

Investigative Techniques for Uncovering Transshipment Networks

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Agenda

For Importers

- 1 What is transshipment? And what it isn't...
Legal & Illegal Application
- 2 In what context(s) does *illegal* transshipment exist?
Recent Enforcement Cases
- 3 Red flags and best practices for addressing
Detection & Mitigation
- 4 Case Study
Besttn/Kingway Pipe
- 5 Questions

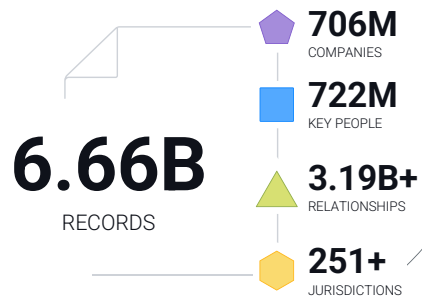
For Exporters

- 1 **Why should you care?**
- 2 **Understand your exposure**
- 3 **Making use of trade data and procurement data**
- 4 **Cross border ownership ties**
- 5 **Questions**

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Who is Sayari?

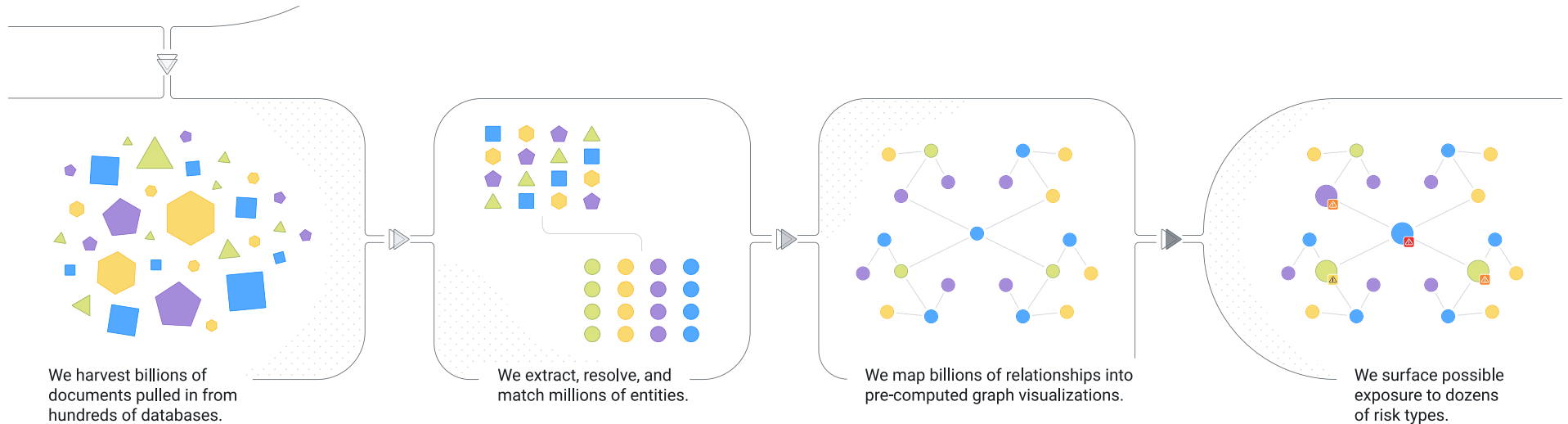
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Find More, Faster

Sayari is the **commercial risk intelligence platform** purpose-built to provide analysts and investigators with worldwide visibility into the relationships between businesses and individuals.

- ▶ HARNESS THE WORLD'S DATA INSTANTLY
- ▶ LEVERAGE UNSTRUCTURED, DISPARATE DATA
- ▶ ILLUMINATE COMMERCIAL & SUPPLIER CONNECTIONS
- ▶ EXPOSE YOUR NETWORK'S HIDDEN RISKS



What exactly *IS* transshipment? And what it's not...

Transshipment is a key part of global trade and entails the process of unloading cargo from one vessel and reloading it into another during its journey from origin to the final destination. This often involves moving goods from one mode of transportation to another (rail, road, sea, or air), or from one vessel to another within the same MOT.

- Often occurs when there is no direct shipping route available between the origin and final destination points; goods are shipped to a temporary hub before being forwarded to their final destination
 - Benefits:
 - Consolidation of shipments (provide efficiency and cost-savings)
 - Avoid political instability and natural disaster

****Transshipment IS NOT inherently illegal****

For those who live in the international logistics world, the term is used daily when booking shipments and reconfiguring shipping routes (e.g., recent Panama & Suez Canal issues).

What exactly IS transshipment? And what it's not...continued

Transshipment is also an *integral* part of modern global supply chains, as global trade would not be possible without the ability to transship product to other countries for further manufacturing. This is a standard practice and is entirely legal, provided the product is “substantially transformed” in the “other” country and a new country of origin is conferred.

