

Emergency Countermeasures to
“Stop Gold Smuggling”

November 7, 2017

The Customs and Tariff Bureau of
the Ministry of Finance

Introduction

The Japan Customs of the Ministry of Finance has the following three missions: realizing a safe and secure society; appropriate and fair collection of duties and taxes; and promoting further facilitation of trade procedures. To accomplish these missions, we have endeavored to take strict regulatory measures against smuggling, while conducting customs clearance procedures promptly and smoothly.

On the other hand, gold smuggling occurs frequently, and cases of import-consumption tax evasion totaling large monetary values have been detected recently. Furthermore, robbery and other crimes related to the gold trade have occurred in Japan. This situation has now become an enormous social issue. As an authority endeavoring to accomplish the above three missions, Customs cannot overlook this situation, and should strictly take on this issue with the utmost urgency.

To address the situation, *Emergency Countermeasures to “Stop Gold Smuggling”* was developed to actively and strictly promote the enforcement of relevant laws against gold smuggling at Customs, which comprise Japan’s border. The endeavor sets the following three core aims: strengthening inspections; tightening penalties; and enhancing the collection and analysis of information. In addition, it aims to enhance publicity activities and strengthen systems. Through these approaches, we will urgently and comprehensively address the issue of gold smuggling.

We would like you to once again recognize the seriousness of the current situation surrounding gold smuggling, and understand the needs for strengthening customs inspections and taking other countermeasures. Please provide us with any available information on smuggling. Thank you in advance for your cooperation with customs administration.

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Chapter 1 Analysis of the Current Situation and the Need for Countermeasures

1-1 Current Situation Regarding Customs

While globalization of society and the economy as well as internationalization and sophistication of supply chains progress, Japan Customs is striving to steadily accomplish its missions of realizing a safe and secure society, appropriate and fair collection of duties and taxes, and promoting further facilitation of trade procedures.

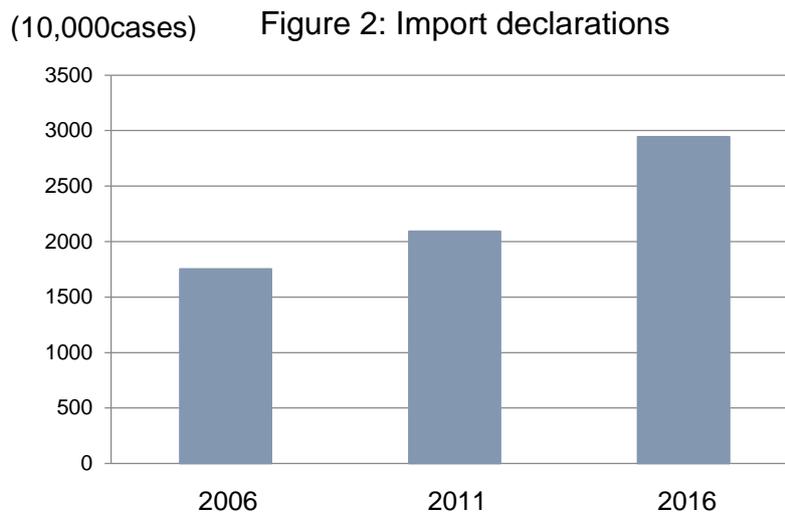
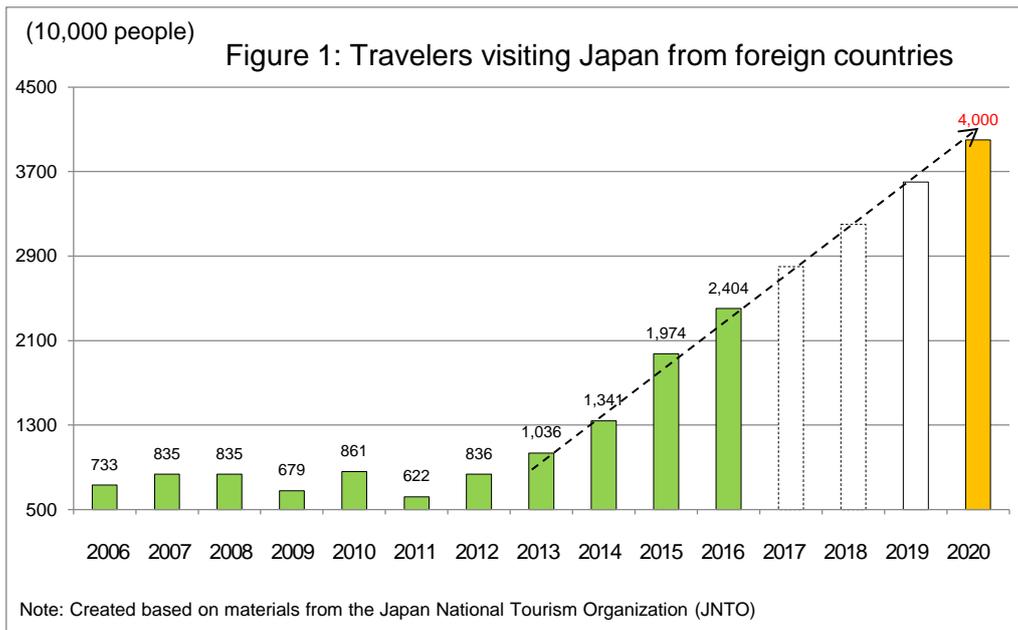
More and more passengers, cargo and mail are flowing into Japan. The number of travelers visiting Japan from foreign countries in particular has increased rapidly in recent years, reaching about 24,040,000 people in 2016. Additionally, the number of port calls by cruise ships hit a record high of 2,017 in 2016 and is expected to further increase. The government is also aiming to welcome 40 million visitors in 2020 and 60 million visitors in 2030.

On the other hand, Japanese citizens have been the victims of terrorism in foreign countries such as Syria, Tunisia and Bangladesh, and ISIL and other terrorist organizations have named Japan as one of their targets. The menace of terrorism has become a reality. At the same time, Japan is preparing for events that will drive many people to visit the country, including notable persons from foreign countries such as those involved in the G20 meeting, TICAD (Tokyo International Conference on African Development) and the Rugby World Cup in 2019, as well as the Tokyo Olympics and Paralympics in 2020; and in preparation for the above, Japan is required to take all possible measures against terrorism.

The number of cases involving the smuggling of methamphetamines and other illegal drugs, and of suspensions of imported goods that infringe upon intellectual property rights remain high. Additionally, the number of gold¹ smuggling cases, which are the target of these emergency comprehensive countermeasures, has also increased rapidly. We need to crack down on increasingly sophisticated and diversified forms of smuggling at the border effectively and efficiently.

