approximately four million cigarettes smaller than in 2007. The share of the Eastern Customs District was 17.44 million cigarettes, which is 95 per cent of the entire quantity.

The share of the Southern, Western and Northern Customs Districts was approximately one million cigarettes.

The majority of the illegal cigarettes were imported to Finland through the eastern border hidden in vehicle structures, amongst legal cargo or in separately built caches. The authorities seized altogether 6 848 000 cigarettes from five empty containers and two empty trailers and from caches built in them. The quantity is almost one third of all the cigarettes seized in Finland.

Consignments of over 50 000 cigarettes formed approximately 70 per cent of the total seized quantity. Finnish Customs uncovered altogether 500 cases involving cigarettes, 34 of which involved more than 50 000 cigarettes.

The cigarettes in the larger consignments which Customs took possession of were primarily authentic L&M cigarettes. The authenticity of smaller cigarette consignments is not investigated in order to find counterfeit products. Counterfeit cigarettes pose a more significant problem elsewhere in the EU territory. Illegal cigarette factories

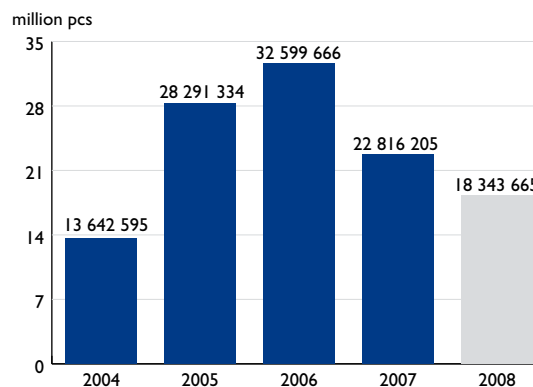
Cases

In October 2008 in Luumäki, intelligence and investigation officers of the Eastern Customs District observed a Russian container truck turning in the direction of Savitaipale instead of Hamina. The officers decided to follow the truck. Busy activity was soon observed in front of a nearby service station. Cars with both Finnish and Russian licence plates arrived at the scene. The officers observed that, after a brief discussion between the persons who had arrived at the service station, the Russians stepped inside the vans driven by Finns.

The intelligence and investigation officers of the Eastern Customs District who were called to the scene followed the vans and observed that they turned onto the same forest road where the truck had previously gone. The officers allowed the truck to leave the scene, but the vans were taken into customs inspection once they returned from the forest road. It was discovered during the inspection that boxes of cigarettes had been loaded into the trunks of the cars.

After this, the customs officers drove to the end of the forest road, where they noticed that some cigarette boxes had been left at the scene and that a man

Cigarettes Seized by Customs in Criminal Matters
2004–2008



have not been found in Finland for the time being, but such factories have been uncovered in the Baltic countries and elsewhere in Europe.

The high tobacco tax in Finland, especially in comparison to Russia, means that no decrease in the illegal import of cigarettes will occur in the future. The removal of import restrictions on cigarettes acquired in Estonia is delayed at least until 2009, as Estonia has not raised its tobacco tax to meet the minimum EU requirements. If the import restrictions are lifted, it is likely that there will be an increase in the illegal import from Estonia to Finland of cigarettes declared as passenger imports, but actually intended for resale.

had stayed behind to guard them. Three persons who were found to have been involved in picking up the cigarette boxes were apprehended in front of the service station.

The driver of the truck which was allowed to leave the scene was apprehended the following day when he was leaving Finland in his vehicle. The driver said that he had delivered an empty container to the Port of Kotka. Traces of a stash built inside the front wall of the container were discovered upon its inspection.

It became apparent in the preliminary investigation of the matter that the activity involved the systematic, illegal import of cigarettes to Finland by a criminal group based in Vyborg, Russia which was dealing in cigarettes. It was also established that, in addition to the apprehended persons, a Russian man who was unknown at the time had also visited the woods in a station wagon to collect cigarette boxes. One of the customs officers at the scene remembered seeing a similar station wagon being fuelled by its driver at the nearby service station. It was ascertained from the payment transactions of the service station that a Russian man, who lived in Tampere

and who was already familiar to Customs intelligence and investigation officers due to involvement in the illegal import of cigarettes, had stopped for fuel at the service station on the evening in question.

The preliminary investigation also indicated that the criminal group had delivered cigarettes to Finland for at least a year. It was possible to link the group's activity with a year-old unsolved case in which a large quantity of illegally imported cigarettes was found in a van which the authorities stopped at night time.

The Vyborg-based criminal group acquired orders from Finnish cigarette distributors and, after getting a sufficient number of orders, smuggled the ordered quantity inside a stash in the container. The cigarettes were unloaded in a remote location accessible to a truck. After this, Russian persons who acted as guides took the buyers to the place of unloading. The guides had been informed already in Vyborg of how many boxes were to be loaded into each van. Usually the Finnish buyers paid their cigarette orders directly to Vyborg or in cash upon receiving the cigarettes. Each member of the group had their own role; there were loaders, watchmen, guides and persons who organised transports at service stations.

The composition of the group varied and its operating principle was that the so-called working men were not familiar with the leaders of the group.

In this uncovered case, Finnish Customs took possession of altogether 4 550 cartons of illegally imported cigarettes. The preliminary investigation revealed that the group had illegally imported cigarette consignments to Finland on eleven separate occasions. The overall quantity of the consignments was estimated as 6 900 cartons.

In February 2009, Lappeenranta District Court sentenced six persons to unconditional imprisonment. The Russian and Finnish main perpetrators received the longest sentences, two years and eight months.



A van loaded with cigarette boxes at the unloading site on the forest road.

Vaalimaa, 24–25 January 2008

Customs authorities in Vaalimaa observed a Russian articulated vehicle whose driver said he was en route to the Port of Hamina. However, the articulated vehicle continued its journey in the direction of Helsinki and the driver parked it at a rest area at the start of the Loviisa wide-lane road. Some time later, some persons began to unload boxes of cigarettes from the trailer of the articulated vehicle into vans which the customs authorities stopped when they were leaving the place of unloading.

Upon inspection of the vans, the authorities discovered that illegally imported cigarettes had been loaded into them. During the preliminary investigation of the matter, Customs took possession of altogether 4 283 cigarette cartons, that is, 856 600 cigarettes. The evaded import duties amounted to 165 000 euros.

Smuggling of Cigarettes in Purpose-Built Caches in Sea Containers

A Russian driver travelling alone from Russia arrived at Nuijamaa Customs in an articulated vehicle in the early hours of 19 May 2008. A sea container declared as being empty had been placed on the trailer of the articulated vehicle. Upon the customs inspection of the vehicle, it was discovered that a cache had been built in the inside front wall of the container by adding a separate steel wall. The authorities found 5 000 cigarette cartons or one million cigarettes from the cache.

The evaded import duties for the cigarettes amounted to 192 750 euros.



A Russian articulated vehicle carrying a sea container declared as being empty arrived at Vaalimaa in the small hours of 26 May 2008. The driver said he would continue his journey to Mussalo, Kotka, where the vehicle was taken in for a closer customs inspection. The inspection revealed 4 500 cigarette cartons or 900 000 cigarettes in a cache built in the front wall of the container.





Pictures of a cigarette cache in a sea container declared as empty.

The evaded import duties for the cigarettes amounted to 173 500 euros.

Illegal Import of Cigarettes in a Trailer Cache

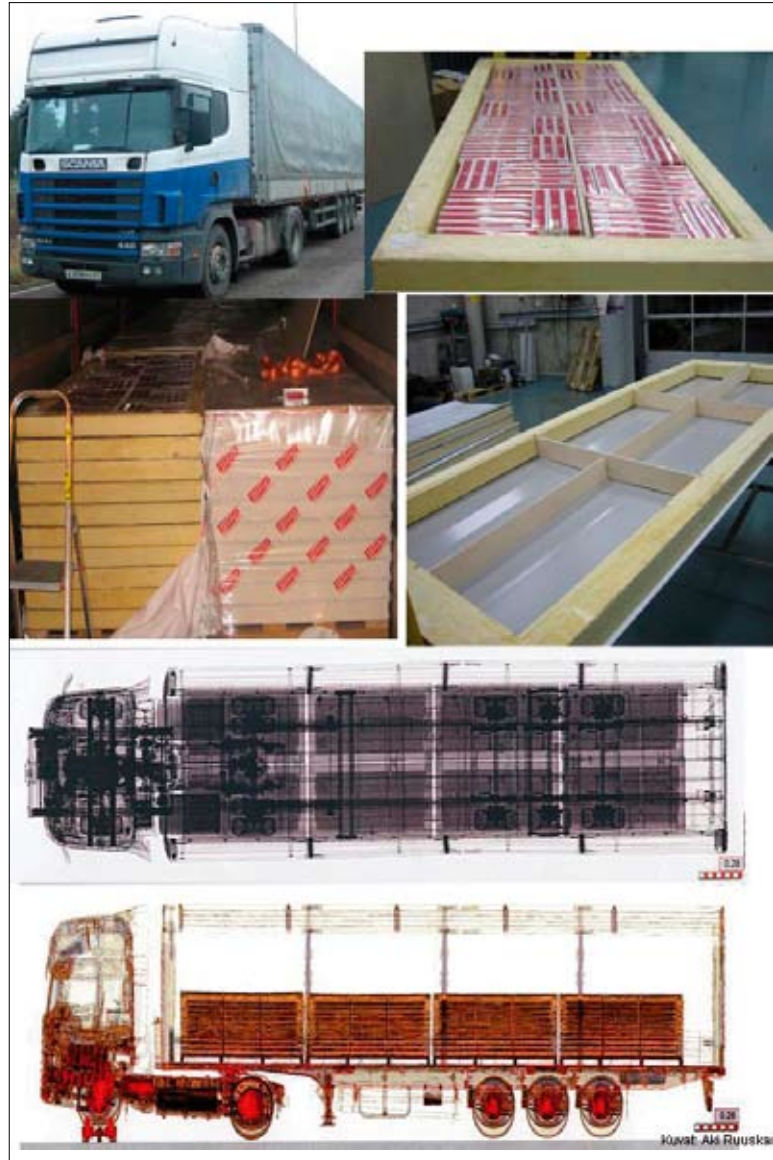
The authorities of Hamina Customs carried out customs controls on trailers in the Port of Hamina on 27 May 2008. The trailers had been unloaded from a ship and moved to an area where trailers can be fetched freely for further transports. The trailers had arrived by ship from St Petersburg to Finland and were supposed to continue their journey to Antwerpen the same evening. Caches had been built in the front parts of two trailers.

After a thorough inspection, the customs authorities found that 6 357 cigarette cartons or 1 271 400 cigarettes were hidden in one trailer, and 6 383 cigarette cartons or 1 276 600 cigarettes in the other. The overall quantity concealed in the two trailers was 12 740 cigarette cartons or 2 548 000 cigarettes. The evaded import duties for the cigarettes amounted to 491 127 euros.

