Hilco Global
AN ORIX COMPANY

Reducing Supply Chain Exposure to Trade Fraud & Forced Labor:

Part II: Detection

Trade fraud and forced labor risks often hide in data, processes, and third-party relationships. Effective detection requires visibility, analytics, reporting channels, and escalation discipline.

Early detection matters. Companies that identify anomalies early are better positioned to investigate, remediate, and respond before issues escalate into 18 U.S.C. § 545 or False Claims Act exposure.

Executive Perspective:

In today's volatile trade environment, the earliest signals of potential trade fraud or forced labor exposure are rarely obvious. They surface in data, documentation, payment patterns, or third-party behavior long before regulators or enforcement authorities become involved.

Organizations that connect information across functions and empower employees and partners to report concerns are better positioned to identify anomalies early, act decisively, and avoid escalation into criminal liability under 18 U.S.C. § 545 or civil exposure under the False Claims Act.

Detection is not a one-time review—it is a capability. The goal is to connect the dots early so issues can be investigated, remediated, and responded to before they damage your business, reputation, or stakeholder confidence.

Executive Takeaways

- **Connect the Dots**
  Integrate and analyze data across trade, finance, procurement, logistics, and third parties to identify inconsistencies.
- **Test the Truth**
  Validate origin, classification, and value against source documents, payments, and commercial reality.
- **Empower Reporting**
  Make it easy and safe for employees and third parties to raise concerns through trusted, accessible channels.
- **Focus on High-Risk Areas**
  Prioritize high-duty products, DDP purchases, sourcing shifts, and forced-labor-vulnerable geographies.
- **Act Early**
  Early detection creates options. Delayed detection limits them.

Detection Priorities

1. Use Analytics to Spot Anomalies
Compare customs filings to invoices, payments, quantities, routing patterns, and supplier behavior to identify inconsistencies.

2. Validate Origin, Classification, and Value
Test key declarations against supporting documents, payment records, and commercial reality.

3. Strengthen Internal Reporting
Ensure employees and third parties have effective, trusted, and accessible channels to raise concerns.

4. Monitor High-Risk Areas
Focus on high-duty products, Delivery Duty Paid (DDP) purchases, sourcing shifts, and forced-labor-vulnerable geographies.

Questions Every GC Should Ask

- Which products or suppliers show Harmonized Tariff Schedule (HTS) changes after tariff events?
- Have any origin or routing patterns shifted to intermediary countries?
- Do declared values reconcile to invoices, payments, assists, royalties, rebates, and actual landed cost?
- What percentage of DDP purchases lack full entry packets?
- Are supplier explanations documented, tested, and retained?

About Hilco Global

Hilco Global advises boards, senior leadership, investors, and legal counsel on complex, high-stakes matters involving fraud, misconduct, regulatory inquiries, accounting irregularities, and disputes, helping clients establish facts, preserve and analyze evidence, assess risk, and move decisively toward resolution.

We deliver rapid response on time-sensitive, confidential matters and act as a force enabler to support existing teams that may be resource constrained, deploying cross-trained professionals and leading technologies to support forensic analyses and ongoing monitoring.

Clients rely on our independent, defensible analysis on highly sensitive and complex matters, supported by a global, scalable, and consistent approach to deploying experts across jurisdictions.

How Hilco Global Helps

- Independent Investigations and data-driven analytics
- Trade fraud and customs compliance reviews
- Forced labor risk assessments and supply chain integrity testing
- Supply chain forensic analytics and monitoring
- Valuation and economic analyses
- Regulatory response and government inquiries
- Licensed Private Investigators
- CPAs, CFFs, CFEs, CAMS professionals
- Privileged forensic accounting
- Technology-enabled investigations
- Data analytics & monitoring

Representative Matters

Identified Misclassification and Undervaluation

Identified misclassification and undervaluation schemes affecting millions in duties through data analytics and record testing.

Detected Transshipment Activity

Detected transshipment activity used to circumvent tariffs and origin rules across multiple intermediary countries.

Discovered Incomplete Entry Documentation

Discovered incomplete entry documentation across global DDP arrangements, enabling corrective action before government inquiries.

HILCO GLOBAL IS ASSET SMARTER.

Hilco Global, a subsidiary of ORIX Corporation USA, is a diversified financial services company that delivers integrated professional services and capital solutions that help clients maximize value and drive performance across the retail, commercial industrial, real estate, manufacturing, brand and intellectual property sectors, and more.

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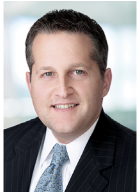

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