As seen from the above, we are required to take strict regulatory measures against smuggling while conducting customs clearance procedures promptly and smoothly.

¹ In the main text, “gold” includes gold ingot, bullion and other gold products that are partially processed.



1-2 Background of the Emergency Comprehensive Countermeasures (Mechanism of Gold smuggling) (Refer to Fig. 3)

Gold smuggling aims to obtain profits equivalent to the amount of chargeable consumption taxes by importing gold to Japan without declaring them or paying consumption taxes and selling them to gold purchasing dealers (gold purchasing shops) in Japan.

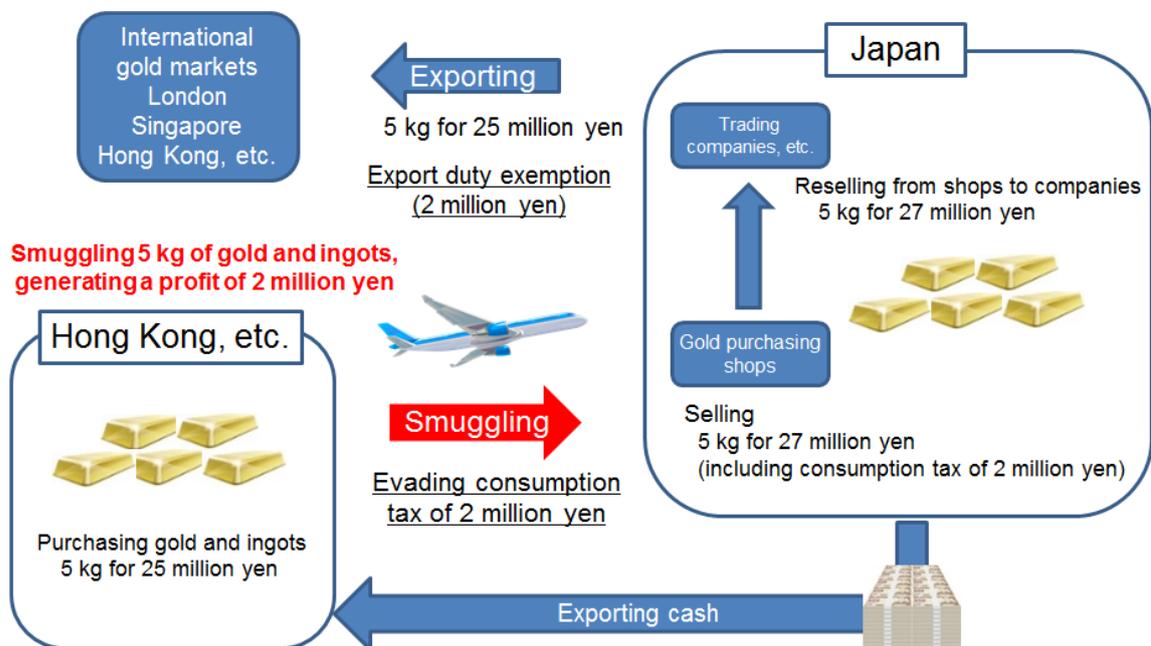
For example, when importing 5 kg of gold with a base price of 5 million yen per kilogram (25 million yen), you are required to pay consumption tax totaling 2 million yen (25 million yen multiplied by 8 percent) at Customs. A person attempting smuggling, however, is able to evade the consumption tax, and import the gold to Japan tax-free. Then, gold purchasing dealers in various towns across Japan purchase the smuggled gold for prices that include consumption tax (2 million yen), and the person attempting the smuggling obtains a profit equivalent to the amount of unpaid consumption tax.

It appears that profits obtained by gold smuggling are taken out of Japan and appropriated for purchasing more gold. Such smuggling is considered to be conducted in an organizational manner in most cases.

On the other hand, the gold purchased by gold purchasing dealers will flow into regular distribution channels, and any excess that exceeds demand in Japan is considered to be exported and flows back into international gold markets.

Given the above mechanism for gold smuggling, profits obtained by smuggling may be used by criminal organizations.

Figure 3: Mechanism of gold smuggling (example)



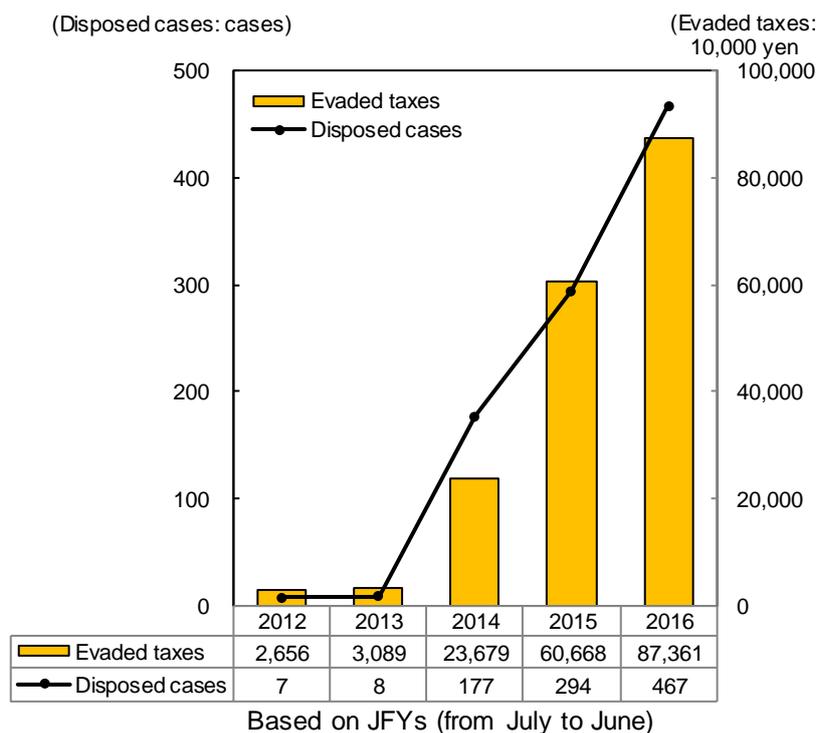
(Detection of gold smuggling, etc.)

Recently, Customs has uncovered many cases of gold smuggling. We have strengthened control over smuggling, and if it is detected, a thorough investigation is conducted and dealt with strictly. For example, we detected 811 cases of gold smuggling in 2016 and

seized 2.8 tons worth. The number of cases of gold smuggling continues to increase. From January to September 2017, 976 cases were detected, comprising 4.5 tons, which already exceeds the total from all of 2016.