Nuijamaa, 3 November 2008

A Russian driver arrived alone from Russia to Nuijamaa Customs in an articulated vehicle. The driver presented a transit document to the customs authorities. The cargo, which consisted of wall panels, was to be transited to Lappeenranta with the document and cleared for free movement there.

The customs authorities sent the articulated vehicle to Vaalimaa Customs for X-ray, which revealed that cigarettes had been hidden inside 80 wall panels. The wall panels were taken apart and were found to contain 14 428 cigarette cartons or 2 885 600 cigarettes. The evaded import duties for the cigarettes amounted to 556 199 euros. The driver in question had transported similar wall panels from Russia to Finland on six previous occasions during 2008.



2.8 million cigarettes were skillfully hidden inside wall panels and transported from Russia to Finland.

Corporate Identity Hi-Jacking in Smuggling Cases

Authorities have recently obtained corroborated information that company names have been hi-jacked for criminal purposes in the Community territory. The phenomenon is internationally referred to as identity hi-jacking.

Finnish companies have also been targets of this type of criminal activity. Recently, intelligence and investigation authorities have discovered at least four cases in which the name, contact information and even products of legally operating Finnish companies have been used in smuggling cigarettes.

This type of cases have been uncovered in Latvia, Germany, Sweden and Poland.

Snuff

According to current EU legislation, the sale of snuff is prohibited in EU member states.

However, Sweden has a special exemption for selling snuff products, but also the responsibility to supervise that snuff does not end up for sale in other EU member states.

The sale of snuff was also prohibited in Finland in 1995. Snuff can however be imported as passenger goods for personal use. There are no quantitative restrictions in the law. In recent years, snuff has been imported to Finland for example from Sweden and Russia. In addition to the import of snuff for personal use, the authorities have learned of several large-scale cases of snuff imports for commercial purposes. The profit derived from the illegal import and sale of snuff together with the evaded taxes amount to several millions of euros. It has been observed that the illegal import and distribution of snuff is extensive and organised. In several cases, the snuff has been acquired from ships in traffic between Finland and Sweden.

The Ministry of Social Affairs and Health set up a working group to look into the debate around the illegal activity surrounding snuff in 2008. The discussion has focused either on the legalisation of the sale of snuff or on the complete prohibition of the import of snuff. The working group concluded that the import prohibition of snuff is to be maintained also for private persons. The public debate concerning the matter continues.

In 2008, Finnish Customs investigated several extensive cases involving snuff. Offences pertaining to the illegal activity around snuff included smuggling, the sale of products in violation of the Tobacco Act, various kinds of tax frauds, various forms of handling illegal imports, as well as aiding and abetting in these offences.

The Western Customs District investigated

a case in which there were 13 suspects. It is suspected that the main perpetrator smuggled and re-sold approximately 1 100 kilogrammes of snuff in the Tampere region from 2005 to 2008. The amount of evaded taxes was over 91 000 euros.

The Southern Customs District investigated a case in which there were roughly 30 suspects. It is suspected that the main perpetrators of the case, a couple, imported more than 2 000 kilogrammes of snuff from 2005 to 2008. The amount of evaded taxes was over 200 000 euros.

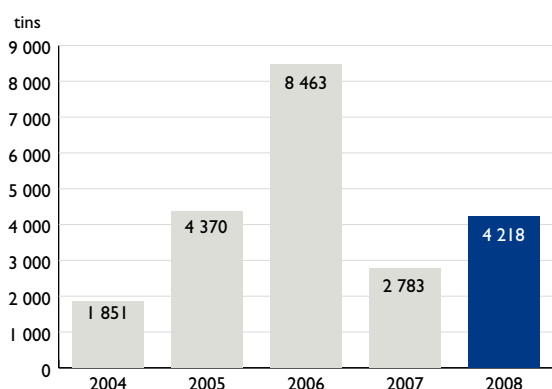
IPR Crime

In 2008, Finnish Customs prevented the entry into the market of altogether 1.35 million counterfeit and illegally manufactured products. The value of authentic products would have been almost 17 million euros. Customs uncovered altogether 537 cases in which intellectual property rights and copyrights were infringed. Most of the cases (433) involved copyright-infringing recordings detected in passenger traffic and in postal consignments. Altogether 104 cases were processed as criminal matters.

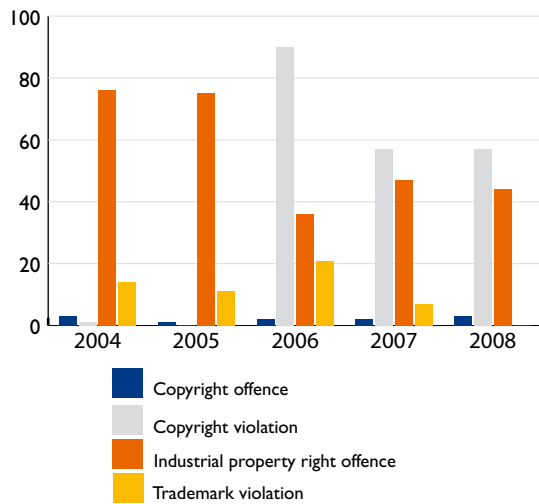
The reformed Finnish Copyright Act, which entered into force in 2006 and imposed zero tolerance on imported copyright-infringing products, was continued to be applied in 2008. Of the 60 uncovered copyright offences, 57 were infringements, most of which were processed under summary penal proceedings. The decrease in the number of criminal cases is an indication of the adequacy of the Copyright Act and of passengers being aware of the illegality of pirated products. The fact that much of the copyright crime has moved on to electronic environments and turned into Internet crime partly explains the decrease in the number of cases.

The number of counterfeit medicines ordered on-line and of postal consignments addressed to private persons continued to increase. Finnish Customs took more than 2 000 consignments of counterfeit medicines and 60 000 counterfeit medicinal products into its possession. Almost all of the medicines were counterfeit potency drugs intended for consumption in Finland. Only one consignment of 5 000 tablets of counterfeit Viagra en route via Finland to Russia was found in commercial traffic. Non-commercial cases of counterfeit medicines are investigated and added to the crime statistics of the data system for reports of offences only as medicine offences and not as intellectual property offences.

Snuff Seized by Customs 2004–2008



IPR Offences 2004–2008



Counterfeit potency medicines which are possibly ineffective.

Smuggling of Counterfeit Quality Watches from China to the EU market via Finland

The Southern Customs District acted in cooperation with Spanish Customs in summer 2008 to seize a consignment which contained approximately 10 000 counterfeit quality watches.

In summer 2008, the consignment, on its way from China to Spain via Finland, was detected in the air freight handled by the Southern Customs District. The estimated value of the consignment was 1.5 million euros.

To a certain extent, the detected case resembles the smuggling of quality watches which was uncovered in summer 2007. This previous case also involved the smuggling of counterfeit products from China to Spain via Finland. Almost 7 000 brand watches were taken into Customs' possession from five passengers who were travelling to Spain on three different flights from China. Furthermore, several hundreds of various mobile phone components were taken into Customs' possession from three passengers who arrived on two flights and were continuing their journey to Poland.

In the 2008 case, an attempt was made to smuggle the quality watches as freight, whereas the 2007 counterfeit products were discovered in the luggage of airline passengers. The cases are different also in how their preliminary investigation was carried out. In 2007, the counterfeit products were stopped in Finland and the preliminary investigation was started after the complainants requested an investigation. The cases are investigated as intellectual property offences and as trademark infringements. An effort was made to reach the suspects for interrogations in Spain through a request for legal assistance. However, they were not reached.

In the 2008 case, the consignment was allowed to continue to Spain via Finland, and the Spanish authori-

ties were informed of the matter with the purpose of having the consignees apprehended in Spain. The Spanish authorities seized the watches and started the preliminary investigation of a suspected intellectual property offence and smuggling.

Both cases are good examples of how organised crime is continuously looking for new routes and means of smuggling illegal goods to the EU market. It is indeed likely that criminals will try to use passenger traffic and air freight in transit through Finland for smuggling counterfeit products to the Community territory even more than in the past.



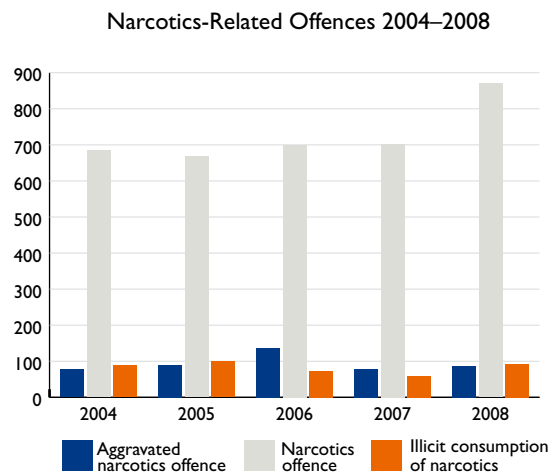
According to the Spanish authorities, cases involving counterfeit products are often linked to the organisation of illegal immigration. The image shows the consignment of more than 10 000 counterfeit watches, en route from Singapore via Bangkok and Helsinki to Madrid in summer 2008, in the possession of the Spanish authorities.

Narcotics Offences and Precursors

Narcotics

In 2008, Finnish Customs uncovered altogether 1 050 narcotics offences. The number grew by 25 per cent in comparison to 2007. There were 87 aggravated narcotics offences and 870 narcotics offences. A total of 93 cases of unlawful use of narcotics were detected. Altogether 130 persons were suspected of aggravated narcotics offences. Of these persons, 78 were Finns, 22 were Estonians and four were Russians. Of the aggravated narcotics offences, 73 per cent were uncovered in the Southern Customs District.

An overall quantity 2 316 kg of narcotics was seized. The share of khat was 97 per cent, while the share of other narcotics amounted to 63 kilogrammes of the overall quantity. Especially with hashish, there were fewer seizures in comparison to previous years. The increase of various designer drugs and of the import of medicinal substances classified as narcotics is notable.



Synthetic Narcotics

The quantity of seized amphetamine and methamphetamine was altogether 31 kg. For several years now, the quantity has remained at this high level. As in previous years, amphetamine was smuggled into Finland mainly from Estonia and the suspects were usually Estonian nationals. The share of Lithuania in the production of amphetamine and methamphetamine is increasing. Terrain stashes are the most common method used in the distribution of narcotics.

Customs seized only 60 tablets of ecstasy. The use of cocaine and new designer drugs as recreational drugs has replaced the use of ecstasy to a certain extent among young persons. Several designer drugs, such as phenazepam and methylone, are categorised as medicinal substances. Designer drugs enter the market continuously, for example, via the Internet. Getting substances classified as narcotics takes an unreasonably long time from the viewpoint of customs control. However, benzylpiperazine (BZP) was included under narcotics control in the EU member states and classified as a narcotic substance in the spring of 2008.