However, in the context of today's trade environment, transshipment is often referring to its much seedier and nefarious twin, *deceptive* (illegal) transshipment.

Illegal transshipment is the practice of *intentionally* misrepresenting the origin or destination of cargo by routing it through a third country to evade trade and quota restrictions, customs duties, or sanctions, essentially hiding the true movement of goods by using a deceptive intermediary location to disguise its origin or final destination.

****Bottom line: Deceptive transshipment schemes are NOT typically easy to identify and require a host of tools and sophisticated monitoring techniques to detect.****

In what context(s) does illegal transshipment exist? And why are we talking about it today?

A visit to the dark side of transshipment:

- Section 301 Evasion (and, to a < degree, Section 201/232)
 - [King Kong Tools](#) case - customs fraud under the *False Claims Act*
 - Goods made in China illegally entered as “made in Germany”
- Free Trade Agreement (FTA) Evasion
 - Major transshipment issues with U.S. imports of [Chinese steel and aluminum](#) via Mexico
 - Especially in the context of mandatory USMCA review in 2026, the topic of transshipment through Mexico will continue to receive additional attention and scrutiny from policymakers and negotiators alike.
- Antidumping/Countervailing (AD/CVD) Duty Evasion
 - The U.S. Department of Commerce is closely investigating companies and industries that avoid AD/CVD duties by partially moving operations to third countries (circumvention) or by evasive transshipment of goods. High-profile investigations have targeted a variety of sectors, including hardwood, plywood, cabinets, and solar panels. See the [EAPA](#) website for info on recent investigations.

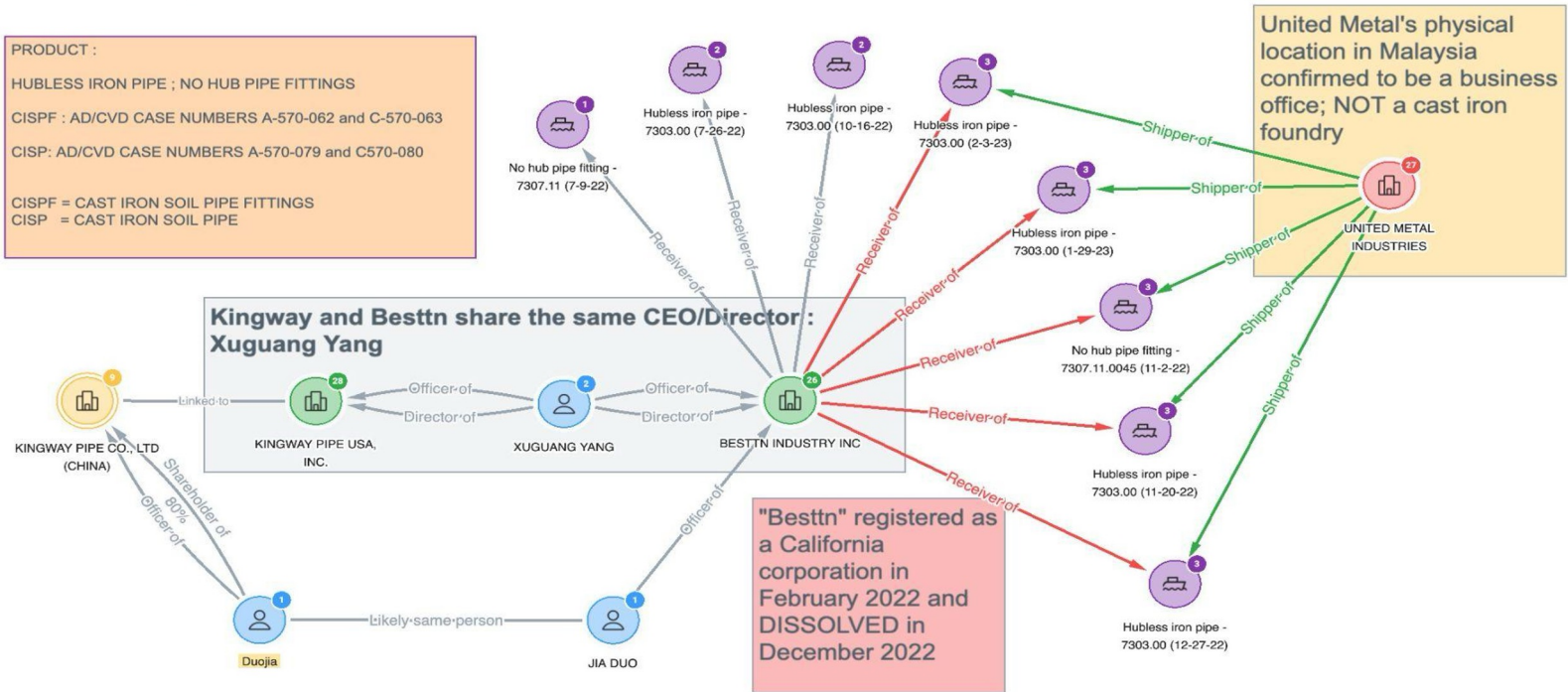
CASE STUDY

EAPA Consolidated Case 7819:
Besttn Industry Inc.