After a smuggling case is uncovered, a thorough investigation is conducted, and the Director-General of the Customs issues a disposition, such as a notification or accusation. Among 561 duties and taxes evasion cases that received a disposition from Customs in Japan in JFY 2016², 467 cases consisted of gold smuggling. This is 1.6 times larger than that of the previous year, with the total amount of taxation avoided in aggregate reaching a record high of about 870 million yen (1.4 times higher than the previous year).

Figure 4: The number of disposed cases and total amount of tax evasion generated from gold smuggling (Between JFY 2012 and 2016)



² A fiscal year for Japan Customs (JFY) is from July to the end of June of the following year. For example, JFY 2016 means from July 2016 to June 2017.

(Background and Methods of Smuggling)

As the number of documented cases of gold smuggling keeps increasing, it is presumed that the total number of smuggling incidents is significantly high. There are several possible contributing factors with regard to this situation: firstly, gold are small and expensive goods that are easy to conceal³; persons attempting smuggling consider that the penalties for smuggling are insignificant; cashing out with gold purchasing dealers in Japan is comparatively easy; the prices of gold are predictable since international prices are followed; and prices have remained high in recent years.

Concerning methods to conceal gold, they are very simple in most cases, such as hiding them somewhere on one's body or concealing them in one's belongings. Recently, however, a number of sophisticated cases have appeared, such as hiding gold somewhere inside an aircraft or ship, and concealing gold by processing them into accessories or as parts of some other item.

With regard to the documented methods of gold smuggling, the major form remains via air passengers. In addition, the number of smuggling cases conducted by cruise ship passengers and using commercial cargo have recently increased. Moreover, smuggling by crew members and attendants working on airplanes and cruise ships, and smuggling through trading by sea have also appeared.

Regarding the scale of smuggling, many large-scale smuggling cases have been uncovered. While conducting a thorough investigation of smuggling cases, Customs verified the existence of smuggling that was repeatedly carried out not only by individuals but by organizations as well.

As seen from the above, gold smuggling is presumed to be conducted organizationally. In addition, the selling of smuggled gold to gold purchasing dealers is also associated with incidents of robbery of gold bullion and cash acquired from gold trading, as well as unauthorized cash removals.

(Export and Import of Gold as Seen From Statistics)

We cannot know to what extent gold smuggling is occurring. Still, according to the volume of exports and imports of gold from Trade Statistics of Japan, the volume of exports⁴ has increased rapidly, from 114 tons in 2014 to 137 tons in 2015 and 197 tons in 2016. On the other hand, the volume of imports has decreased, from 16 tons in 2014,

³ The price of gold has reached as high as around 5 million yen per kilogram, but the size of gold is as small as 10 cm x 5 cm x 1 cm, which makes it easy to conceal.

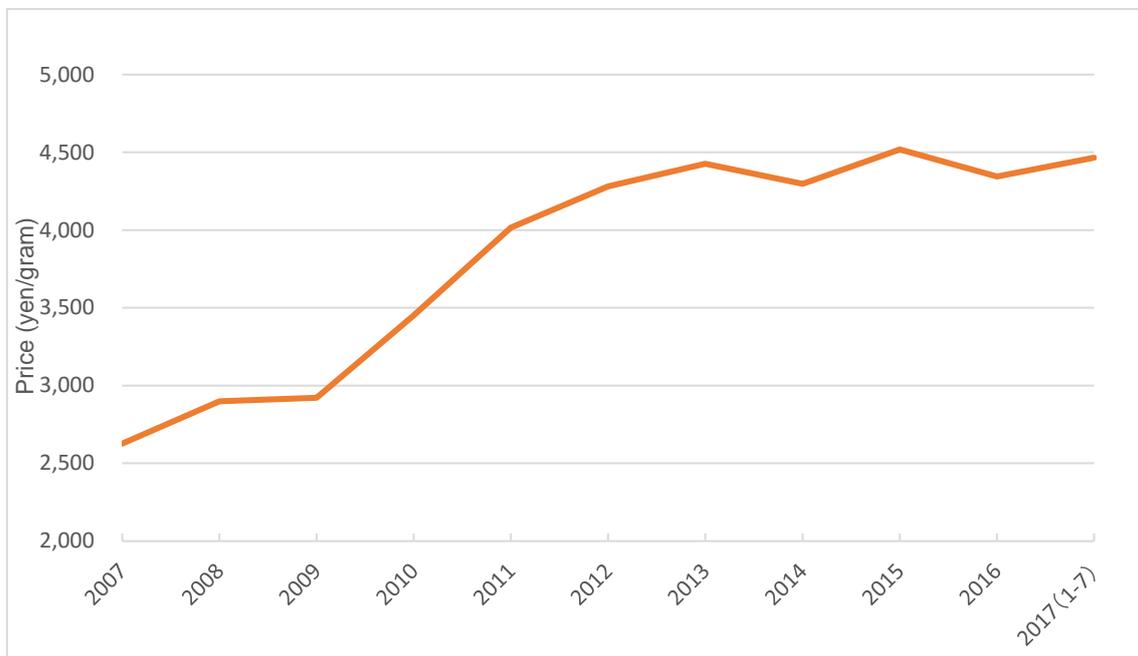
⁴ The volume of exports for gold is set forth as H. S. code 71.08 in the Schedule of the Customs Tariff Law.

to 9 tons in 2015 and 5 tons in 2016. An excess of exports over imports has been growing at a steep rate: 98 tons in 2014, 128 tons in 2015, and 192 tons in 2016.

On the other hand, according to the Survey of Precious Metals Distribution (General Statistics), national production⁵ of gold was 96 tons, while national consumption⁶ was 58 tons in 2016.

Even though we do not have an accurate idea of the amount of gold smuggling taking place, the above facts indicate the possibility that cases uncovered by Customs represent just the tip of the iceberg, and a considerable volume of profits is flowing to criminal organizations who attempt smuggling.

Figure 5: Trading Price⁷ of Gold



Source: *Statistics Monthly*, Tokyo Commodity Exchange

1-3 Policies Regarding Countermeasures

As seen from the above, gold smuggling is conducted organizationally in most cases. Methods of smuggling have become more sophisticated, and forms have become more

⁵ For the purpose of this document, national production refers to the volume of gold produced by producers from national mines, foreign mines and scrap.

⁶ For the purpose of this document, national consumption refers to the volume of gold and ingots consumed for telecommunications equipment and parts for machines, dentistry and medication, and jewelry goods.