Cases

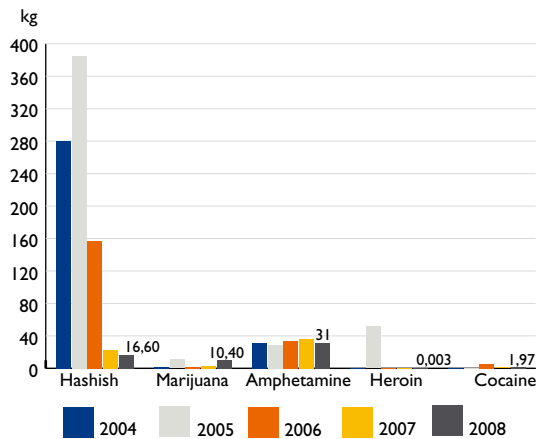
Two Estonian men arrived from Tallinn to Helsinki in August 2008. Finnish Customs had reason to suspect that the men's trip to Finland involved the smuggling of narcotics. The men and a third person who joined them departed for Lohja by car, most likely to examine a terrain stash of narcotics. One of the men who visited the stash arrived there again the following morning, accompanied by a fourth person, to fetch drugs. The car used by the men was stopped in Espoo and the four men involved in the case were apprehended on suspicion of an aggravated narcotics offence. Two kilogrammes of amphetamine was seized from the car upon customs inspection. A small quantity of cocaine and an unlicensed firearm were seized in the house searches pertaining to the matter. The court proceedings of the matter have not been concluded.



A drug detector dog assisting in customs controls at the Port of Katajanokka, Helsinki, reacted to an Estonian man who arrived at the port in May 2008. Upon customs inspection, the authorities discovered six kilogrammes of amphetamine in the man's rucksack. When questioned, the man said that he was supposed to meet the consignee of the narcotics in the centre of Helsinki. The man adjusted his account during the preliminary investigation of the matter and said that his intention was to take the drugs to a terrain stash in Helsinki. He admitted to having smuggled narcotics into Finland on six previous occasions in 2007 and 2008.

Helsinki District Court sentenced the man to seven years' unconditional imprisonment.

Most Common Narcotic Substances
in Customs Seizures 2004–2008



A Sales Representative Marketing Designer Drugs in Finland

In November 2008, a Russian man arrived in Finland. He said he lived in Ireland and worked at a pharmaceutical shop which sold so-called legal narcotics, that is, designer drugs. The man was carrying 625 tablets of BZP (1-benzylpiperazine). The man said he had checked on the Internet that the substance he was carrying was not illegal in Finland. His intention was to arrive in Finland to establish business connections and to offer tablets for sale. However, the man made a horrible mistake, as BZP had been classified as a narcotic in Finland on 1 September 2008.

The man was sentenced by Vantaa District Court to six months' conditional imprisonment for a narcotics offence. When considering the sentence, the District Court equated the substance with amphetamine, which meant that the effect of the tablets was equal to 25 grammes of amphetamine.



Benzylpiperazine (BZP) was classified as a narcotic substance in Finland on 1 September 2008.

Opiates

Heroin

Only 3 grammes of heroin was seized in 2008. Although there has been an increase in the worldwide supply of heroin, the statistics of the Police and Customs indicate that heroin is not very prevalent in the Finnish market.

Drug users in Finland still opt for industrially manufactured, pure Subutex.

Buprenorphine (Subutex)

A total of 3 238 tablets of Subutex was seized in 2008. Customs did not detect any large organisations smuggling Subutex last year. After the Baltic countries joined the Schengen area in December 2007, the import of Subutex from Estonia with legal medical prescriptions ended. Since then, there have been mainly random seizures of Subutex in the traffic between Tallinn and Helsinki.

In addition to France, increasing quantities of Subutex are imported from the United Kingdom using medical prescriptions.

Cannabis

Altogether 16.6 kilogrammes of hashish was seized. Despite the small seized quantity, hashish continues to be the most used narcotic and the demand for it is significant. The small seized quantity is a likely indication of the organised nature of the smuggling of hashish, and of it being smuggled in large individual consignments in internal EU traffic, which makes it more difficult to uncover the smuggling. A significant number of the persons involved in the detected cases of smuggled cannabis were Nigerians. The total quantity of seized marihuana was 10.4 kilogrammes. Marihuana is in great demand in the drug market.

Cannabis seeds are ordered online in great quantities and are now also grown more professionally in addition to home growing. According to Police statistics, the quantity of seized cannabis plants almost doubled in comparison to 2007.

Cases

In February 2008, a Nigerian man arriving by air from Barcelona to Helsinki was taken into customs inspection. The authorities seized altogether 2.2 kilogrammes of hashish from the man's possession. The man attempt-

ed to smuggle the hashish into Finland by taping it to his legs. The authorities also conducted an investigation concerning the consignee who lived in Finland on suspicion of an aggravated narcotics offence.

Vantaa District Court sentenced the man to unconditional imprisonment of one year and three months.



A Finnish man who arrived by ferry from Rostock was taken into customs inspection in the West Port of Helsinki in April 2008. Approximately one kilogramme of hashish, one kilogramme of marihuana and a few ecstasy tablets were seized from the man's possession. When interrogated, the man said he had given up his flat six months earlier and sold his entire property. He had decided to buy hashish and marihuana from the Netherlands with the money.

Helsinki District Court sentenced the man to conditional imprisonment for one year and three months and to 80 day fines.

Cocaine

In 2008, Finnish Customs seized almost two kilogrammes of cocaine, which is double the quantity seized in 2007. The use of cocaine has increased in the entire Community territory.

Cases

In March 2008, Postal Customs at Helsinki-Vantaa Airport uncovered a 40 gramme consignment of cocaine sent from the United States to a company in Turku. The preliminary investigation carried out by Turku Customs revealed that four Finnish men and an American man had arranged the import of 110 grammes of cocaine into Finland in four postal consignments since 2007. In summer 2008, altogether 400 grammes of cocaine were seized from four postal consignments. The authorities seized a total quantity of 440 grammes of cocaine as well as narcotic medicines, doping substances and weapons pertaining to the case.

The unconditional prison sentences of the perpetrators ranged from one year and six months to four years.



In November 2008, an Irish man who arrived at Helsinki-Vantaa Airport from Malaga via Barcelona and Stockholm was taken in for customs inspection based on advance profiling. He carried in his hand a black pouch weighing 50 grammes and containing cocaine. The man was taken to a medical examination where two more similar pouches were found concealed inside his body. Altogether 135 grammes of cocaine were seized from

the man. The preliminary investigation in the case is ongoing.



In December 2008, approximately one kilogramme of cocaine and 1 000 doses of LSD were seized from a truck which arrived from Germany onboard a ship at the Port of Vuosaari. The driver of the truck and a passenger accompanying him were both Russian nationals. The cocaine had been placed in two packages hidden inside the backseat of the truck. The LSD was found inside a half-empty box of biscuits placed inside a plastic bag. The preliminary investigation of the matter revealed that the intended final destination of the narcotics was Russia. The preliminary investigation of the case is yet to be concluded.

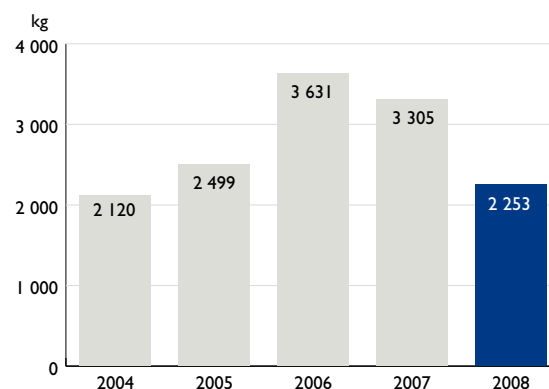


LSD blotters.

Khat

Customs authorities seized a total of 2 253 kilogrammes of khat in 2008. Khat is a narcotic substance which ethnic groups in Finland continue to use, and its distribution is of an organised nature.

Seizures of Khat 2004–2008



Case

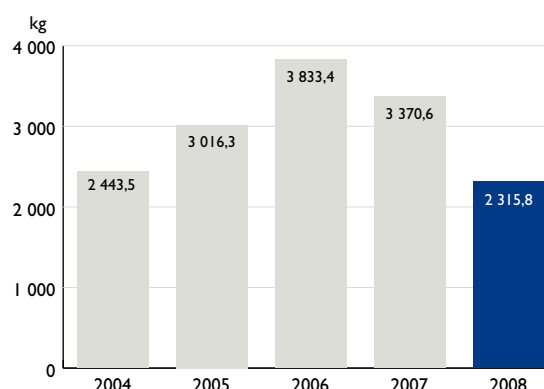
The authorities of Metsälä Land Customs seized 44 kilogrammes of khat in March 2008. It was discovered that four men of Somalian background living in Finland were the consignees of the khat. It was established in the pre-

liminary investigation that 15 similar consignments of khat had arrived in Finland. The same men had previously been suspected of a narcotics offence in an extensive case of distribution and smuggling of khat investigated by Customs in 2007. Helsinki District Court sentenced the main perpetrator to three months' unconditional imprisonment and the other perpetrators to 30 days of conditional imprisonment.

LSD

Finnish Customs seized 1 516 doses of LSD. Most of the LSD was en route to Russia.

Drug Seizures in Cases Investigated by Customs
2004–2008



Successful Cooperation between Finnish and Estonian Customs

Case Iida

Operation Iida was a joint operation of the Intelligence and Investigation Unit of the Southern Customs District and of the corresponding unit of Estonian Customs. The operation involved uncovering a large-scale organisation which smuggled and distributed narcotics.

One kilogramme of amphetamine was seized from the possession of an Estonian man in December 2007. As a result of the close cooperation between Finnish and Estonian Customs which began after the seizure, Estonian Customs informed the intelligence and investigation authorities of the Southern Customs District that a drug courier who was linked to the December case was onboard a passenger ship en route from Tallinn to Helsinki. The identity of the male courier was unknown. The intelligence and investigation authorities of the Southern Customs District organised an extensive arrival inspection at the West Port of Helsinki. An Estonian couple was taken into customs inspection, during which 13 glass jars were found inside four cases of beer which were in the man's possession. The jars contained pink powder, which upon closer analysis turned out to be amphetamine, of which there was approximately five kilogrammes. It was established in the preliminary investigation that an Estonian man had commissioned both narcotics consignments.

