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News Releases

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CHICAGO, IL

ICE and CBP announce charges linked to major commercial fraud enterprise *Honey anti-dumping case is one of the largest in US history*

CHICAGO — Five individuals and two domestic honey-processing companies have been charged with federal crimes in connection with a U.S. Immigration and Customs Enforcement (ICE) Homeland Security Investigations (HSI)-led investigation surrounding illegal importations of honey from China.

The charges assert that the Chinese-origin honey was mis-declared as other commodities upon importation into the United States and transshipped through other countries to evade anti-dumping duties. Altogether, the seven defendants allegedly evaded anti-dumping duties totaling more than \$180 million.

According to industry experts, anti-dumping circumvention schemes like the one announced today create a divergent market which negatively affects legitimate business. To combat this, HSI and U.S. Customs and Border Protection (CBP) have stepped up efforts regarding commercial fraud investigations that focus on U.S. economic and health and safety interests.

The charges represent the second phase of an investigation led by HSI. In June 2011, an HSI undercover special agent assumed the role of the director of procurement at Honey Holding I Ltd., which by then was cooperating with the investigation.

Honey Holding, doing business as Honey Solutions, of Baytown, Texas, and Groeb Farms Inc., of Onsted, Mich. – two of the nation's largest honey suppliers – have both entered into deferred prosecution agreements with the government. Honey Holding has agreed to pay \$1 million and Groeb Farms has agreed to pay \$2 million in fines. Both companies have also agreed to implement corporate compliance programs as part of their respective agreements.

"These businesses intentionally deprived the U.S. government of millions of dollars in unpaid duties," said ICE Deputy Director Daniel Ragsdale. "Schemes like this result in legitimate importers and the domestic honey-producing industry enduring years of unprofitable operations, with some even being put out of business. We will continue to enforce criminal violations of anti-dumping laws in all industries so American and foreign businesses all play by the same rules."

The individual defendants include three honey brokers, the former director of sales for Honey Holding, and the president of Premium Food Sales Inc., a broker and distributor of raw and processed honey in Bradford, Ontario.

In December 2001, the Commerce Department determined that Chinese-origin honey was being sold in the United States at less than fair market value, and imposed anti-dumping duties. The duties were as high as 221 percent of the declared value, and later were assessed against the entered net weight, currently at \$2.63 per net kilogram, in addition to a honey assessment fee of one cent per pound of all honey.

In 2008, federal authorities began investigating allegations involving circumventing anti-dumping duties through illegal imports, including transshipment and mislabeling on the supply side of the honey industry. The investigation resulted in charges against 14 individuals, including executives of Alfred L. Wolff GmbH and several affiliated companies of the German food conglomerate. The defendants were charged with allegedly evading approximately \$80 million in anti-dumping duties on Chinese-origin honey. Authorities seized and forfeited more than 3,000 drums of honey that illegally entered the United States.

The second phase of the investigation, announced today, involves allegations of illegal buying, processing and trading of honey that illegally entered the United States on the demand side of the industry. Some of that honey was adulterated with antibiotics not approved by the Food and Drug Administration (FDA) for use in honey. None of the charges allege any instances of illness or other public health consequences attributed to consumption of the honey.

The investigation is continuing.

"Trade fraud can have significant implications for the U.S. economy and consumers," said CBP Chief Operating Officer Thomas S. Winkowski. "These products take jobs away from American workers and frequently violate U.S. health and safety standards, potentially endangering the public. CBP is committed to fighting these fraudulent actors alongside our government partners."

The government is being represented by Assistant U.S. Attorney Andrew S. Boutros in the Northern District of Illinois.

"We applaud the efforts of HSI, CBP, and other agencies involved in this complex, long-term investigation to enforce the laws that exist to protect U.S. consumers and the honey market," said Gary S. Shapiro, U.S. attorney for the Northern District of Illinois.

The HSI-led National Intellectual Property Rights Coordination Center (IPR Center) assisted with this investigation. The IPR Center is one of the U.S. government's key weapons in the fight against counterfeiting, piracy, and commercial trade fraud. Working in close coordination with the Department of Justice Task Force on Intellectual Property, the IPR Center uses the expertise of its 21-member agencies to share information, develop initiatives, coordinate enforcement actions and conduct investigations related to intellectual property theft. Through this strategic interagency partnership, the IPR Center protects the public's health and safety, the U.S. economy and the war fighters.

To report IP theft or to learn more about the IPR Center, visit www.IPRCenter.gov.

To report commercial fraud, contact CBP at <https://apps.cbp.gov/eallegations/>.

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U.S. Immigration and Customs Enforcement (ICE) is the largest investigative arm of the Department of Homeland Security.