⁷ The annual average is calculated from monthly averages of contracted prices of gold futures (in the immediate delivery month trade) at Tokyo Commodity Exchange.

diversified. Customs cannot overlook this situation. Therefore, we decided to take emergency comprehensive countermeasures against gold smuggling, such as strengthening inspections and tightening penalties.

Specific measures taken are stated in Chapter 2. Firstly, we will review previous control measures and conduct thorough inspections at the border to take more strict regulatory measures against passengers and cargo. To this end, in light of the rapid increase of passengers and cargo, we will conduct efficient inspections as promptly as possible by introducing new inspection equipment.

Secondly, we will impose stiffer penalties to confirmed cases of gold smuggling based on the organizational structure behind the crime and frequency of conduct. Specifically, we will conduct thorough investigations of criminal cases with the aim of full disclosure, and seek indictments in those cases deemed to be particularly reprehensible, seeking severe criminal punishment for such cases, including imprisonment and confiscation of assets. Under the current system, fines for gold smuggling are prescribed at not more than 10 million yen⁸. We will discuss raising the maximum amount of the fines to instill heavier economic disadvantages on gold smugglers and to raise the deterrent effects of the penalties.

Thirdly, to prevent gold smuggling, we will strengthen the ability to analyze the Passenger Name Record (PNR) and other information obtained by Customs, and concurrently, further cooperate with relevant agencies.

In addition, we will enhance publicity activities and establish systems needed for the above measures.

Customs will endeavor to promptly implement these measures to eliminate gold smuggling.

Chapter 2 Strengthening Inspections—the first aim

2-1 Strengthening Passenger Inspections

Customs analyzes various types of information, and then selects passengers under a high risk of gold smuggling in advance, makes inquiries to said passengers and inspects their baggage when necessary. Despite these measures however, gold smuggling by passengers continues to be a problem, and therefore, there is a need to take stricter regulatory measures against passengers who pose a risk of smuggling.

⁸ Under the Consumption Tax Act, if the amount of tax avoidance exceeds 10 million yen, a fine of up to the amount of unpaid tax may be posed according to the circumstances.

As seen from past cases, a diverse range of passengers and crew members have been involved in gold smuggling as “couriers” on various routes employing airplanes and cruise ships.

For these reasons, we need to strengthen passenger inspections by conducting strict and thorough inspections in a flexible and bold manner at all times, day and night. Firstly, we will ensure that all passengers are checked for whether or not they possess gold, and then strengthen the ensuing inspections. If gold without declaration is detected, we will strictly deal with the situation. Strengthening inspections includes installing inspection equipment such as metal detector gates and X-ray Machines, and conducting stricter body searches.

2-2 Introducing Metal Detector Gates

At the customs inspection upon entry, Customs has already conducted passenger inspections using mobile metal detectors. We will introduce metal detector gates at customs inspection areas to conduct inspections of all passengers and efficient body searches. We aim to introduce the gates on a nationwide basis as soon as possible. To start with, the gates will be installed at airports and other locations with many inbound passengers. This approach enables us to take stricter regulatory measures against more passengers than before while performing customs clearance procedures promptly and smoothly.



Figure 6: Image of a metal detector gate

2-3 Increasing the Number of X-ray Machines

To deal with a smuggling method consisting of hiding gold in a suitcase altered to aid in concealing various items, Customs has been conducting inspections using X-ray machines. In order to conduct a strict inspection to detect gold smuggling, in the future we need to establish an X-ray inspection system that enables us to conduct inspections on every passenger. We will take more efficient and effective regulatory measures than ever before by actively increasing the number of X-ray machines in use.

2-4 Countermeasures against Cash Couriers

Gold smuggling appears to be perpetrated in a repeated cycle consisting of illegally taking out cash obtained by selling gold and ingots and purchasing additional gold with it.

Customs has been taking countermeasures against such “cash couriers,” who illegally take large amounts of cash out of the country via concealment on their body or in their belongings. We will strive to strengthen the departure control system through further cooperation with relevant agencies. If someone attempts to take out a large amount of cash, etc. from Japan by hiding it in his/her belongings, we will take strict regulatory measures against the perpetrator, treating him/her as an offender of the Customs Law. We will enhance the effects of countermeasures against gold smuggling through strengthening control over such cash removals.

2-5 Strengthening Inspections of Commercial Cargo and International Mail, etc.

In most gold smuggling cases involving air passengers, gold are hidden somewhere on their person or in their belongings; however, some are hidden in commercial cargo. Instances of smuggling using commercial cargo (air cargo and marine cargo) and international mail may increase in the future.

For air cargo in particular, we must take note that the number of cargo exports and imports that are basically transported by door-to-door delivery, such as international express service and international delivery service, (namely, small package [SP] cargo) is increasing.

While taking on such logistical changes, we will conduct strict examinations based on analysis results from past detected cases. Concurrently, we will endeavor to prevent gold smuggling by implementing measures including checking cargo weight and conducting thorough inspections using X-ray inspection equipment, regardless of the means of transportation used.

2-6 Strengthening Inspections of the Inside of Aircraft, Including Private Jets

Many cases of smuggling involving hiding gold in aircraft have been detected. Therefore, we will strengthen inspections of the inside of aircraft in cooperation with airline companies to identify which locations may be used for smuggling, and will conduct strict and efficient inspections of the inside of aircraft using inspection equipment.

2-7 Addressing Trading by Sea at Utilizing Customs Boats

We will utilize customs boats to crack down on the smuggling of methamphetamines traded at sea or on isolated islands, as well as for surveillance activities against gold trading at sea. We will endeavor to strengthen control over the ocean and isolated islands in cooperation with the Japan Coast Guard and other relevant agencies.

Chapter 3 Tightening Penalties—the second aim

3-1 Strictly Issuing Notifications

With regard to gold smuggling detected by Customs, the suspect will be required to appear at Customs to answer inquiries; or an investigation, such as search and seizure, will be conducted under a permit issued by a judge when necessary. After the investigation, the Director-General of the Customs will issue a notification as an administrative penalty (notifying the suspect to pay an amount equivalent to a fine to Customs), and if the case warrants a prison term, the director will make a formal accusation to a prosecutor to seek criminal prosecution.

In light of imposing heavier economic disadvantages on gold smuggling and further enhancing the deterrent effect of the disposition, a notification will be issued not only to “couriers,” but also to related persons behind the couriers after conducting a thorough investigation and fully disclosing the case.