This marked the start of a joint intelligence effort by Finnish and Estonian Customs, during which the authorities found out that the next consignment of narcotics would be smuggled to Finland in April 2008. In accordance with this advance information, four Estonian men arrived by ship from Tallinn to Helsinki and drove straight to Malmi cemetery from the port. At the cemetery parking lot, one of the men removed ten plastic bottles from the fuel tank of the car and hid them inside a crate containing crushed stone in the cemetery. After this, the men called the Estonian man, who was identi-

fied in the preliminary investigations of the December and February cases, to inform him of the place where the plastic bottles were hidden. The Estonian man delivered the information further to a Finnish consignee. A contact person arrived at the scene by scooter the following day with a companion who removed a package from the crate of crushed stone, at which time both men were apprehended. Three kilogrammes of amphetamine was seized. During the preliminary investigation, the authorities also learned of a smuggling trip which was made a month earlier. At that time, two Estonian men imported two kilogrammes of amphetamine to Finland. Five Estonians and five Finns were detained during the operation.

The longest sentence which Helsinki District Court passed on the perpetrators for an aggravated narcotics offence was 12 years' unconditional imprisonment, while the shortest sentence was one year and ten months' unconditional imprisonment.

This outcome was possible only because of the close and successful cross-border cooperation between the authorities.



Cases of amphetamine smuggling were investigated in cooperation between Finnish and Estonian authorities.

From Cigarette Smuggling to Amphetamine

In autumn 2007, the Intelligence and Investigation Unit of the Northern Customs District began to direct criminal intelligence measures against a Finnish man living in Oulu who was suspected of smuggling cigarettes from Estonia and Russia to Finland and of distributing them. The preliminary investigation was started in early 2008, when it became apparent rather soon that the activity organised by the man from Oulu actually involved the smuggling of amphetamine.

One kilogramme of amphetamine was seized in Posio, Lapland in cooperation with the Rovaniemi unit of the National Bureau of Investigation in early February 2008. The preliminary investigation of the case revealed that the organisation had distributed 600 grammes of amphetamine in Kuusamo already in January 2008. This organisation, which distributed 1.6 kilogrammes of amphetamine, was investigated by the National Bureau of Investigation. Rovaniemi District Court sentenced several persons to imprisonment. Among others, the main perpetrator in the distribution organisation who was from Lapland received a 5-year prison sentence.

In April 2008, the Drug Unit of the Vantaa Police Department, which assisted especially in the criminal surveillance taking place in the Helsinki region, joined the preliminary investigation. Extensive surveillance was carried out in northern Finland and in the Helsinki region during the stage of uncovering the case.

Exceptionally large amounts of telecommunications interception data comprising tens of thousands of calls and text messages were collected in the case. The suspects changed subscriptions and telephone equipment on a weekly basis, which meant that the authorities had to apply for an exceptionally large number of coercive measures concerning telecommunications. Roughly 70 measures were applied for during seven months in the case. Telecommunications from almost 100 subscriptions and about 30 telecommunications terminals were intercepted during the preliminary investigation.

In mid-August, approximately five kilogrammes of amphetamine was seized from a courier of the organisation in the Port of Helsinki. According to the preliminary investigation, this was the first consignment of 20 kilogrammes of amphetamine which the criminals were planning to smuggle into Finland. A part of the seized consignment of narcotics was intended for the market in northern Finland.

The four main perpetrators were arrested immediately in the Helsinki region and imprisoned. Altogether six persons were detained with regard to the series of cases. Four of them are still detained. The Estonian organiser of the narcotics smuggling was arrested under a European arrest warrant and brought to Finland in November 2008. The person is still detained.

The distraint office of the Oulu region foreclosed the main perpetrator's car as proceeds of crime due to



Strong scents (of coffee, spices etc.) are often used to hide the characteristic smell of narcotics.

the precautionary measure by the District Court.

The main perpetrator was clearly the leader of the smuggling organisation. He gave the orders on the acquisition, financing, smuggling and distribution of the substances. All of the persons who were involved in the group had criminal backgrounds.

In January 2009, Kuusamo District Court sentenced the main perpetrator to nine and a half years' imprisonment for an aggravated narcotics offence and to forfeit 21 500 euros to the state as proceeds of crime. The person responsible for the distribution of narcotics received a six-year prison sentence for an aggravated narcotics offence, as did the Estonian organiser of the smuggling. The smuggler was sentenced to five years' imprisonment and the financier of the activity received a sentence of three years for aiding and abetting in an aggravated narcotics offence. After the court decision becomes effective, the Estonian person is to be extradited back to Estonia to serve the sentence in accordance with the decision of the District Court.

Precursors

In Finland, the situation in terms of drug precursors has remained unchanged in recent years. In the other EU member states, on the other hand, there has been a marked increase in the occurrence of taking into possession and seizure of precursors during 2008. The largest quantities have been taken into possession and seized in international air freight traffic.

According to the UN World Drug Report, Europe is still a leading continent in the production of synthetic narcotics.

To produce synthetic narcotics, precursors, such as 3,4-methylenedioxyphenyl-2-propanone (PMK) or 1-phenyl-2-propanone (BMK), are needed. However, these substances are not produced within the territory of the Community, and even the legal use of such substances is insignificant, limited mainly to the pharmaceutical and chemical industries. Consequently, these substances are smuggled into Europe.

In the beginning of 2007, the European Commission formed the Drug Precursors Project

Group (DPPG) to look into this problem under the auspices of the Customs 2007 programme. The working group consists of field-level customs officials from the member states and it aims to increase awareness about precursors, training and the tools of detection and recognition. The working group will continue its work within the framework of the Customs 2013 programme.

The working group has put together a leaflet on the subject which will be distributed to Community customs officials in their own languages. Training on the subject will also be intensified once the Commission's electronic training programme is completed. The aim is to use this application in all member states. The working group has also drawn up a set of common risk indicators for precursors.

The production of synthetic narcotics is a very lucrative business. For instance, one litre of PMK or 3,4-methylenedioxyphenyl-2-propanone, usually used to manufacture perfumes, can yield around 100 000 ecstasy tablets with a street value of 100 000 euros. Similarly, one litre of BMK or 1-phenyl-2-propanone, used as a component in chemical or pharmaceutical products, can be turned into 50 000 doses of amphetamine. The street value of these doses can amount to as much as 800 000 euros. One kilogramme of ephedrine yields 20 000 doses of methamphetamine with an estimated street value of 400 000 euros. Ephedrine is used legally in the pharmaceutical industry, for example in the production of cough mixtures.

Precursors pose particular challenges for customs control. The hope is therefore that the work of the Commission's working group, aiming to intensify the supervision of precursors, would result in an increase in the taking into possession and seizure of illegal precursors.

It is important to remember in customs control that an unknown chemical or substance is always dangerous. The danger of a legal product becoming contaminated is always present. This is why it is always advisable to consult with the Customs Laboratory to ensure that sample taking is carried out in a correct and safe manner.

Narcotic Medicines

In 2008, altogether 118 318 tablets of narcotic medicines were seized, which is almost ten times more than in the previous year. The share of benzodiazepines was over 80 per cent. Almost all of these were seized in the sea passenger traffic between Tallinn and Helsinki. The share of postal consignments was less than 20 per cent. Popular medicines included for example Xanax, Dormicum, Rivotril,

Diazepam and Alprazolam. There were also seizures of liquid Valocordin-Diazepam in 25 millilitre injection bottles. The share of Subutex tablets of the narcotic medicines amounted to 3 238 tablets. Most of the other medicines categorised as narcotics were seized from postal traffic in 2008.

People who order medicines over the Internet do not usually perceive the import as illegal and have too much confidence in the quality of the foreign medicines and in the effect and amount of active ingredients that the package leaflets say they contain. Anyone who receives a prescription medicine in Finland should carry with them a corresponding doctor's prescription. The import of personal medicines classified as narcotics from Schengen countries is governed by its own specific regulations which can be found on the Finnish Customs website. Acquiring or receiving even ordinary medicinal products by post from outside the EEA area is prohibited, and it is completely prohibited to acquire or receive a medicinal product containing a narcotic substance by post from outside of Finland.

Case

In October 2008, a Norwegian man arrived in Helsinki from Bangkok by air and was to continue his journey to Oslo. The man was caught before he boarded the flight to Oslo, as a large amount of tablets suspected to be narcotics was found in his luggage. When analysed, the medicines were found to be benzodiazepines and the active ingredient of the tablets was diazepam. When interrogated, the man had said that the medicines were for his own use and that no other persons were involved in the case. Vantaa District Court sentenced the man to unconditional imprisonment of two years and eight months.



Illegally imported medicines are usually not in retail packages. Pictured are benzodiazepines classified as narcotic medicines, seized from an airline passenger.

Medicines and Doping Offences

Medicines

The number of medicine offences has risen sharply throughout the 2000s. In 2008, Finnish Customs investigated 942 cases of medicine offences or violations, which was more than 300 more than in the previous year. In 2008, altogether 166 000 medicine tablets or ampoules were seized. In addition, Finnish Customs seized around 120 litres of gamma-butyrolactone or GBL, which is classed as a medicinal substance. The amount of GBL nearly tripled compared to the previous year.

Medicine offences were uncovered in postal and courier consignments and in passenger traffic. Medicines were also discovered in house searches when investigating other offences. The largest share of medicines, 70 per cent, was seized from postal consignments, and approximately 20 per cent from passenger traffic.

The medicines which arrived in postal consignments had usually been ordered on the Internet. The originating country was India in more than half of the cases, followed by China, Thailand, the United Kingdom and the United States. In total, illicit postal consignments of medicines arrived from around 60 different countries.

Most of the illicit medicines brought back by passengers were imported from Thailand, that is, in 35 per cent of the cases, followed by Estonia, Russia and India. In total, tourists brought back illegal medicines from about 20 countries.

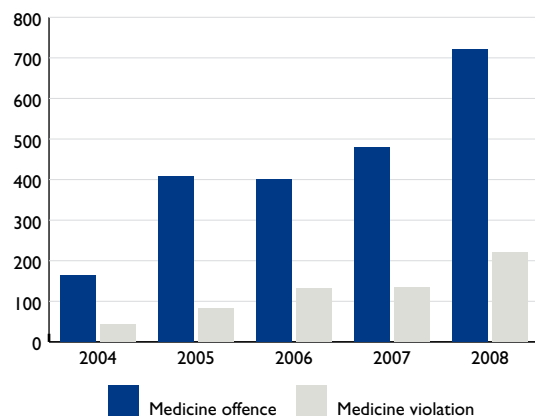


Half of the courier consignments arrived from Holland. Occasionally, consignments arrived from India, Egypt and Poland. All in all, illegal consignments arrived from a total of 10 different countries.

Approximately half of the cases investigated involved potency drugs. The most common trade names among these products were Sildenafil, Tadalafil, Kamagra, Viagra, Nizagara and Cialis. All in all, the cases investigated involved around 400 medicines carrying different trade names.

A considerable increase occurred in the case of ephedrine. A total of 30 115 tablets were seized in 2008, compared to the total quantity of 8 821 tablets in 2007. Ephedrine is a doping substance widely used in body building as a stimulant and fat burner. Next to all the crime suspects were Finns resident in Finland.

