



Singapore Customs Media Release

COMPLEX LIQUOR SYNDICATE NETWORK CRUSHED Ten syndicate members arrested for smuggling 18,000 bottles, resulting in evasion of \$400,000 duty and GST

Singapore Customs (SC) successfully crushed a complex syndicate dealing in duty-unpaid liquors on 10 September 2009 in an extensive operation that involved raids on 20 premises. Ten Singaporeans had been detained thus far to assist in the ongoing investigations. The illegal goods seized by SC consisted of 17,873 bottles of liquors and wines, and 1,604 cans of beer. The total amount of duties and GST involved was close to \$400,000. Two vans and one lorry – all Singapore-registered – were seized, together with personal computers, notebooks, external hard-disks etc.

Modus Operandi of Liquor Syndicate

2 SC's investigations revealed that the syndicate was involved in a racket to evade liquor duties and GST by substituting duty-unpaid liquor meant for export with empty liquor bottles and mineral water bottles. The duty-unpaid liquors were first moved out of the licensed warehouses. Instead of being exported out of Singapore, they were diverted to various local storage facilities where the switch to empty liquor bottles etc was made. The switched cargo masqueraded as genuine liquor export then made its way to the Free Trade Zone (FTZ) for export. The original duty-unpaid liquor that were taken off at the local storage facility were subsequently diverted illegally into the local liquor market by selling them to retailers, entertainment outlets etc, thus evading the payment of liquor duties and GST.

[Note: Licensed warehouses are used for storing import of dutiable goods with duty and GST the suspended upfront. These goods are normally meant for export. If they are diverted into the local market, then duty and GST payments will have to be made. A short description on the Licenced Warehouse facilities is attached at <http://www.customs.gov.sg/leftNav/trad/cus/Licensed+Warehouse+Scheme.htm>]

SC's Operations and Investigations

3 On 10 September 2009, SC's officers were keeping watch at a private storage facility located along Kallang Way. Soon, the officers saw a handful of men offloading some goods from a van in the car park. The goods were then carried in batches to two storage units within the facility. The officers then moved in and arrested two men and seized the goods.

4 Concurrently, a team of SC's officers stationed at another private storage facility located along Kallang Pudding also arrested two men and seized more illegal goods.

5 Investigations revealed that the syndicate had imported some liquors, wine and beer into Singapore in early 2009 and stored the goods in a licensed warehouse along Soon Lee Road ("LW-A"). The syndicate subsequently removed the goods from LW-A to store them in another licensed warehouse located at Pasir Panjang Distripark ("LW-B").

6 At LW-B, the goods were loaded onto a van. However, instead of transporting the goods to the Keppel Distripark to be exported, the van delivered the goods to a private storage facility ("SF-1"). Upon offloading all the goods at SF-1, the van headed down to another private storage facility nearby ("SF-2").

7 At SF-2, some syndicate members would be busy with packing empty glass bottles and mineral water bottles into boxes, with the top layer being bottles of the imported liquors. To avoid detection, the boxes bore the assorted brands of the liquors such as Chivas Regal, Absolut Vodka and Jim Beam. The vans would then pick up the “window-dressed” boxes from SF-2 and bring them to Keppel Distripark for export.

8 Further investigations revealed that SF-1 would serve as a distribution point from which the illegal goods would leak into the local retail market, thereby evading the payment of duty and GST. Other than the private storage facilities uncovered in Kallang, there were at least two other private storage facilities used by the syndicate to store the illegal goods before they were released into the local retail market. One of the facilities doubled up as an office for the mastermind.

Insights into the Syndicate Network

9 Investigations thus far showed that at the helm of the syndicate was suspected to be a husband-and-wife team, assisted by three trusted right-hand men. The husband was suspected to be the mastermind of the syndicate. To avoid leaving traces of evidences, the syndicate involved a mix of “shell” companies as cover-ups, including wholesalers, trading firms and small retailers.

10 Being a cunning person, the alleged mastermind also designed a complicated chain of transactions in which members were assigned to run only specific parts of the syndicate’s illegal operations. In this way, the members at any part of the chain could only know the other members in preceding and subsequent stages of the chain.

11 However, his cunningness was to no avail as SC was able to piece together the entire racket through in-depth investigations conducted by a dedicated team of meticulous and tireless investigators.

Arrest of Syndicate Members

11 SC’s latest operation against syndicates saw 10 Singaporeans arrested – five at the various crime scenes, two from the “shell” companies, two at the alleged mastermind’s residence and one at his own residence. A total of 17,873 bottles of liquors and wines, and 1,604 cans of beer were uncovered, with the total duties and GST evaded amounted to about \$400,000.

Advisory from Singapore Customs

12 Since 2006, SC has crushed three syndicates for dealing with duty-unpaid liquors and arrested 13 persons, of which five have been charged and convicted. The total duties and GST evaded exceeded \$1.5 million.

13 Singapore Customs warns that errant traders who evade duty and tax will be taken to task. Buying, selling, conveying, delivering, storing, keeping, having in possession or dealing with duty-unpaid goods are serious offences under the Customs and GST Acts. Stiff penalties are imposed for such offences. The vehicles used in the commission of such offence are also liable to be forfeited. The public are strongly advised not to buy duty-unpaid products.

**ISSUED BY: SINGAPORE CUSTOMS
KASTAM SINGAPURA**

新加坡关税局
சிங்கப்பூர் சுங்கத்துறை

DATE: 11 SEPTEMBER 2009

A. Interdiction of a Lorry with "Liquors" at the Kallang Distripark



B. Bottles of Liquors Seized at the Various Private Storage Facilities



B. Bottles of Liquors Seized at the Various Private Storage Facilities (cont'd)