- On May 29, 2024, CBP issued a notice of determination as to AD/CVD evasion
- CBP determined that Besttn Industry Inc. (Besttn) evaded AD/CVD orders on cast iron soil pipe fittings (CISPF) and cast iron soil pipe (CISP) from China
- Evidence shows that Besttn imported Chinese-origin CISP and CISPF into the U.S. that was exported from China by Kingway Pipe Co., Ltd. (Kingway China) - a known exporter of CISP and CISPF- and transshipped through Malaysia
- Kingway Pipe Co., Ltd. (Kingway China) incorporated U.S. company "Besttn" for the sole purpose of evading the applicable AD/CVD duties; evidence suggested Besttn was set up to serve as a corporate front for Kingway's operations in the U.S.
- Besttn was registered and dissolved within a 12 month period, but appeared to have been used as the importer of record (IOR) for shipments even after its dissolution
- Besttn and Kingway USA appeared to share the same CEO as well as nearly identical physical addresses, further linking the two entities
- CBP also found that Besttn imported shipments of the subject product from United Metal Industries, which didn't appear to have established production facilities in Malaysia

BESTTN TRANSSHIPMENT NETWORK VISUALIZATION

PRODUCT :
 HUBLESS IRON PIPE ; NO HUB PIPE FITTINGS
 CISP : AD/CVD CASE NUMBERS A-570-062 and C-570-063
 CISP : AD/CVD CASE NUMBERS A-570-079 and C570-080
 CISP = CAST IRON SOIL PIPE FITTINGS
 CISP = CAST IRON SOIL PIPE



BESTTN INDUSTRY INC

Identifiers USA California Entity Number - 04844535
Names BESTTN INDUSTRY INC
Status Inactive (As Of 2022-12-13)
Registration / Incorporation Date 2022-02-07
Company Type Stock Corporation - CA - General
Business Purpose PLUMBING SUPPLIES
Address 10900 FAWCETT AVE S EL MONTE, CA 91733
Sources 2 Sources

Besttn shares nearly identical physical address as Kingway Pipe USA

KINGWAY PIPE USA, INC.

Address

Address information of KINGWAY PIPE USA, INC.

10816 FAWCETT AVE. SOUTH EL MONTE CA 91733

10864 FAWCETT AVE SOUTH EL MONTE CA91733 US

Management

This table lists the company's founders, directors, officers, board members, and/or supervisors so

Relationship	Entity Name	As Of Date
Has Officer	JIA DUO	2024-12-03
Has Director	XUGUANG YANG	2024-12-03

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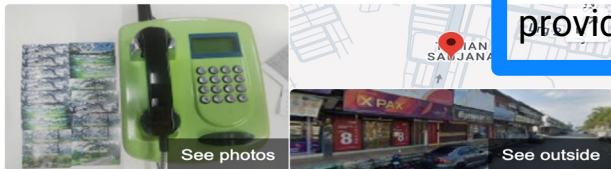
UNITED METAL INDUSTRIES 

  Add to Graph  Export 

Address

Address information of UNITED METAL INDUSTRIES

Data Filters 



redone centre taiping lipson

2.0      7 Google reviews

Telecommunications service provider in Kamunting, Malaysia




 Directions  Save  Share  Call

Located in: [Cuckoo Agency Taiping](#)

Address: Lipson, 434, Jalan Kamunting, Taman Saujana, 34600 Kamunting, Perak, Malaysia

Phone: +60 11-1063 1800

Upon investigation, the United Metal Industries address in MY cannot be the address of a CISP and CISPF producer since that address (434 Jalan Kamunting) is a business office location for a telecommunications provider, not a cast iron foundry (or for any other industrial production).

- @U..  395 MEACHAM AVE ELMONT 11003 US 
-  1008 THIRD AVENUE NEW HYDE PARK NY11040 USMR. RICHARD MEYERS 
-  434, JALAN KAMUNTING, TAMAN SAUJANA TAIPING 34600 MALAYSIA 
-  1008 THIRD AVENUE NEW HYDE PARK NY11040 US 
- 680C  395 MEACHAM AVENUE ELMONT NY11003 US 

434, JALAN KAMUNING, TAMAN SAUJANA KAMUNING, 34600 KAMUNING, PERAK, MALAYSIA 

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USE CASE

Per California Secretary of State records, Besttn was dissolved 12/13/22, after being registered for less than a year.