Medicine Offences and Violations 2004–2008



The seizures of gamma-butyrolactone, or GBL, amounted to 120 litres which is almost three times the amount seized in 2007. The drug used by young people for recreational purposes initially causes a feeling of euphoria and relaxation but can, depending on the dose, also induce extreme fatigue.

The National Agency for Medicines describes GBL as stronger than the very dangerous narcotic GHB. When consumed in liquid form, an overdose of as little as half a millilitre can be fatal. A typical dose of GBL is 1–1.5 ml. Regular users take several doses per day.

Doping Substances

In 2008, altogether 76 037 tablets and ampoules of doping substances were seized, which is almost the same amount as in the previous year. The number of doping offences, on the other hand, has been growing steadily. This rise can mainly be attributed to the increase in small postal consignments ordered via the Internet. Last year, Finnish Customs uncovered a total of 147 doping offences, nine of which were aggravated offences.

Around 70 per cent of the doping offences were uncovered from postal traffic and 15 per cent from air passenger traffic. The originating country was usually Thailand, followed by Greece, Slovakia and Malta. Russia's share was small.

More than 90 per cent of the seized doping substances were anabolic steroids, such as methandienone, nandrolone, methenolone, and stanozolol. In addition, testosterone and growth hormones were among the substances seized.

As a new phenomenon, there were larger 10 millilitre injection bottles among the seized products. Almost without exception, body builders

Case

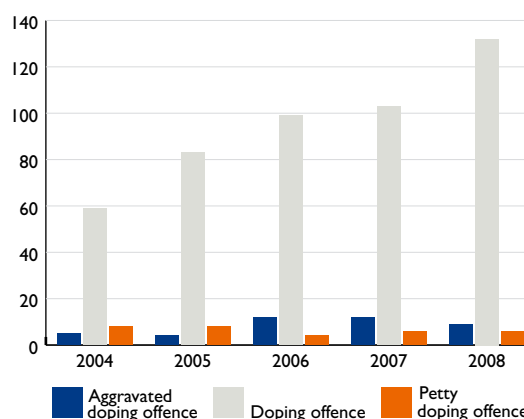
In late March 2008, Finnish Customs uncovered a consignment which had arrived from India to Finland and contained medicinal substances that would have required an import licence. The consignment was addressed to a private person in Ostrobothnia. The drug in question is taken to reduce the side effects resulting from the use of doping substances. This information, coupled with criminal intelligence data from Vaasa Customs, brought on the preliminary investigation of the case.

A house search confirmed that the consignment of medicines was linked to the use of doping substances. In the course of the preliminary investigation, it was discovered that the acquiring of doping substances from different sources and persons had started two to three years earlier. A separate preliminary investigation was begun to inquire into the role of the persons who had sold doping substances to the main suspect. This preliminary investigation brought to light that the case involved a wide network of doping users which had acquired most of the products from two different sources located in northern Finland and in the province of Uusimaa.

The criminal investigation was widened in cooperation with the intelligence and investigation units of the other customs districts. Thus it was possible to probe into and uncover a network of doping suppliers stationed in different parts of Finland. The preliminary investigation found that doping substances had been ordered

tend to take amounts of medicine that are many times the therapeutic doses recommended by the manufacturers. The substance use is usually also completely unsupervised in terms of duration and follow-up. Smaller illicit amounts are usually imported for personal use, while larger consignments are sold to the inner circles at gyms.

Doping Offences 2004–2008



from abroad via the Internet and that fast freight companies had been assigned to deliver them.

Among important substances used in doping are nandrolone, clenbuterol, placental hormone, ephedrine, testosterone and its esters, and methandienone. In conjunction with the investigation of the case, 15 000 items of different doping and medicinal substances were seized. In addition to these, the distribution of 26 000 items of doping and medicinal substances has also been successfully investigated. It was not possible to fully establish the size of the proceeds of crime associated with this series of offences, as complete bookkeeping records of this kind of illegal activity are seldom found. In connection with the preliminary investigation into the case, Finnish Customs also uncovered narcotics offences and firearms offences.



Various doping substances were seized in connection with the Vaasa case.

Finland in Charge of the EU Crime Prevention Working Group on Doping

Finland proposed a separate threat assessment on doping for 2008 at the European Union's Customs Cooperation Working Party (CCWP) for crime prevention.

Behind the proposal was the knowledge that the smuggling of doping substances is something that affects each member state, but that not all the countries are necessarily aware of the extent and impact of the problem. Furthermore, the advance information on the divergence and scope of legislation in the different countries also suggested that there was a need for an EU-level assessment.

Finland's proposal on commissioning a threat assessment was accepted at the CCWP meeting which established that an assessment of the situation and the threats is needed. It was also agreed at the CCWP that Finland would be in charge of the working group compiling the threat assessment.

Sweden, Denmark and the United Kingdom signed up for the working group. The first meeting of the working group was held in Helsinki where a plan for data acquisition, analysis and the work methods was drawn up. At a later stage, Hungary joined the working group.

Method Used for the Data Acquisition

The information was gathered from the member states with a separate questionnaire. The threats were divided according to the key operators and key structures involved in the smuggling. In addition, these operators and structures were also assessed using a separate classification customised for the project.

Altogether 21 member states sent their responses.

The questionnaire asked the member states to provide information on, among other things, legislation, private sector operators, criminal groups, law enforcement authorities, crime situation, seizures, transport routes, as well as legal and illegal markets.

Conclusions and Recommendations of the Threat Assessment

As a summary of the threat assessment devised by the working group, it can be said that the member states lack a common view on the threat posed by doping substances; in some countries, these substances are seen as a threat that has prompted legislation, whereas in others, doping substances hardly involve any penal sanctions.

It was not possible to point to any particular gaps in terms of intelligence activities in the member states' replies.

The working group recommended that an additional assessment should be prepared on an EU-wide scale; the main reason being the fairly poor standard of the replies received. The view was also that the EU needs a common policy for preventing the smuggling of doping substances.

As a special operative recommendation, the working group suggested that the EU should draw up a common list of banned doping substances.

The working group's threat assessment has attracted much interest in several EU countries. Finland has presented the assessment at the EU Working Group on Anti-Doping, among others.



Other Offences

Firearms

In 2008, altogether 94 firearms offences were detected by Customs, which is about the same number as in the previous year. Among these, 11 firearms offences and 64 petty firearms offences were investigated, while the number of firearms violations amounted to 19 cases. The firearms offences usually involved unlicensed firearms uncovered in house searches, while the petty firearms offences and firearms violations mainly concerned illegal gas weapons and gas sprays. In total, 75 firearms offences and 19 firearms violations were investigated. The largest numbers of firearms offences were detected in the Eastern and Southern Customs Districts. The majority of the cases involved gas sprays or gas weapons imported without the required permits.

Altogether 125 weapons were seized, of which 14 were firearms and 111 were gas guns and sprays.

Customs statistics show that in 2008, a total of 1 600 firearms under the tariff heading 9302 and 7 723 firearms under the heading 9303 were imported into Finland.

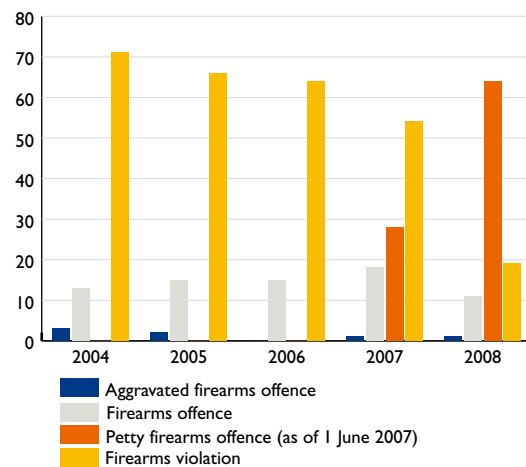
Last year, the Police registered 3 060 firearms offences and the Border Guard 88 such offences.

Deactivated arms are not classed as firearms. They have become popular and are ordered online from within the Community and from non-EU countries. Occasionally, these guns have to be inspected to ensure that they have been properly deactivated. All the guns inspected last year were properly and sufficiently deactivated. Deactivating a licensed firearm has become a very common practice, as it means that the firearm no longer needs a licence. These have generally been firearms from the Second World War ordered on the Internet and firearms inherited from family. The EU does not have a common regulation on deactivation, which means that a firearm deactivated in

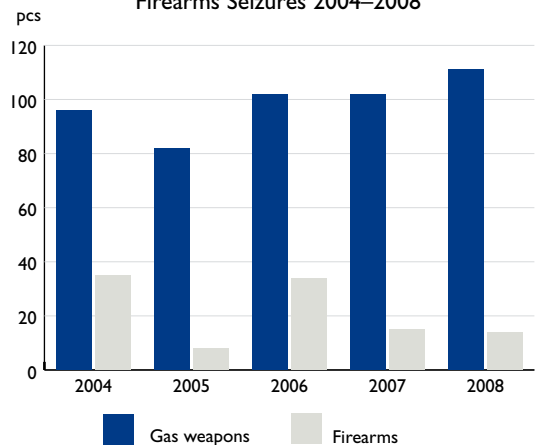
one member state can be classed as a firearm subject to licence in another.

Finland made a proposal to the European Commission in February 2009 that, for customs control purposes, a separate tariff subheading for deactivated weapons should be created in the tariff chapter on firearms.

Firearms Offences 2004–2008



Firearms Seizures 2004–2008



A deactivated firearm does not look essentially different from a functioning one.

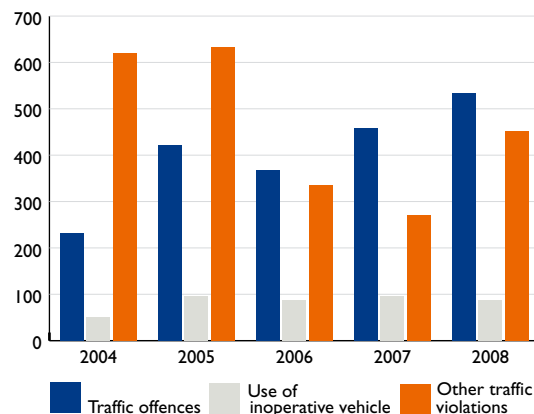
Traffic Offences

Transports departing from and arriving in Finland are inspected by customs control personnel at the border crossing points and by mobile control groups whose aim is, firstly, to turn back the transports directly at the border and, secondly, to stop the vehicles on the road from continuing their journey until any faults have been properly rectified. Cases where vehicles are turned back directly at the border due to their condition are not entered as offences in the statistics.

In 2008, Finnish Customs uncovered a total of 1 073 traffic offences and other traffic violations that occurred in Finland, which is 248 cases more than in 2007. In about 400 of the cases, cargos of vehicles had been left either partly or completely unsecured. There were 332 cases of driving a vehicle which did not comply with the condition, equipment and structures prescribed for vehicles, the majority of which involved faulty brakes. The rest were cases where the width, height, length or weight of the vehicle had been exceeded as well as cases of unregistered vehicles whose transfer permits were no longer in force. There were a few cases where vehicles had not had their regular inspection or carried false number plates.

