

RED FLAGS

on Export-Import Bank Guaranteed Loans & Insurance Transactions



1 Application Process

Borrowers, exporters, and foreign agents will misrepresent or omit the identity of parties involved, monies transferred, or authenticity of business operations to cover up fraud.

- No clear disclosures of commissions or fees. Foreign agents or finders are not identified.
- Identification documents of borrowers or guarantors appear altered or have expired.
- Multiple changes in the financed amount requested, description of goods needed, or suppliers and exporters.

2 Suspicious Financial Statements

Financial statements are falsified to improve cash flow, increase sales or accounts receivable, or meet Ex-Im Bank published credit ratios.

- Financial statements on multiple transactions are similar in style, type, font, format . . . and errors!
- Financial statements are updated, modified, or submitted by third parties and agents on behalf of the borrower.
- Discrepancies exist between tax statements, credit references, sales receipts, or in discussions with parties.

3 Proforma Invoices

Requests for quotes or product descriptions are made to obtain and misuse a legitimate supplier's letterhead or business logo.

- Product description is not within a supplier's line of business.
- Heavy equipment without Vehicle Identification Numbers or serial numbers.
- Supplier address or phone number can not be publicly verified.

4 Commercial Invoices

Commercial invoices are inflated to generate cash back for the borrower, cover the lack of any required down payment received by the exporter, or create a disparity between lesser valued goods shipped and cash for all parties.

- Product description is inflated and not within market value.
- Product is readily available to borrower in-country, at lesser cost.
- Invoice does not describe type or quantity of goods, or product descriptions are vague and conflict with bills of lading.

5 Bills of Lading

Bills of Lading may be altered or falsified by exporters or freight forwarders or may otherwise reflect the legitimate shipment of products – just not those guaranteed by Ex-Im Bank.

- Product descriptions conflict with commercial invoice, or products can not fit inside a container (i.e. heavy equipment, etc.).
- Discrepancies exist in weights, serial numbers, quantities, voyage numbers, ports of service, or shipment dates compared to invoices, export certificates and customs records.
- Bills of Lading contain no number, or multiple forms appear identical despite being from different carriers, or are missing information (name or carrier, etc.).

6 Customs and Export Certificates

Exporters and customs brokers may falsify Shipper's Export Declarations and foreign customs documents by altering the value or descriptions of goods.

- Shipper's Export Declaration may reflect actual goods and true market value, in conflict with the Commercial Invoice.
- Foreign customs documents may reflect other consignees, product descriptions, or value than reported on freight customs documents.
- Exporter's Certificate may inaccurately identify content, down payment received, or goods shipped when compared to independent export records.

7 Finance Documents

Discrepancy waivers, reassignment of proceeds, or requests for reimbursement may be warning signs within Letters of Credit.

- Buyers and exporters claim and provide "proof" that goods have been paid, then request reimbursement to redirect loan proceeds.
- Too many or unusual discrepancies found within the export documents or invoices are "waived" by the borrower.
- Assignment of proceeds granted to third-parties not previously mentioned in the application.

**Suspect Fraud,
Waste, Abuse, or
Mismanagement?**

REPORT IT!

Call the OIG Hotline at
1-888-OIG-EXIM (888-644-3946)

EXIM OIG Hotline:

<https://eximoig.oversight.gov/hotline>

Export-Import Bank of the United States
Office of Inspector General Hotline
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Washington, DC 20571