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Company Type	Stock Corporation - CA - General
Business Purpose	PLUMBING SUPPLIES
Address	10900 FAWCETT AVE S EL MONTE, CA 91733
Sources	2 Sources

Company Record from USA California Secretary of State

Structured Record

Country	United States
Source	USA California Secretary of State
Publication Date	2023-03-14
Acquisition Date	2023-03-14

Entities mentioned

- BESTTN INDUSTRY INC ★
- JIA DUO
- XUGUANG YANG



“Jia Duo” and “Xuguang Yang” are both officers of Besttn and are also both tied to Kingway Pipe China (see Graph image Besttn Transshipment Network Visualization)

BESTTN INDUSTRY INC (4844535)

Request Certificate

Initial Filing Date	02/07/2022
Status	Terminated
Standing - SOS	Good
Standing - FTB	Good
Standing - Agent	Good
Standing - VCFCF	Good
Inactive Date	12/13/2022
Formed In	CALIFORNIA
Entity Type	Stock Corporation - CA - General
Principal Address	10900 FAWCETT AVE SOUTH EL MONTE, CA 91733
Mailing Address	10900 FAWCETT AVE SOUTH EL MONTE, CA 91733
Agent	Individual JIA DUO 10900 FAWCETT AVE SOUTH EL MONTE, CA 91733

Shipments Received

united metal (1) X

Besstn continued to import subject product even after its dissolution date in December '22

Arrival Date	Supplier	HS Code	Product Description
2023-02-03	UNITED METAL INDUSTRIES	7303.00	HUBLESS IRON PIPE HS CODE: 73030000, 30
2023-01-29	UNITED METAL INDUSTRIES	7303.00	HUBLESS IRON PIPE HS CODE: 73030000, 30
2022-12-27	UNITED METAL INDUSTRIES	7303.00	HUBLESS IRON PIPE TOTAL: 50 PACKAGE, S HUBLESS IRON PIPE HS CODE: 7...
2022-11-20	UNITED METAL INDUSTRIES	7303.00	HUBLESS IRON PIPE HS CODE: 73030000, 30
2022-11-02	UNITED METAL INDUSTRIES	7307	NO HUB PIPE FITTING / HS CODE: 7307, .11.0045

Available BOL data points to transshipment through Malaysia (taken from U.S. import records)

Country of Departure	Country of Arrival	Shipment Record	Source
Malaysia	United States	Shipment from Malaysia to United State...	USA Imports (2021 - Present)
Malaysia	United States	Shipment from Malaysia to United State...	USA Imports (2021 - Present)
Malaysia	United States	Shipment from Malaysia to United State...	USA Imports (2021 - Present)
Malaysia	United States	Shipment from Malaysia to United State...	USA Imports (2021 - Present)
Malaysia	United States	Shipment from Malaysia to United State...	USA Imports (2021 - Present)

Transshipment Red Flags

01

Unusual or abrupt changes to shipment routing/transit

- Does the routing make sense? Is there a valid reason for shift in traditional vessel routing?
- Transit times for products undergoing substantial transformation in a third country are all of a sudden much quicker
- The goods do not require further manufacturing after leaving the port of loading, but stop at unnecessary transit points
- The spike in supply does not match the exporting country's infrastructure production capabilities or technological expertise
- The increase in supply does not match the country's natural resources or general market share

02

Unusual or increased volumes of product from certain countries

- The Purchase Order identifies a manufacturer other than the one listed on the commercial invoice
- The Bill of Lading (BOL) or other docs do not identify the same country of origin as the purchase order or commercial invoice

03

Documentation or Paperwork Discrepancies

- Supplier tries to convince the importer to "not worry" about additional tariffs by suggesting the use of certain HTS codes, loopholes, or "exclusions"
- Supplier was recently established, has no website or other online presence, and is vague or evasive about company structure/ownership