There were 31 cases of violations of the social legislation relating to road transport. These cases involved violations of tachograph regulations.

Traffic Offences and Violations Detected by Customs 2004–2008



Finnish Customs uncovered three transport of dangerous substances offences and 83 transport of dangerous substances violations. The most usual cases involved the inadequate securing of cargos, missing warning plates, cargos exceeding the permissible quantity, transport without an ADR licence, and inadequate ADR transport equipment.

Radar detectors were discovered in 126 vehicles. These cases are investigated as radar detector violations.

Devices for Forging Tachograph Charts

A new phenomenon detected in 2008 was the use of a device connected to the tachographs of freight transport vehicles which tampers with the markings made on the tachograph chart. This is not classified as a transport offence, but as possession of forgery materials under chapter 33 section 4 paragraph 1 of the Penal Code of Finland. A total of 144 devices of this kind were taken into Customs' possession from Russian truck drivers.

As Russian drivers are paid by the job, the devices for forging tachograph records are used to mislead the authorities in order to gain as large a financial profit as possible. The forging device makes it possible to bypass a vehicle's speed limiter which allows transports to be driven at a speed of over 80 kilometres per hour. The device also makes it possible to forge the drivers' rest times required by law.



Picture of a device for forging tachograph charts which is connected to the tachograph and the cigarette lighter of a vehicle.

Environmental Offences

Perceived Threats

The particular threat posed by environmental crime can be seen to lie in its increasingly organised and professional nature. Professional environmental offences often involve the dumping of waste and, in their more destructive incarnations, hazardous waste. Signs of illegal waste transports carried out on an international scale have emerged also in the Nordic countries, in cases where, for example, electronics waste and other waste, particularly from household appliances containing CFCs, appear to have been transported to third world countries. It is possible that electric and electronic waste, also called WEEE waste, has been shipped to third world countries also from Finland, but no such cases have yet come to light.

The container traffic on the world's oceans largely flows from the countries of inexpensive production in Asia towards Europe, among other places. To avoid returning empty shipping containers, the shipping companies offer cheap transports, which have provided the waste management companies a means of transporting waste out of Europe. Indeed, these cheap sea transports from Europe constitute one of the reasons behind the international shipping of waste to Asia and other countries outside Europe.

There has also been actual evidence in Norway and Sweden of organised shipping of scrap cars for example to the Middle East and Africa. The last-mentioned cases have involved economic frauds where scrap yards have been paid for the due processing of the cars, even though the cars have actually been shipped out of the EU.

Another threat connected to environmental crime which can be seen as more pertinent from a national perspective is the illegal collection and export of rare species of organisms and animals. In these cases, Finland also functions as a transit country, especially when it comes to the transport of birds and birds' eggs illegally collected in the area of the Arctic Ocean.

Customs' Role in Protecting the World's Environment – Enforcing Import and Export Restrictions

Finnish Customs' role in environmental protection lies mainly in the enforcement of various import and export restrictions. These restrictions are gov-

erned either by EU regulations or by national laws and decrees. Apart from their role in safeguarding public order and safety as well as public health, the restrictions also emanate from environmental considerations. Environmental protection is manifested in various ways in the import and export restrictions. For instance, restrictions pertaining to the transport of waste and nuclear and radioactive substances have been imposed to protect the environment all over the world. Similarly, the enforcement of import and export restrictions on substances depleting the ozone layer aims to protect the ozone layer on a worldwide scale.

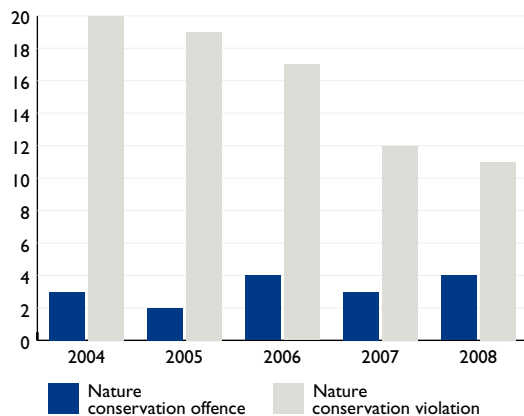
The import, export and transit of endangered animal and plant species, as well as products derived thereof, are subject to a licence. These products are more closely set out in the annexes of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). As the majority of the CITES products are imported into the European Union from third countries, the import restrictions offer a means of protecting the environment and the diversity of nature in these countries. The CITES export restrictions, on the other hand, aim to protect the environment within the EU, although most of the trade in endangered plants and animals is directed from the developing countries towards the developed countries.

Finnish Customs also has a considerable fiscal role in the sphere of environmental protection, since Customs collects landfill tax for the waste disposed of in landfills in accordance with the Waste Act. In recent years, a growing number of cases have surfaced where waste has been dumped either in decommissioned landfill sites or entirely illegal landfills without submitting any kind of tax declarations concerning this activity to Customs. The amount of evaded landfill taxes has in some of the cases amounted to millions of euros. The cases have in this respect been investigated as aggravated tax frauds and in other respects as impairment of the environment. There has been intense cooperation with the Police in the preliminary investigation of the cases.

Nature Conservation Offences and Violations

The majority of offences classified as environmental offences investigated by Customs involve cases of smuggling of CITES products detected and uncovered in conjunction with their import or transit. The products are usually items that private persons have brought home from holiday trips or ordered from abroad. Depending on the circumstances involved, the cases are investigated either

Nature Conservation Offences and Violations
Detected by Customs 2004–2008



as nature conservation violations under section 58 of the Nature Conservation Act or as nature conservation offences under Chapter 48 section 5 of the Penal Code of Finland. The penal provision for these acts is a fine for violations and, for offences, a fine or imprisonment for at most two years. Furthermore, section 59 of the Nature Conservation Act provides that the offender should be sentenced to forfeit to the State that which constitutes the object of the offence, that is, for example a part of an illegally imported plant, and, in addition, to forfeit the monetary value of a protected plant or animal as a representative of its species. The Ministry of the Environment sets the standard monetary values for protected animals and plants. The Finnish Environment Institute SYKE is the expert authority from which Customs asks for an expert opinion on each plant, part of a plant or animal species involved in the cases it investigates.

Each year, Customs has carried out one to four seizures of CITES products which have led to their investigation as nature conservation offences. There have been a total of 15 to 25 nature conservation offences under investigation each year in the period from 1997 to 2008. The number has remained stable. Most of the cases investigated by Customs have involved occasional imports of products listed in Annex B of the CITES Convention that private persons have brought home from holiday trips. The most commonly imported products have been snakeskin wallets or belts, but different kinds of corals, shells as well as plants and parts of plants have also been smuggled.

There were altogether four nature conservation offences in 2008. Three of the cases concerned the import of a product derived from an endangered animal or plant species into Finland without the required CITES licences. In 2008, a total of 11 nature conservation violations were investigated. The most typical cases involved illegally imported

watch straps. In addition, Customs found a stuffed black bear hunting trophy, corals and health supplement tablets produced from, among other ingredients, the hoodia spp plant.

The CITES species and counterfeit products were visibly displayed at the Matka 2008 Nordic Travel Fair where Customs also briefed visitors about the products covered by the restrictions.

Case

The most significant nature conservation offence investigated by Customs involved an air freight consignment which was being shipped from China to Russia and contained a total of 61 handbags, wallets, belts and key rings made from the skin of endangered snakes or crocodiles. The consignment did not have an export licence from the departure country.

Transports of Radioactive and Dangerous Substances Supervised by Customs

Finnish Customs has a significant role in protecting the environment also as the authority in charge of supervising transports of radioactive and dangerous substances. Border control was stepped up after the collapse of the Soviet Union, as there were fears that radioactive substances and nuclear material would fall into the wrong hands. Nowadays, all the border crossing stations which are open on a regular basis on the Finnish-Russian border have fixed measuring devices fitted with automatic alarm systems. In addition, the stations use handheld measuring devices.

Customs has turned back transports detected to be radioactive from ports and the eastern border to their countries of dispatch. Actual attempts to smuggle radioactive substances have however not been detected on the borders. The transports which have been turned away and which have, except for a few exceptions, all originated from Russia, have contained scrap metal intended for use as industrial raw material in Finland. As regards imports of timber into Finland, it can be noted that as timber consists of organic matter it does not become activated and is unlikely to be significantly contaminated with radioactivity.

The levels of radiation emitted by the metal cargos have not been so high as to be hazardous to the health of transport personnel or customs officers, even though the radioactivity has been clearly higher than natural background radiation. Radiation monitoring of imported scrap is also important for the metal industry since the end products

need to be clean. In the 2000s, the metal industries have indeed paid increasing attention to the cleanliness of the scrap metal they buy by acquiring their own precise radiation counters and by using them at the departure points in Russia. Furthermore, the Finnish buyers have assumed a policy of zero tolerance when it comes to radiation levels. This is re-

flected in the low number or lack of transports that Customs has had to turn back so far this millennium. In the years 1999–2000 there were altogether 14 transports which were refused entry; however, in recent years, there have been no such cases at all.

Coercive Measures of Intelligence and Investigation

Telecommunications Interception

In 2008, Finnish courts granted a total of 379 licences for telecommunications interception in accordance with the Coercive Measures Act. In two of the cases, the granted licence was not used. The number of licences for telecommunications interception has continued to rise considerably from previous years and rose by around 50 per cent when compared to 2007.

The number of intercepted subscriptions has also risen considerably from previous years. Telecommunications interception was targeted at 498 subscriptions, which is a rise of approximately 80 per cent. The number of persons targeted through telecommunications interception has remained at the same level as in the previous year. Telecommunications interception was aimed at telecommunications subscriptions in the use or possession of 108 persons. Customs used telecommunications interception in the preliminary investigation of 73 aggravated narcotics offences and 28 aggravated tax frauds. In 2007, by comparison, the coercive measure was used in the preliminary investigation of four cases of aggravated forgery, 34 aggravated narcotics offences and 45 aggravated tax frauds.

The rise in telecommunications interception licences and subscriptions can be seen to be influenced by two significant factors. Firstly, the crime

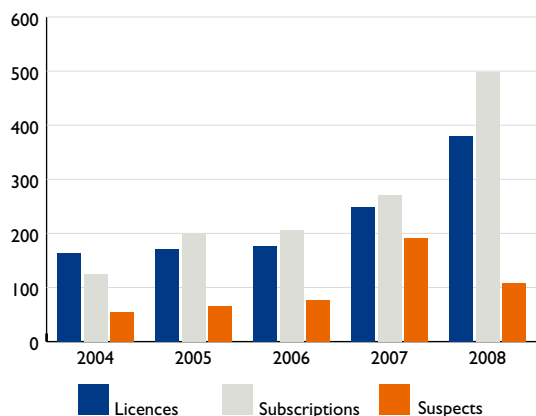
suspects targeted through the interception use a larger number of telecommunications subscriptions, usually detected in the preliminary investigation, than before. Secondly, the length of preliminary investigations into serious and organised crime has continued to increase, which has made it necessary to apply for extended interception licences for the same telecommunications subscriptions during the preliminary investigation.

