

Honey Laundering Bust Highlights Sticky Problem

(April 6) — Honey typically conjures benign images of Winnie the Pooh with his paw stuck in the pot. But in recent years, it's made federal investigators think of smuggling rings and international intrigue.

And as their latest bust underscores, despite their efforts, it may be all but impossible to keep the tainted Chinese honey at the center of the problem off U.S. store selves.

The arrest occurred last week at Los Angeles International Airport, where federal officials nabbed Hung Ta Fan as he deplaned from Taiwan.

Andrew Schneider, AOL News

Federal investigators are trying to crack down on illegally-imported Chinese honey, for financial and safety reasons. Here, an Immigration and Customs Enforcement inspector gathers samples of Chinese honey at a Tacoma, Wash., customs' warehouse

Fan, also known to his U.S. clients as "Michael Fan," was arrested for allegedly conspiring to illegally import honey that was deliberately mislabeled to avoid U.S. anti-dumping duties, according to statements in the criminal charges filed by Patrick Fitzgerald, U.S. attorney for the Northern District of Illinois, and Gary Hartwig, special agent in charge of the U.S. Immigration and Customs Enforcement operation in Chicago.

Fan is the president of Blue Action Enterprise Inc., a California-based honey import company, and also heads several similar companies, including 7 Tiger Enterprises Inc., Honey World Enterprise Inc. and Kashaka USA Inc., the court papers said. The charges against him allege his involvement in 96 shipments of Chinese honey falsely declared as originating in South Korea, Taiwan and Thailand.

Or, to put the accusations in layman's terms: Fan was honey laundering.

He's also just one of scores of people on both sides of the Pacific playing the name-

change game with what adds up to millions of pounds of honey. Their schemes involve an intricate shuffle of shipping papers and labels meant to conceal the origin of honey transported in green-painted 55-gallon drums or 250-gallon plastic carboys — thereby avoiding stiff taxes and added safety analysis.

But bees are bees, you might be thinking. So why is the government paying so much attention to the honey the Chinese produce?

The answers are money and safety.

The money is in the form of the protective tariffs or taxes placed on foreign products that intentionally undercut domestic prices. It was in 2001 that the U.S. Commerce Department imposed honey taxes against China, whose extremely low-cost honey was flooding the market and threatening the survival of U.S. beekeepers.

The levies can be stiff. For an example, last year, the tariff on most South American honey entering the U.S. was an added 2.2 cents a pound. But in the few cases where the honey was actually labeled as Chinese in origin, it soared to \$1.44 or more. That could amount to a \$1,700 to \$4,000 charge, depending on the size of the shipment, and offers an obvious incentive to falsify where the honey really came from.

Then there are the health issues.

In 2001 and 2002, Chinese bee colonies were hit by a tsunami of disease that quickly destroyed much of the country's honey production. The Chinese beekeepers turned to an animal antibiotic produced in India — chloramphenicol — to treat the illnesses ravaging their beehives. The antibiotic soon began showing up in honey shipped to the U.S. and Canada.

The Food and Drug Administration bans all animal medication from food products sold in this country and has issued alerts

three times about the antibiotics found in Chinese honey. The last came in 2007, when Florida food detectives found two other antibiotics — iprofloxacin and Enrofloxacin — in honey and blended honey syrup from China.

Most people can eat the tainted honey without serious complications. However, a small percentage of the public with sensitivities to the drugs can become horribly ill. The illegal additive has continued to be found in honey arriving at U.S. ports this year.

While both the ICE and the FDA had ordered extra vigilance toward Chinese honey, many agents admit they have the resources to inspect only an insignificant percentage of the imported honey.

Some small U.S. honey packagers are left worrying about the safety of the plastic bears and jugs of honey that fill store shelves. Many pay for costly tests to detect the illegal antibiotics, but because of elaborate dodges, including ultrafiltration, used by some smugglers to mask the contaminants, the results of the costly analysis are often inconclusive.

Other suppliers, including some of the largest in the country, likely know the honey they buy comes from Chinese bees, even though the paperwork says it originated in Australia, New Zealand, India or another country presumed safe. As one federal investigator explained: When these companies are paying \$1 less a pound than prevailing prices, it's difficult not to be aware that the honey's bogus.

The charges against Fan stem from an ongoing investigation of the honey importing practices of Alfred L. Wolff Inc., an enormous national food distributor, federal officials said. The inquiry into that Chicago-based company began with the May 2008 arrest of two Wolff employees on federal conspiracy charges stemming from the alleged importation of millions of dollars of

falsely labeled Chinese honey.

“Anyone who breaks our nation’s customs laws seeks an unfair financial advantage over law-abiding competitors,” said John Morton, the Department of Homeland Security’s assistant secretary for ICE.

“ICE will not tolerate products being illegally imported into the U.S. marketplace. We aggressively investigate those who thwart the laws and regulations that are put in place to protect U.S. businesses and the American public.”

ICE, some state investigators and members of various honey industry associations continue to look into honey and honey products from China being shipped through ports in California, Washington, Texas and some East Coast locations.

If convicted, Fan could receive a maximum penalty of five years in prison and a \$250,000 fine.

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