04

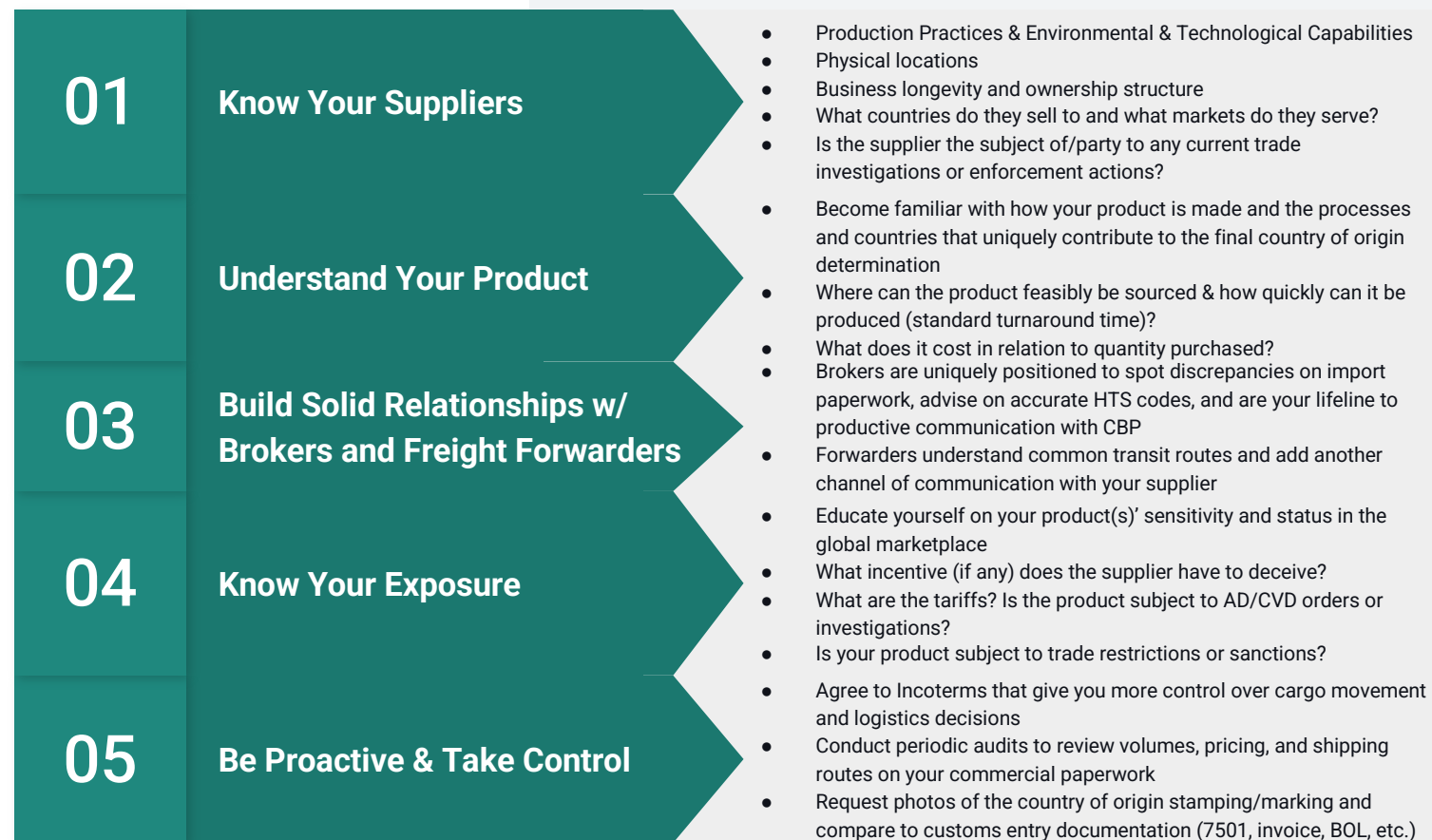
Supplier has little to no business track record and is reluctant to communicate company details

- The company's purported business purpose does not match the goods being produced
- The value of the goods does not mesh with the quantity being shipped

05

Things just don't add up...

Best Practices for Addressing



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Q & A

Why Care?

- Understanding that these transshipment networks exist and are a force enabler for near peer adversaries
- Aggressive enforcement action taken against these networks by agencies
- Increasing guidance from regulators to incorporate new types of public data in due diligence processes, including trade data, address data, ownership data.
 - **10 July 2024 BIS Update** - screen for known suppliers of CHPL items to Russia
 - **EU Sanctions Packages** - reporting requirements for Russian ownership
 - **BIS Semiconductor Export Controls** - restrictions where ultimate parent company is headquartered in Country Group D:5
 - **BIS Entity List** - 'address-only' additions
- Growing complexity and stringency of regulations incentivizes transshipment.

Understanding your exposure

- “Risk-based approach” should be taken based on nature of goods
- Screening of all parties to the transaction
- Ensure you are following relevant BIS Red Flag guidance
- Understand geographies of concern

Common Transshipment Geographies for CHPL Items

Country of manufacture	Is	United States
Country of arrival	Is	Russia

China	18732
Hong Kong	13782
Turkey	2949
Thailand	1549
United Arab Emirates	1085
India	446
Finland	369
Maldives	361
Lithuania	319
Poland	243

Understanding your exposure - historic ties to Russia

- Are you aware of the continued operations of former distributors and business partners?
- Are your current customers or distributors continuing to supply goods to Russia?
- Unexpected spikes in sales volumes in known transshipment hubs?
- Availability on the grey market means there is not always a “smoking gun”