3-2 Increasing the Number of Accusations

To eliminate gold smuggling, full disclosure of a case through a thorough investigation and stiff punishments administered following a criminal procedure are effective. For this reason, Customs has been cooperating with prefectural police departments, the Public Prosecutors Office, the Japan Coast Guard and other relevant agencies with the aim of making formal accusations to prosecutors. In previous cases brought to prosecutors as a result of an investigation in cooperation with the relevant agencies, offenders in criminal proceedings have been sentenced to penalties that restrict one’s freedom, including imprisonment. It is important for us to actively promote thorough joint investigations, including detention, with relevant agencies and increase the number of accusations made.

Results of research on gold smuggling suggest that activity areas of persons attempting to smuggle are expanding, and that role-sharing by offenders, in which roles are allocated, e.g., the roles of collector and seller of smuggled gold, and the role of taking out cash from Japan after the sale, is also advancing. To take on such expansion of activity areas and the advancement of role sharing, a special division that conducts cross-customs investigations of gold smuggling (provisional name: Special Investigation Team) will be organized by Tokyo Customs, Osaka Customs and Moji Customs.

3-3 Confiscation of Smuggled Gold

Gold smuggling is strictly punished, and smuggled gold are subject to confiscation under the provisions of the Penal Code as an object comprising a component of a criminal act. For example, in the case where 65 kg of gold were smuggled by several passengers on an airplane from South Korea and the case where 1 kg of gold were smuggled by a passenger on an airplane from Hong Kong, confiscation was applied regardless of the volume of smuggled gold. Customs will enter gold smuggling into criminal procedures by actively accusing perpetrators and enhancing application of the confiscation of gold through criminal procedures.

3-4 Tightening Penalties

Gold smuggling violates three laws: the Consumption Tax Act (evasion of consumption tax), the Local Tax Act (evasion of local consumption tax) and the Customs Law (unauthorized export and import). The current statutory penalty is prescribed as imprisonment for not more than 10 years and a fine of not more than 10 million yen (up to the amount of the unpaid tax if the amount exceeds 10 million yen) for a violation of the Consumption Tax Act and the Local Tax Act, and imprisonment for not more than 5 years and a fine of not more than 5 million yen for violation of the Customs Law.

In light of posing heavier economic disadvantages on gold and ingot smugglers and further enhancing deterrent effects against gold and ingot smuggling, discussions on tightening penalties will be promptly promoted.

Chapter 4 Enhancing the collection and analysis of information—the third aim

4-1 Collecting Information and Enhancing Cooperation

Smuggling routes continue to expand. To deal with this, Customs will endeavor to uncover more gold smuggling cases and clarify the overall picture of organized smuggling by enhancing information collection from related persons, and information exchange between relevant regulatory agencies in and outside of Japan (foreign Customs, National Tax Agency, police, Japan Coast Guard and Immigration Bureau).

◇Collecting Information from Related Persons

The Japan Customs of the Ministry of Finance has established a Smuggling Hotline (0120-461-961) to collect information on smuggling from related persons and citizens. We will collect additional information from related persons that is useful for the detection of gold smuggling. Please proactively inform Customs about anything pertaining to gold smuggling. The information provided will be used by Customs to

prevent smuggling, while maintaining high confidentiality with regard to information bearers.

◇Customs Authorities of Foreign Countries

To promote information exchange between Customs authorities of foreign countries, the Customs and Tariff Bureau of the Ministry of Finance has actively entered into international agreements, including the Customs Mutual Assistance Agreement, which is a framework for international cooperation between Customs authorities. For the prevention of gold smuggling, we will continue to conduct information exchanges between Customs authorities of foreign countries under the Customs Mutual Assistance Agreement and other agreements, and make use of opportunities at relevant international conventions to encourage active information provision from such authorities.

◇National Tax Agency

To realize appropriate and fair imposition of taxes pertaining to gold, Japan Customs, under the Customs and Tariff Bureau of the Ministry of Finance, will cooperate with the National Tax Agency and exchange information required to impose taxes.

◇The Police and the Japan Coast Guard

To uncover a larger number of gold smuggling cases, and to clarify the overall picture of organized smuggling, we need to promote information exchange on the current situation regarding gold smuggling and on those who attempt to smuggle. For this reason, we will establish a framework for cooperation between relevant agencies, and strengthen information collection and cooperation by sharing information on the current situation regarding gold smuggling cases and exchanging information on individual crimes.

◇The Immigration Bureau

To strictly prevent gold smuggling at the border, Japan Customs, under the Customs and Tariff Bureau of the Ministry of Finance, will exchange information with the Immigration Bureau and further cooperate with regard to conducting examinations and inspections on inbound passengers at the border.

4-2 Strengthening Ability of Information Analysis

As part of the arrival procedures under the Customs Law, airplanes involved in foreign trading that arrive at any Customs airport in Japan are required to report their Passenger Name Record (PNR) and Advance Passenger Information (API) to Customs. Customs utilizes such advance information and conducts appropriate analysis and advance selection of inbound air passengers in light of gold smuggling to conduct effective and efficient control at the border. At the same time, we will conduct an intensive selection

of sea passengers in the future to strengthen the selection system and further enhance analyzing ability.

Furthermore, we will analyze relevant information obtained from relevant agencies and information obtained through regulatory measures to clarify the overall picture of organized smuggling and increase the number of detected cases of gold smuggling.

4-3 Ensuring Compliance among Distribution Channels in Japan

To eliminate evasion of consumption taxes through gold smuggling and prevent robbery involving cash and gold bullion that is related to smuggling, it is extremely important for Customs to strengthen control over the border and prevent smuggled gold from being easily sold in Japan and distributed in the market.

Business operators who engage in the distribution of gold are obliged as specific business operators under the Criminal Proceeds Transfer Prevention Act⁹ to confirm a seller's identity and maintain records of transactions when purchasing gold, and to report suspicious transactions to administration. They are currently endeavoring to fulfill their obligation. Pledging never to be involved in dealing in smuggled gold, the business operators are expected to take voluntary measures to ensure compliance¹⁰, such as strictly verifying the origin of gold when purchasing them.

To prevent gold smuggling, we need to clarify the distribution routes of smuggled gold in Japan.

To understand the precise picture of smuggling, Customs will look at the distribution of gold starting from the declaration of export and import, will collect information on the distribution route of gold by interviewing trading companies, and will cooperate with the Ministry of Economy, Trade and Industry¹¹.