Telecommunications Monitoring under the Coercive Measures Act

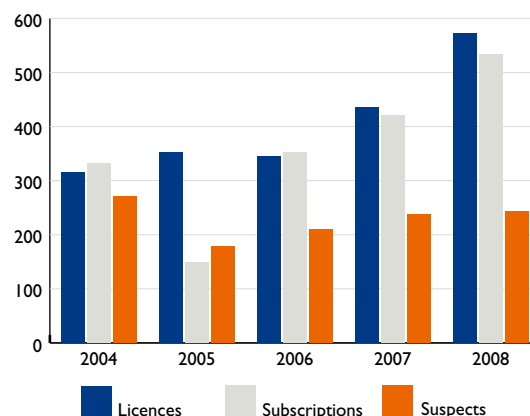
In 2008, courts granted Customs 573 licences for telecommunications monitoring under the Coercive Measures Act, which is 32 per cent more than in 2007. Customs directed telecommunications monitoring at 534 telecommunications subscriptions or terminals, which is a 32 per cent higher figure than in the previous year. The subscriptions and terminals were in the use or possession of 243 crime suspects.

In 2008, the almost doubling of the number of monitored subscriptions has employed the Customs intelligence and investigation authorities to a particularly great extent.

Interception Licences, Subscriptions and Suspects 2004–2008



Telemonitoring Licences, Subscriptions and Suspects 2004–2008



Cooperation with Authorities and Interest Groups

PCB Centre

The year 2008 marked the start of a process of renewal for PCB criminal intelligence activities. One of the reasons behind this was the administrative reorganisation project of the Police (PORA). The reform led to changes in the regional divisions whereby the previous 90 police departments were replaced with 24 main police departments. The reforms of the police administration are set to continue. The new organisation of the National Bureau of Investigation will enter into force on 1 January 2010. This will directly affect the organisation and development of the PCB criminal intelligence and analysis activities.

The most significant aspect of the reform of the PCB criminal intelligence activity is the decision to convert the PCB offices at the Port of Helsinki, Helsinki-Vantaa Airport and the Vaalimaa border station into PCB groups to function side by side with the four regional PCB groups. The decision was significant for Customs in that the responsibility for leading the PCB group at the Port of Helsinki will lie with the Southern Customs District, which will appoint the duty managers of the PCB group.

Another significant change, initiated in 2008, will be a national situation centre which will be formed in connection with the PCB Centre to maintain a view of the daily crime situation. Customs Intelligence and Investigation makes use of the PCB Criminal Intelligence and Analysis Centre for maintaining an overview the customs crime situation and for monitoring the most significant cases of aggravated offences which are under preliminary investigation by Customs.

The single biggest task of the national PCB Criminal Intelligence and Analysis Centre was the security arrangements of the OSCE 2008 meeting of foreign ministers. For the duration of the meeting, a temporary situation centre based on the PCB activity was formed and reinforced with a member of both the Finnish Security Police and the Finnish Defence Forces.

The PCB Centre has participated in the crime prevention training programmes organised by the Police, Customs and the Border Guard and organised a joint course on criminal analysis for PCB personnel at the Police College in the autumn of 2008.

The PCB activity has also continued to organise target selection meetings at both the national and regional levels and monitored the progress of the criminal investigation of the cases in which the selected targets have been involved.

Virke – Project for Developing Cooperation between Authorities

Founded in 2002 to help combat the grey economy and economic crime, the Virke project for developing cooperation between authorities has, for the third consecutive year, received funding on an annual basis to continue its activities. There have been efforts to make the project, which is seen as useful by the cooperating authorities, permanent, but the legislative work in the matter has been slow and will be handed over to the Finnish Parliament in autumn 2009 at the earliest.

As in previous years, Virke's year of activities consisted of different surveys and projects as well as providing support to the operative activities. A new and highly resource-demanding task for 2008 in terms of work hours was the development of new Virke activities and tools. The development work aims to test work models that conform with the planned 'Virke Act' to ensure a smooth transition from the present activities to the new ones.

In Virke, Customs has continued its close cooperation with the tax and police authorities, for example within the target selection for control and audit measures and within operative criminal intelligence, with good results. Providing Customs Intelligence and Investigation with support in terms of operative information exchange continued in the same way as in previous years. In addition, two larger client surveys for Customs intelligence and investigation and control authorities were also completed in 2008. Virke employs two full-time and two part-time customs officers. The staffing has proved sufficient for producing the information services and participating in projects.

Among projects worth noting was the campaign against grey imports of cars from the EU which led to several tax inspections across Finland in 2007 and 2008. Apart from giving cause for implementing high tax debits, the audit reports have also provided a basis for several reports of offences in which Customs has offered its expertise to the Police and the Office of the Bankruptcy Ombudsman via Virke. Another type of VAT fraud occurring in Community trade is carousel fraud which has been mapped by Customs and the CLO unit of the Tax Administration for several years already. The cooperation has given both parties much additional information on the phenomenon.

MOU Agreements

The enlargement of the EU has provided international organised crime with better possibilities of operation. The precise and efficient targeting of customs crime enforcement, especially in the context of internal markets and traffic, requires advance information from commercial operators. To an increasing extent, Finnish Customs receives this information from its MOU partners.

The Memoranda of Understanding, or MOU Agreements, which are entered into with the partners, are written agreements that create an official framework for the cooperation between Customs and the commercial operators in preventing crime.

The MOU agreements aim to prevent, uncover and investigate customs offences and are of essential significance both in customs crime prevention and in facilitating legal and smooth traffic. Another aim of the agreements is to prevent criminals from exploiting reputable business operators in their illegal activities. On a wider scale, the aim of the cooperation is to increase the safety of citizens and protect the whole of society.

The MOU agreements include understandings on, among other things, cooperation groups to which the parties appoint their representatives. In 2008, the cooperation was planned and carried out in line with the joint approach of the parties. In addition to the prevention of conventional customs offences, the emphasis of the cooperation was on social responsibility in matters pertaining to internal security, including the prevention of serious and organised crime, as laid out by the Finnish Government. Through this well-functioning cooperation, several customs offences were uncovered.

Since 1994, Customs has signed MOU agreements in accordance with the international practice. So far, the agreement has been entered into with 54 operators. The figure consists of 42 agreements with businesses and 12 agreements with unions. The agreement parties represent a wide range of sea, land and air traffic operators. By international comparison, Customs is a pioneer in the field of MOU cooperation.

In 2008, Customs signed seven MOU agreements. The emphasis of the MOU cooperation between Customs and business operators was

on deepening the cooperation and improving its quality. However, the MOU activities were also extended to include new agreement partners, both on a local and national level.

The responsibility for the agreements was divided within Finnish Customs so that the National Board of Customs was responsible for the agreements with nationwide operators. The customs districts, on the other hand, were responsible for the agreements with regional and local operators, as well as for the practical cooperation undertaken with them and the nationwide operators. The National Board of Customs provided the customs districts with support in formulating the agreements and in carrying out the practical cooperation.

As in previous years, the National Board of Customs organised regular cooperation meetings within Customs. One of the central accomplishments in developing the MOU activities in 2008 was planning and putting together standard training packages. With the training packages, the customs districts can provide consistent and high-quality training in different parts of Finland which strengthens cooperation in crime prevention.

In recent years, the MOU activities of Customs have been harmonised and cooperation between customs districts has been stepped up. The development process is ongoing. The projects for measuring the quality of the activities and for developing the internal flow of information within Customs, initiated in 2008, have progressed and will be implemented during the first half of 2009. The projects support the emphasis of MOU activities in 2008 and 2009: deepening the cooperation and improving its quality. Despite this emphasis, some new MOU agreements will, just as in 2008, be made in 2009.



Customs and VR, the Finnish railway company, entered into a MOU agreement in 2008.



Legal and Administrative Assistance by Customs Intelligence and Investigation

The Mutual Assistance Group of the Finnish National Board of Customs is responsible for the legal and administrative assistance pertaining to Customs intelligence and investigation, as well as for its liaison officer activities conducted abroad. The core duty of the Group is to process requests for legal and administrative assistance which either arrive from abroad or are to be sent abroad and, in connection with these, to perform specialist tasks. The Group replies to requests which arrive from foreign countries itself or forwards the requests to the customs districts for processing. In addition, the Group is responsible for handling of tip-offs received by phone or via the Internet. Our own liaison officers at Europol and within the network of the Nordic Police and Customs Cooperation (PTN) contribute substantially to the activities of legal and administrative assistance. There has been close cooperation with both domestic and foreign authorities; for example, the use of the PTN network is significant.

The majority of the requests for legal and administrative assistance are received from Russia and other neighbouring countries of Finland. Correspondingly, most of the outgoing requests for legal and administrative assistance are sent to those neighbouring countries from where there is direct passenger traffic to Finland. Sometimes, it is also necessary to request measures from the authorities of more distant countries which are common holiday destinations for Finns. In terms of numbers, most of the outgoing requests for legal assistance are made by the Southern Customs District.

The requested measures usually involve inquiries concerning persons, companies and vehicles, requests for documents, interrogations of persons abroad and, when necessary, also coercive measures to be carried out abroad. The exchange of information and the activities are based on international treaties, the most essential of which are the Naples II Convention, the MLA 2000 Convention, and bilateral agreements on customs cooperation and customs crime prevention. In the bulk of the requests for legal assistance made between EU member states, the Naples II Convention is applied. Requests for legal assistance are used as a method of investigation especially in the case of

aggravated offences, and in 2008, the offences giving cause for most requests were aggravated narcotics offences or aggravated tax frauds. International contacts are also utilised in other core areas of customs crime prevention, such as in the investigation of offences involving cigarettes, counterfeit products and alcohol.

The number of incoming enquiries and outgoing requests that Customs deals with has increased steadily in recent years. In 2008, there were 287 requests for legal assistance, which is more than 40 per cent more than in the previous year. Altogether 471 requests for administrative assistance were processed. One significant feature of the requests for legal assistance in 2008 was once again the large proportion of requests from Russia. The incoming requests have, besides the Intelligence and Investigation Department, also been processed by the Control Department in cases where they clearly express that the aim of the requested measures is establishing the correctness of taxation and not crime prevention. In 2008, approximately 480 tip-offs related to suspected customs offences were received via telephone and the Internet.



As Liason Officer in Moscow



A view of Moscow from Sparrow Hills.