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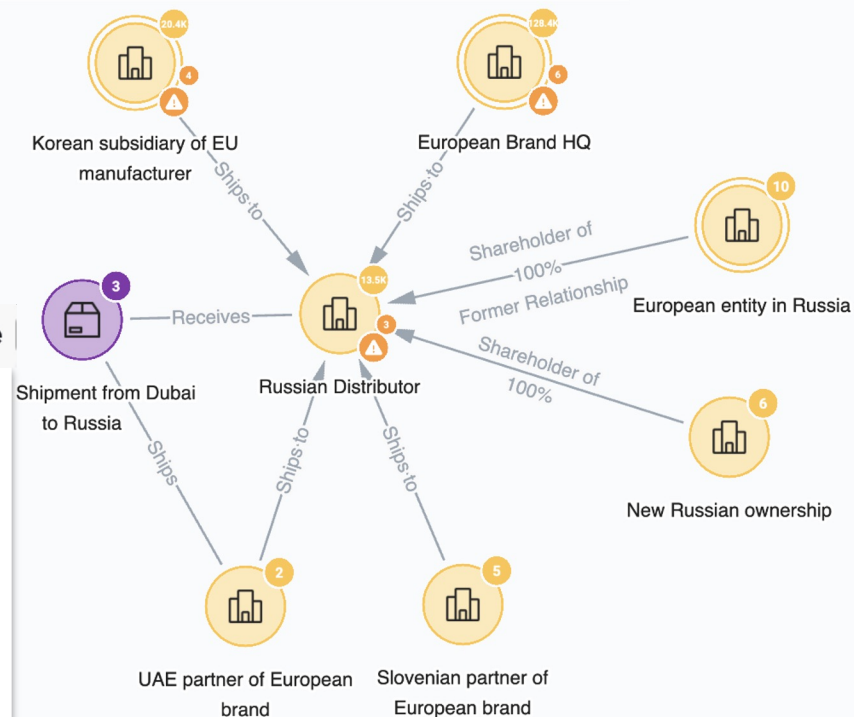
Case Study - Construction Equipment

- Challenge of disentangling from high risk jurisdictions
- High volume - over \$80 million worth of shipments sent to Russia in 2023, manufactured in the West
- Participants in network often transshipped multiple brands' products
- Bill of Lading data routinely give precise details on model, VIN numbers etc.
- Information is there, if teams are inclined to look. Can be corroborated with other OSINT data.

Country of Manufacture

 Germany (92)
 Sweden (83)
 Netherlands (57)
 Czechia (24)
 France (24)
 Poland (24)
 Italy (16)
 Brazil (13)
 United Kingdom (13)
 Turkey (10)
 United States (9)

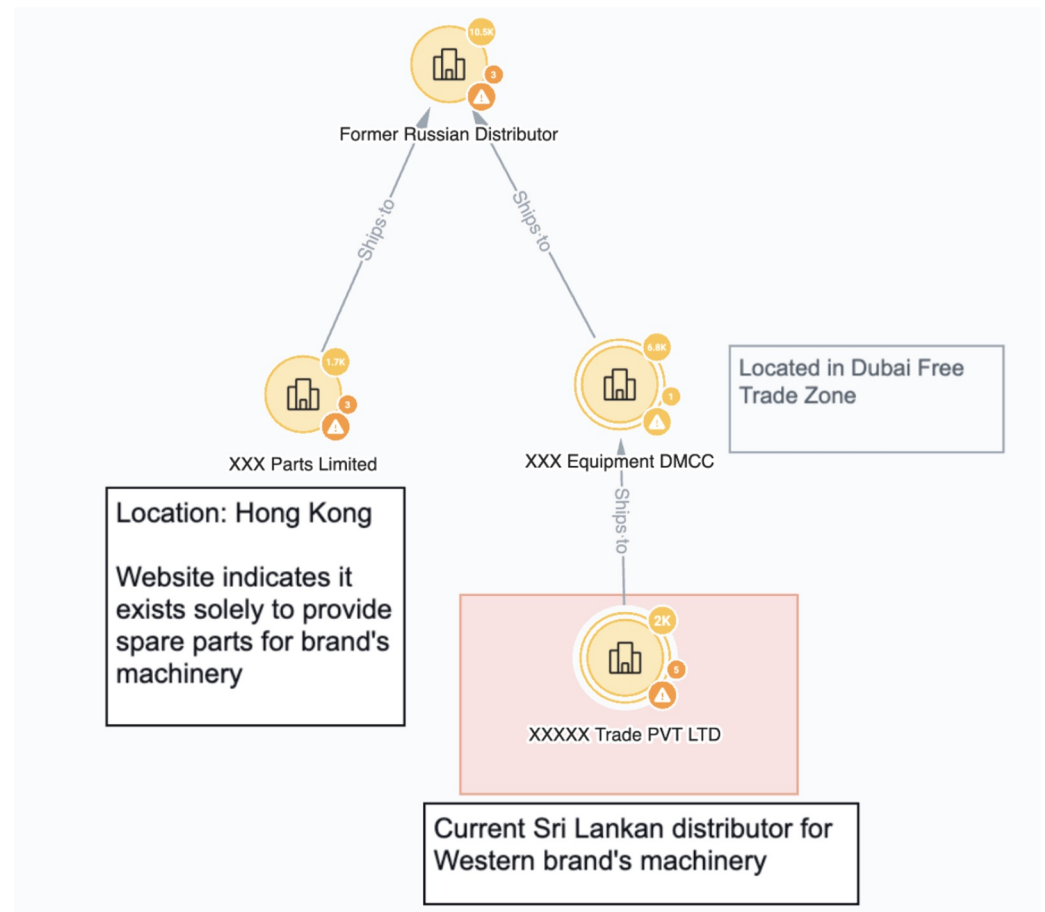
Direct shipments of construction equipment to Russian partner had ended by April 2022