Chapter 5 Others

5-1 Enhancing Publicity Activities

Not only residents in Japan, but also a diverse range of passengers, including residents in foreign countries with no domicile in Japan, are involved in gold smuggling as “couriers” to obtain money and other benefits. We will enhance publicity activities by delivering a message in multiple languages that gold smuggling is a crime and may be

⁹ Act on Prevention of Transfer of Criminal Proceeds (Act No. 22 of 2007)

¹⁰ Under the Customs Law, the act of obtaining smuggled goods free of charge or for compensation is subject to penal provisions.

¹¹ The Agency for Natural Resources and Energy of the Ministry of Economy, Trade and Industry is the competent agency under the current Criminal Proceeds Transfer Prevention Act for the distribution of gold in Japan.

punished strictly, in order to prevent citizens, whether residing in Japan or not, from becoming “couriers.”

5-2 Strengthening Systems

To actively promote the specific measures against gold smuggling that have been stated starting from Chapter 2, the systems employed by Customs must be strengthened. To this end, we will establish and enhance systems as follows to strengthen control over gold smuggling at the border and tighten penalties.

Firstly, we will establish a regulatory strategy group at each regional Customs to steadily implement measures. A task force will also be newly established in the Customs and Tariff Bureau of the Ministry of Finance to play a role as a director of countermeasures against gold smuggling, and provide direction to and coordinate with regional Customs.

Secondly, as stated in 3-2 of Chapter 3, to clarify the overall picture of smuggling, which is expanding in area and dividing the roles of those involved, a special division for conducting cross-customs investigations of gold smuggling (provisional name: Special Investigation Team) will be newly organized.

Thirdly, in a JFY 2018 staff request, we requested an increase in the number of staff who conduct passenger inspections at airports and other locations, examinations and inspections of cargo, and investigations of criminal cases. Also, in a budget request, we requested funds needed to introduce metal detector gates and X-ray machines along with other inspection equipment.

Reference: Cases of Gold Smuggling

Large-scale and organized crime with the involvement of organized crime group members

In December 2015, about 112 kg of gold hidden in four suitcases that were not declared were detected from the cargo compartment of a private jet that arrived at Naha Airport from Macau. After an investigation, seven Japanese males, including organized crime group members, who attempted to evade paying consumption tax totaling about 38 million yen, were accused of violating the Customs Law, etc.

This case involved large-scale organized crime conducted by several organized crime group members and a private jet operating company.

The method of smuggling was as follows: The perpetrators loaded gold hidden in four suitcases into the cargo compartment of a private jet and flew to Japan from a foreign country but did not make any customs declaration. They attempted to smuggle the gold by using the jet as a domestic line aircraft and departing for another airport, and then unloading the gold at the arrival airport, from which they tried to carry them out.

In the judgment, A, a senior member of an organized crime group, who acted as the main offender, was sentenced to two and half years in prison and a fine of 5 million yen, while the other accomplices were also sentenced to prison terms and fines. The gold they attempted to smuggle were confiscated.

This smuggling organization was found out to have smuggled gold on over 40 occasions in total using the same method and using baggage brought into civil airplanes, with at least 3,000 kg (equivalent to 14 billion yen) of gold sold in Japan.



[Judgments]

- A, an organized crime group senior member and the main offender: a prison term of two and half years, a fine of 5 million yen and confiscation of 112 kg of gold (appealed)
- B, an organized crime group member and a courier: a prison term of two years (suspended for four years) [became final]
- C, a relevant person in the organized crime group and a courier: a prison term of one and half years (appealed)
- D, a representative director of the private jet operating company: a prison term of one and half years and a fine of 2 million yen (appealed)
- E, an employee of the company: a prison term of one and half years (suspended for three years) [became final]
- F, the pilot of the private jet: a prison term of one year and a fine of 1 million yen (suspended for three years) [became final]
- G, the copilot of the private jet: a prison term of eight months (suspended for three years) [became final]

Large-scale organized crime conducted by sea

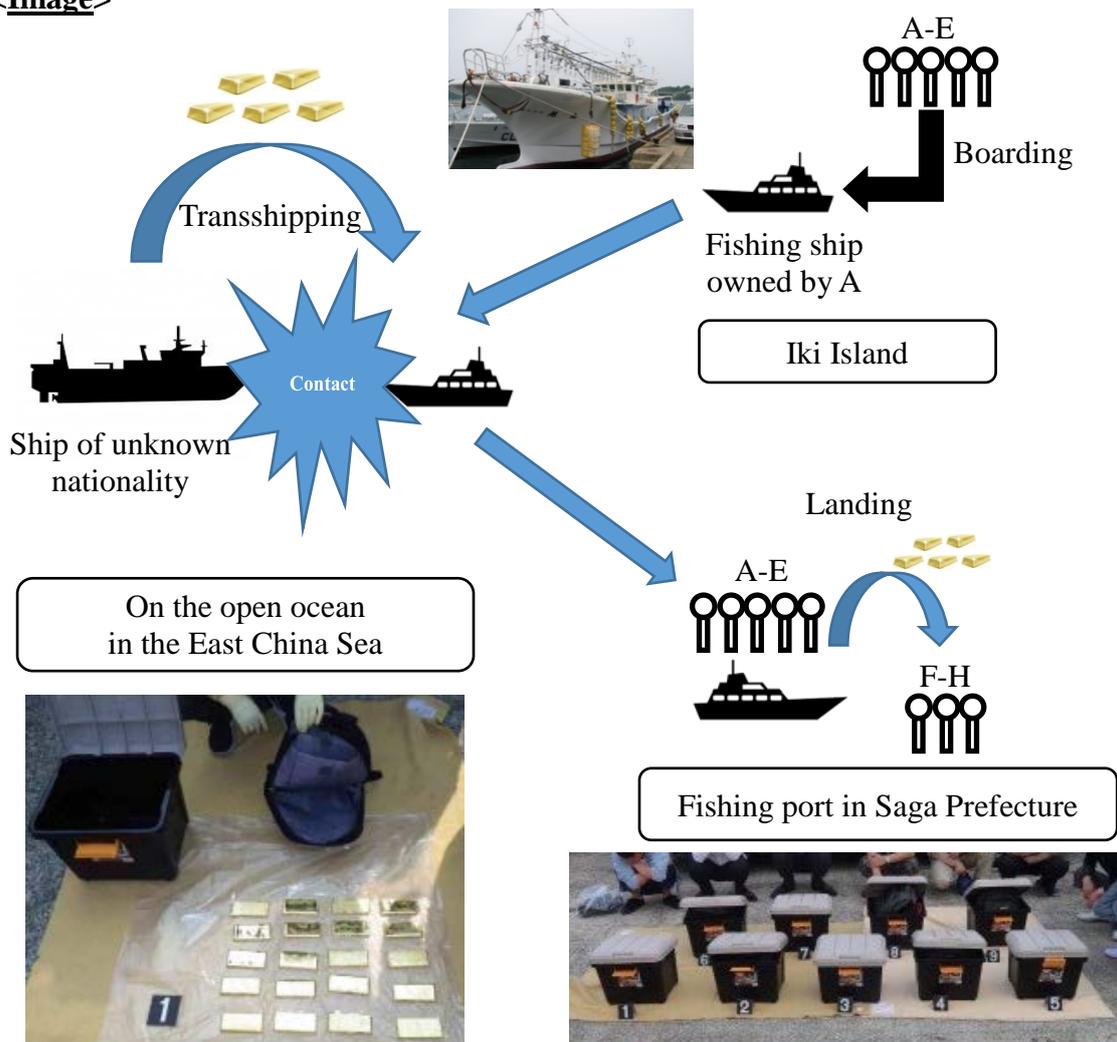
In May 2017, around 206 kg of gold traded by sea and landed on a fishing port in Saga Prefecture from a fishing boat were detected. After an investigation, seven Japanese males and three Chinese males, who attempted to evade paying consumption tax totaling about 74 million yen, were accused of violation of the Customs Law, etc.