Finnish Customs has three liaison officers stationed outside of Finland who specialise in crime prevention. Their role is to provide information on criminal cases, to collect criminal intelligence data, to bring together teams investigating offences and to assist these parties in achieving a good end result. In addition to Moscow, there are liaison posts in the Hague, at Europol, and in Tallinn. The post in Moscow opened on 1 April 2008 which is when I moved there directly from my previous post in Lithuania. Apart from Moscow, I am also accredited to work in Belarus; a country in which I maintained contacts already when working in Lithuania.

Moscow is an important place for Finnish Customs when considering the huge volume of commercial traffic between Finland and Russia and the economic crime which is closely linked to it. The majority of the administrative assistance does indeed involve double invoicing and, in connection with it, money laundering, as well as other unhealthy trade phenomena. The aim is to ensure better opportunities for honest trade, in which reputable businesses, which account for most of the traders, duly pay the imposed taxes and duties as prescribed by law and regulations. Thus, the most important task is to try to eradicate and uncover, as comprehensively as possible, crime that leads to the loss of tax revenue in Russia as well as in the member states of the European Union.

The cooperation parties in Russia are, besides Russian Customs, the Federal Drug Control Service, the separate Investigative Committee of the Russian General Procurator (SKP), the police section of the Ministry of Internal Affairs (MVD) and the Federal Security Bureau (FSB). All of these authorities carry out preliminary investigation and uncover offences in their respective fields. What the requests for legal and administrative assistance arriving from these authorities have in common is the large number of suspected offences

within foreign trade and suspected cases of money laundering. Furthermore, there are signs of an increasingly active trade in narcotics, which takes place not only from Russia to the west (heroin, precursors, amphetamine, cannabis) but also from the west towards the Russian federation (synthetic narcotics, cocaine, cannabis and various designer drugs).

There are ample opportunities for narcotics trade in Russia. There are more than two million registered drug users in the country and in reality, the figure is much higher. During my years in the Baltics and my present stay in Russia, we have managed to detect several cross-border narcotics organisations which transported narcotics and operated within other branches of criminal activity, such as property crime. The organisations are involved in the type of crime that yields the biggest profits and where there are good relations and means of influence, and where it is most sensible and cost-effective to commit offences without running much risk of being caught.

International crime is based on the same principles as normal business practice: good, confidential relations, functioning and reliable logistics and a comprehensive sales and acquisition network. Investigating and breaking up these networks and getting the law enforcement authorities of different countries to cooperate closely is one of the key task areas in the work of a liaison officer. As criminals step up their networking, the only chance for the authorities to respond to this challenge is to maintain smooth cooperation with colleagues in different countries. A good example of this is the long tradition of seamless cooperation and trust between the Finnish and Russian customs administrations in solving these at times difficult issues.

One of the important tasks of a liaison officer is also to participate in uncovering and investigating the ever expanding crime involving counterfeit products

which causes damage and inconvenience not only to the owners of the trademarks and copyrights but also to the deluded consumers. As counterfeit medicines, for example, pose an actual threat to the health and life of their users, the need to improve consumer protection is a very topical issue in Russia as well.

In the liaison officer meetings, the Russians have expressed their wish to improve cooperation in three different areas: international trade in narcotics and its prevention; Internet crime and its prevention as regards credit card fraud, paedophilia, communication between criminals and planning of crimes on the Internet; and organised crime, including counterfeiting, occurring within foreign trade.

Moscow is a challenging and interesting city with a rich history and magnificent culture; it is, after all, the heart of Russia and, following its predecessor Kievan Rus', the cradle of Slavic and Russian culture. It is a place where east and west meet. When you add to that the genuine friendliness of Russians and a constantly changing and abundant theatrical and cultural life, there are few cities in the world that can compare with Moscow.



International Operations

Altogether 11 international operations were organised in 2008. There were five joint EU operations and two operations coordinated by OLAF. In addition, four other operations or projects were carried out.

Joint Customs Operations of the EU

Operation **Mudan** was targeted at postal consignments arriving from China and its objective was to uncover smuggled cigarettes in the consignments. The operation was coordinated by the United Kingdom and OLAF, and all EU member states participated in it. Altogether 1 488 630 counterfeit cigarettes of Chinese brands and 1 979 kilogrammes of pipe tobacco were seized from 1 139 postal consignments during the operation. In addition, the authorities carried out 219 other seizures which involved, for example, counterfeit watches, handbags and shoes.

Operation **Wasabi II** was coordinated by OLAF and targeted at foodstuffs of commodity groups 07, 08 and 20 arriving from Asia. Wasabi II was a continuation of Operation Wasabi which was carried out in 2007. According to reports, foodstuffs are imported into the Community using, for example, misleading information on their origin or incor-

rect tariff headings. The target countries designated by Finland in the operation were China, India and Thailand. Samples of more than 50 consignments were taken in Finland during the operation. Inaccuracies in tariff headings were detected in 11 cases.



Operation **Athena** was coordinated by French Customs and its objective was to uncover incoming and outgoing consignments of money of criminal origin, and to start criminal investigations regarding potential money laundering based on

the results. The operation was targeted at North African countries (Algeria, Morocco and Tunisia), the Balkan countries, China and the United States. The focus of the operation was on air and road transports. At Helsinki-Vantaa Airport, the operation was mainly targeted at passengers arriving from and departing for Russia, China, Turkey and the United States, and at transit passengers. Altogether 28 EU member states along with Croatia, Norway, Morocco and Tunisia participated in the operation, while Europol, Interpol and the WCO provided support. The operation was carried out in cooperation between multiple authorities. The participating countries reported 103 cases of cash transports each involving more than 100 000 euros.

The total amount of declared cash was 37 847 294 euros. The authorities uncovered 285 cases in which cash was not declared. The total value of the money in these cases was 7 586 873 euros. Five participating countries are investigating 39 suspected cases of money laundering.



Operation **Inbus** was the first operation to focus on bus traffic. It was coordinated by Germany and its objective was to uncover the smuggling of synthetic narcotics in bus traffic. Finland participated in the operation as an observer.

Several seizures of narcotics and cigarettes were carried out during the operation.

Operation **Memory** was coordinated by German Customs and its purpose was to point out the risks involved in the smuggling of mineral oils from third countries and within the European Community, the use of forged accompanying administrative documents in intra-Community traffic, and the use of illegal oil products in vehicles.



Operation **Proteus** was targeted at the smuggling of heroin on the Balkan route. Finland participated in the operation as an observer. In addition to EU member states, Albania, Bosnia and Herzegovina, Croatia, Macedonia, Kosovo, Montenegro, Norway, Switzerland and Serbia also participated in Proteus, while Europol, Interpol and the East European RILO ECE also contributed to the operation led by Slovenia. Weapons and about 80 kilogrammes of heroin were among the items seized during the operation. Furthermore, two illegal entries into the participating countries were detected.

Operation **Toledo III** was aimed at exposing the smuggling of cocaine occurring in air freight traffic and courier mail. The operation was coordinated by Spain and 24 EU member states took part in it along with Norway, Switzerland, Argentina, Chile and Peru.

International Cooperation between Neighbouring Regions

Operation **Poseidon** was a joint operation between Finland and Estonia whose objective was to identify persons who could cause potential danger to the OSCE conference in Helsinki. Another objective of the operation was to uncover offences pertaining to

taxes, narcotics, concealment and other customs offences in the ferry passenger traffic between Helsinki and Tallinn.

Operation **Fried Sheep** focused on comparing the quality of manifest data between ocean ports and feeder ports and to establish best practices for improving the quality of the manifest data of feeder traffic. The operation was coordinated by the United Kingdom and the participating countries in addition to Finland were Estonia, Latvia, Lithuania, Sweden, Norway, Denmark and Poland. Large quantities of ocean manifest data were transmitted during the operation. Finland received 57 manifests. The follow-up meeting of the operation was organised in Finland in December 2008.

Operation **HIO Diligence** was coordinated by the French Police and aimed at the smuggling of weapons. Police and customs authorities took part in the operation.

Operations by the Finnish-Russian Customs Crime Prevention Working Group

No new joint operations were started in 2008. The second phase of Operation **Skandinavia** was concluded during 2008. The objective of the operation was the real-time supervision of the transit of specifically selected transports from Finland to Russia.

Other International Operations

Towards the end of 2008, the EU member states and the European Commission organised control operation **MEDIFAKE** which focused on combating counterfeit medicines in sea and air traffic and on data collection, and had a special emphasis on the control of postal consignments. The operation was the first of its kind. Customs administrations seized 38 million illegal medicinal products during the operation. Finnish Customs uncovered 238 cases and took possession of 17 000 medicinal products. During the operation, Air Customs informed the Romanian authorities of a transit consignment containing hundreds of thousands of diet pills.

The operation confirmed the impression that the EU member states have been infiltrated by organisations distributing counterfeit medicines. Counterfeit medicines enter Finland more and more often through EU member states such as Sweden, the United Kingdom, the Netherlands and Greece, rather than directly from India and China.

Customs Crime Prevention Training

The Backbone of High Quality Crime Prevention

The intense activity of criminal groups in Finland and its neighbouring regions and the international nature of the work in customs crime prevention are usually the factors that pose a particular challenge for crime prevention personnel.

One of the most extensive tasks of customs crime prevention training is to give those who attend its vocational training courses the theoretical and practical skills needed in crime prevention work.

However, the most important task within crime prevention training is to ensure that uniform procedures are observed in customs crime prevention. In practice, this means a thorough knowledge of the given instructions and regulations. Achieving the required command of these areas supports Customs' activities as one of the leading law enforcement authorities in Finland.

In 2008, the Intelligence and Investigation Department of the National Board of Customs continued its work to develop and revise one of its areas of responsibility, crime prevention training. In recent years, Customs has put considerable effort into expanding the crime prevention training it offers in terms of both quantity and quality. In organising such comprehensive training in this field, the needs of Customs' cooperation partners in crime prevention have also been taken into account, and these parties have given much positive feedback on the training offered.

The efforts to combat economic crime occurring within business activity, as specified in the plans drawn up by the Intelligence and Investigation Department, formed the basis for initiating new courses in economic crime prevention. Introducing three courses almost simultaneously marks an effort to strengthen the competence in economic crime prevention when it comes to detecting offences occurring in ex-

port, import, transit and customs procedures.

The training for investigation leaders was also revised by adding more contact teaching periods. The aim of this change is to ensure that the basic training provided by Customs for investigation leaders is sufficient in scope. This training is given to all of Customs' investigation leaders and those working as investigation leaders with limited powers.

In addition to the training mentioned above, the Intelligence and Investigation Department organised two customs crime prevention courses in 2008 and participated in planning and organising several other special vocational training programmes.

As in previous years, customs crime prevention personnel also participated in a wide range of training organised by the national cooperation authorities. International seminars and training events have retained their important position within crime prevention training, and there was sufficiently broad participation in these events in 2008.

The sphere of customs crime prevention is as broad as the view of the entrance hall of the Customs School, pictured here, with its multitude of colours. There is something for each of us to learn and master among the tasks of customs crime prevention.







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