Continued shipments of branded construction vehicles through 2023, delivered by current partners of European brand in Dubai and Eastern Europe

Case Study - Construction Equipment

- Similar typology to previous example
- Free Trade Zones often play key role in transshipment networks and warrant further due diligence
- Participation of business partners in these networks is a driver of legislation such as EU's 'No-Russia Clause'.
- **Incentive to "Know Your Customer's Customer"**



Know your customer - and their owners

- Russian national, previously working in China for Russian consumer electronics firms.
- Using a Hong Kong company to ship thousands of shipments of CHPL goods to single company in Russia.
- Majority of items delivered were manufactured in Western countries
- **Many corporate registries will provide nationality or address details for owners and ultimate parent companies**
- **Globally connected datasets are invaluable**

Experience

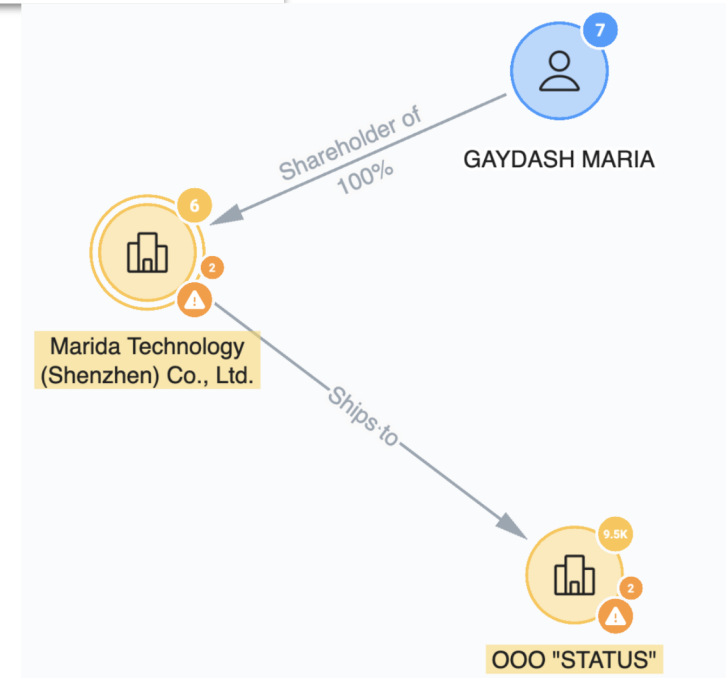
ML **Company Owner**
 MALEAD LIMITED · Self-employed
 Apr 2017 - Present · 7 yrs 8 mos
 Hong Kong
 www.malead.com

EXAND **Representative in China**
 LEXAND
 Nov 2015 - Nov 2019 · 4 yrs 1 mo

China (Mentioned In), Russia (Nationality)