This case involved large-scale organized crime conducted under careful planning by related persons in and outside of Japan.

The method of smuggling was as follows: A and four other persons shipped around 206 kg of gold from a ship of unknown nationality to a fishing boat owned by A on the open ocean in the East China Sea. They smuggled the gold by landing them on a fishing port in Saga Prefecture, with F and three other persons waiting with a vehicle to take over transport in Japan.

After a thorough investigation of the criminal case in cooperation with a relevant agency, I and J, who did not participate in the actual criminal act but were the main offenders, were also arrested; and therefore, ten persons were accused in total.

<Image>



Crime conducted without thinking by a woman to earn pocket money

In December 2016, in customs inspections on a Japanese female and four South Korean females who arrived at Chubu International Airport from South Korea, about 30 kg of gold hidden in the underclothes of three females were detected. After an investigation, the five females involved, who attempted to evade paying consumption tax totaling about 10 million yen, were accused of violation of the Customs Law, etc.

This case was a crime conducted without careful consideration by a group of females, who live in Japan and who know each other, in order to earn pocket money.

The method of smuggling was as follows: A contacted X, a related person living in South Korea, and coordinated the crime. A traveled to South Korea with four acquaintances who were solicited as couriers nominally to earn pocket money. Each of them received gold from X and hid them in their underclothes, which had been modified to allow for concealment of the items in question, and then attempted to smuggle the gold by wearing said underclothes.

A and others stated that they had repeatedly engaged in smuggling using the same method and received compensation starting from a few years ago, which strongly suggests that their crime was habitual.



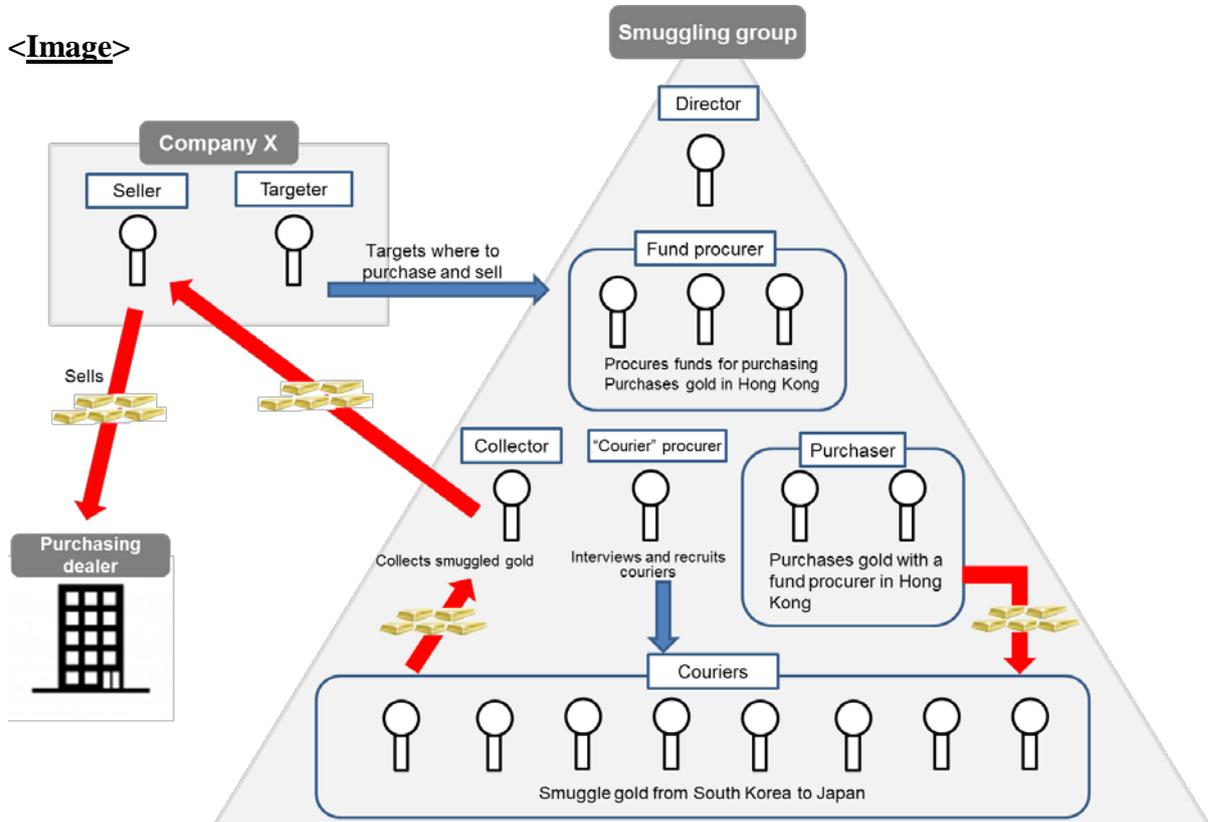
Organized crime conducted through detailed role sharing

In September 2015, in customs inspections on four pairs each of Japanese males and females who arrived at Narita International Airport from South Korea, about 33 kg of gold hidden in kimchi containers placed in duty-free bags were detected. After an investigation, the eight males and females along with another ten Japanese males and females, amounting to 18 males and females, and a corporation, who attempted to evade consumption tax totaling about 12 million yen, were accused of violation of the Customs Law, etc.