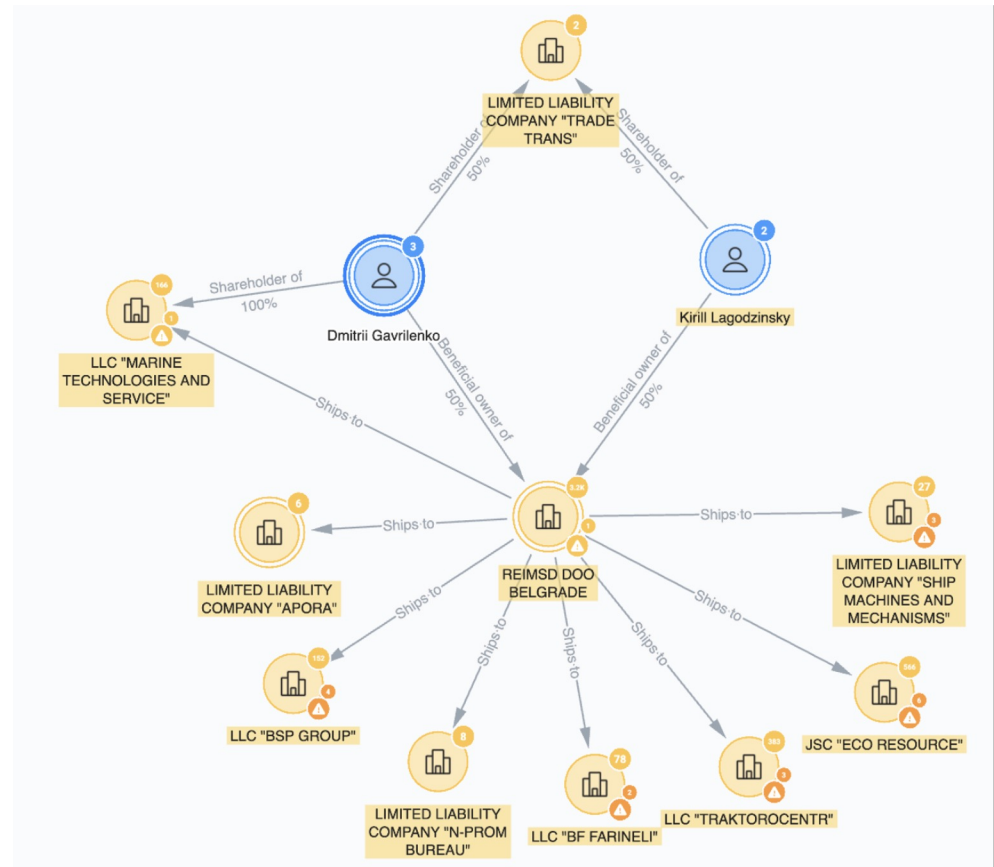
Country of Manufacture

- China (2408)
- Germany (1378)
- United States (1142)
- Hong Kong (880)
- Switzerland (479)
- Japan (456)
- Taiwan (432)
- Italy (241)
- Poland (222)
- United Kingdom (222)
- France (128)



Know your customer - and their owners

- Two Russian nationals established a Serbian company in late 2022.
- The company's operations span across multiple countries, and were used to ship over 3000 shipments to Russia including to Gavrilenko's own company.
- Link established through combination of Serbian corporate registry data, Russian Federal Tax Registry data, and EU-wide trade data



Know your customer - and their addresses

- Sayari’s preliminary analysis indicates around 34,000 entities registered to addresses added to BIS Entity List
- Trade data identifies around 1,000 importers to, and 4,400 exporters at these locations.
- Around 4,000 companies had historically exported to these addresses.
- Beyond listed addresses, geolocated address data can be used to uncover other colocation risks and connected parties

莊泰國際貿易有限公司 - JNTAI TRADING LIMITED
⚠
⚠

⚠ Risk Factors (1)
 BIS Entity List Addresses with High Diversion Ri

Sources (2)

Name	JNTAI TRADING LIMITED
Identifier	Hong Kong Business Registration Number - 76993615
Address	FLAT 1512, 15/F., LUCKY CENTRE,, NO.165-171 WAN CHAI ROAD,, WAN CHAI, HONG KONG

FLAT 1512, 15/F, LUCKY CENTER NO.165-171 WAN CHAI ROAD, WAN CHAI HONG KONG HK

ZHENBO TRADE LIMITED
⚠
▼

FLAT 1512, 15/F, LUCKY CENTRE, NO.1 65-171 WAN CHAI ROAD, WAN CHAI,HONG KONG

XINQIANG INDUSTRIAL (HK) LIMITED
⚠
1
▼

FLAT 1512, 15/F, LUCKY CENTER NO.165-171 WAN CHAI ROAD HONG KONG HK

HSIN TRADE LIMITED
⚠
2
▼

Flat 1512, 15/F, Lucky Centre, No.

Teachers Limited
⚠
⚠

⚠ Risk Factors (5)
Sanctioned Critical
 USA Treasury OFAC Specially Designated Nationals (SDN) List

Know your customer - and who they procure with

- Internal transshipment of goods is by nature harder to investigate
- Principles of ownership and address data still apply
- Leverage other open source data such as procurement contracts to identify who your end user's key partners are
- Key strength of knowledge graphs



Conclusion

Evasive transshipment can be hard to spot and differentiate from legitimate use cases - it is also difficult to enforce.

The culmination of rising tariffs, the ongoing Ukraine war, strategic competition with China, and continued focus on protectionist trade policies, provides the incentive that global trade manipulators are looking for to circumvent and make profit, to the detriment of national security.

Careful use of novel datasets and open source information is vital in our efforts to stop this. Sayari can be a key tool in a broader toolbelt of solutions that will enhance the overall picture in investigating suppliers, trading partners, and key trading corridors.

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Q & A