This case involved organized crime with the participation of many persons in and outside of a smuggling group, and was conducted through detailed role sharing.

The method of smuggling was as follows: A, the main offender, acted as a director to provide directions on a route and method for smuggling, and divided the roles of persons in and outside of the smuggling group in detail, such as procuring funds for purchasing gold, purchasing gold, procuring “couriers,” collecting gold after smuggling, targeting where to purchase and sell the gold, and selling the smuggled gold. The eight Japanese males and females were gathered through SNS or by the word of mouth of friends, stating, “You can travel to South Korea for free and even receive compensation.” A attempted to have these eight males and females smuggle gold.

From past sales results to gold purchasing dealers, it was revealed that the group had sold gold equivalent to at least 2.5 billion yen, which strongly suggests that it had illicitly obtained profits of about 200 million yen through the smuggling.



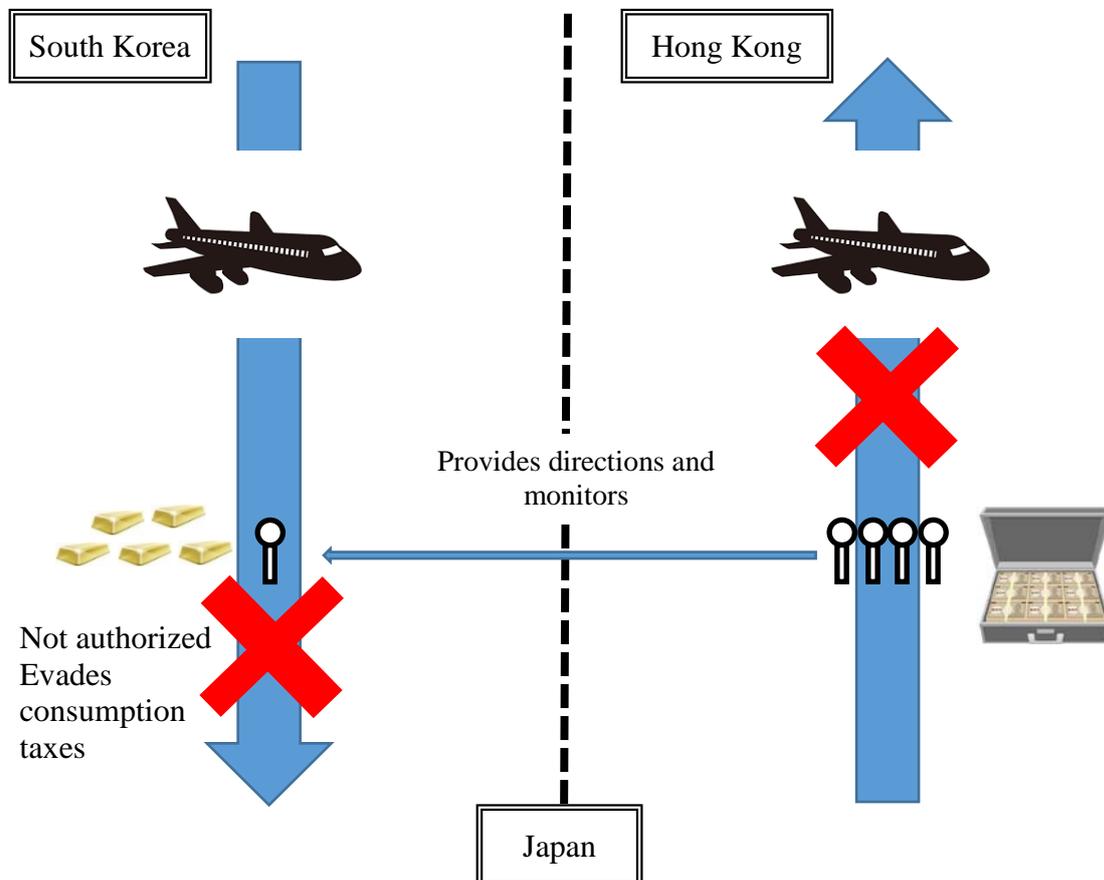
Crime that may involve illegal removal of a large amount of cash

In April 2017, a large amount of cash hidden in the carry bags of four South Korean males who tried to depart from Fukuoka Airport to Hong Kong was detected. The cash had not been declared and was going to be illegally taken out of the country without permission of the Director-General of Customs. After an investigation, the four South Korean males were found to have been also involved in a smuggling case involving about 6 kg of gold detected in the same airport just one week prior, and they were therefore accused of violating the Customs Law, etc. in both cases. Another South Korean male was also accused for his role in actually conducting the criminal act of gold smuggling.

The offenders of this case denied all charges and remain silent. They refuse to talk about the source of the large amount of cash that they attempted to take out illegally. They also deny their involvement in smuggling the gold. Details of the two cases, therefore, have not been revealed.

Despite the above, however, evidence pertaining to the case, such as the situation regarding departure and immigration, mails, and sales receipts to gold purchasing dealers, strongly indicates that they had conducted a series of acts (smuggling of gold, selling them, and taking out a large amount of cash from Japan after selling them) in an organized and repeated manner.

<Image>



Careless crime conducted by a public official who lacks the spirit of compliance

In March 2017, in customs inspection on a Japanese male who arrived at Fukuoka Airport from South Korea, 3 kg of gold hidden under both feet and between the legs using tape were detected. After an investigation, the male, who attempted to evade paying consumption tax totaling about 1 million yen, was accused of violating the Customs Law, etc.

The offender in this case was a public officer, who is obliged to comply with laws and regulations. He committed this crime carelessly, lacking the spirit of compliance, by easily assuming the role of a “courier” in order to receive compensation.

[Judgment]

A prison term of one year (suspended for three years) (appealed)

Reprehensible crime conducted by a recidivist with no normative consciousness

In January 2015, in a customs inspection on a Japanese male who arrived at Kansai International Airport from Hong Kong, about 1 kg of gold hidden in a carry bag were detected. After an investigation, the male, who attempted to evade paying consumption tax totaling about 400,000 yen, was accused of violating the Customs Law, etc.

The offender in this case had a criminal record (several prior criminal charges citing various offences). Because he felt the export declaration procedure was troublesome, he committed the crime, and did so within three years of being released from prison for a previous offence. This case, therefore, was held to be a reprehensible crime conducted with no normative consciousness. The offender was sentenced to eight months in prison without suspension, and the gold he attempted to smuggle were confiscated.

[Judgment]

A prison term of eight months and confiscation of one ingot [became final]



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