

The Customs Story

In December of 2007 I decided to dissolve my household in the United States and move permanently to Ukraine. I had a lot of stuff to deal with: two cars, furniture, and household goods accumulated over 30 years.

When I telephoned movers to get estimates for a shipment to Ukraine, many did not return my calls. Three movers came to see my stuff but ultimately I got only one written quote. It was to ship my BMW Z8, my leather furniture, my teak dining room set, and the rest of my stuff. It came to about four dollars a pound.

I spent January and February in Ukraine, and then came home to execute my plan. Kiev is not a place that you want a car -- I sold them. My furniture was not worth four dollars a pound to ship -- I gave that away. I ultimately wound up with just 500 pounds of stuff I wanted to keep, pictures, books, clothes, china and silverware. Hilldrup International, who had quoted four dollars a pound came in March to pack and ship it. It all fit into a 2 x 2 x 2.5 meter box, with lots of room to spare. They did not update their quote.

(Note: some names removed from the story so as not to embarrass people who are finally working to resolve the problem. The names of the crooks who created the problem are real.)

Hilldrup put me in touch with Corstjens, the Dutch mover who would handle the Ukrainian end of the transaction. Corstjens assigned to a fellow in their office named Vlad. The shipment arrived in the Netherlands in early April and took about a month and a half to wend its way to Kiev.

Starting with our first meeting Vlad did his best to fill me with terror about customs. He told me that that customs was the reason that the shipment was delayed. He told me I could expect that they would be unreasonable. He has an undertaker's voice, deep and without affect. He sounds like a B-movie bad guy. I remember one of his quotes in reference to the corruption in customs: "Customs agents want to drive Mercedes too."

Vlad kept changing the information he provided me. The shipping dates were unknown. Everything in customs was unclear. He never provided anything in writing, only messages by telephone, and each message seemed to conflict with the last. Along the way he told me that the cost of paying the duties on everything I imported would be about 90% of the declared value. By that time I was pretty tired of Vlad. I told him it was not worth it for some used household stuff. If that was the deal, we could get together and make a huge bonfire of the whole thing. With great show and drama, he came up with an elaborate way around the problem. I could import the items on a temporary basis. I did not trust him but it did not involve outrageous duties and I did not know any alternative. I imported them on a temporary basis.

I got the final invoice about the time the goods arrived. \$5514 to have those 504 pounds shipped from the United States. Eleven dollars per pound. It was not a detailed invoice; only a bottom line. I trusted, foolishly it appears, that the total amount included whatever bribes had been necessary to get the stuff through customs. This was mid-May of 2008. The stateside movers had done a good job of packing and everything was intact.

In early December I got a call from Vlad telling me I needed to pay him €466 to keep the goods in the country another year. I was shocked. I had no idea that was coming, and only after seven months. I did some mental arithmetic. If he was going to hold me up like this every year, and three years it would exceed the value of the goods. It was ridiculous.

I told him, no way, and put him off fairly brusquely. He called a couple of more times. One time I was in conversation with my friend Mark. I had told him about the shakedown in progress. When I saw it was Vlad I simply let Mark answer the phone as if he were me. Vlad did not recognize the difference. Mark was amused

The Customs Story

but not surprised; I believe this was the last time Vlad called in December, and that he relayed through Mark that if I did not want to work through him I needed to contact Elena Petrovna in customs.

I did not call her. I do not know what I would have said. If she wanted something from me she had my address and my telephone number. She could initiate the contact.

In the middle of January Vlad called again telling me that I was in big trouble because I had not called Elena Petrovna. I had better call her right away. Or, he could take up the matter again. I told him that €466 was too much. He said the amount was €244. Whatever, the amount was very evidently arbitrary, geared more to what they thought they could get out of me than the value of this used stuff I had brought into the country. I told him I would call Elena Petrovna.

I called Elena Petrovna. Even her name suggests something fishy. Petrovna means her father was Peter. She never told her last name. It has never been offered. No business card, nothing. I did not have enough information to write her a business letter until a friend got her surname by a subterfuge.

After a brief conversation we agreed I would come down to meet her. I did that on Monday afternoon. I asked her where she was. She gave me the address very quickly, three times, probably knowing that I would have a hard time writing it down. She told me I had to get off at the Chernigivska metro. I got it wrong. I could not find the street on the map and certainly could not see it on the map any place close to the metro. I had to call my lawyer to find out where it was. He gave me the correct spelling and told me it was a long way from the metro.

She is in a far removed part of town. They cannot even afford vowels. Its name is Dvrz. You ride the rickety old streetcar about 25 minutes from the nearest Metro, then walk half a mile down a dark street to the Ministry of Transportation. The receptionist/guard at the door gives you a pass and directs you to customs. She asked if I had a car. I thought, I am inside the building, why do I need a car? It turns out that customs is out the back door, another half-mile away, down another even darker street, at the far end of a dark warehouse by a train track, around a corner and up a dark stairwell.

Elena Petrovna berated me for not bringing an interpreter. Nobody had asked me to bring an interpreter, and my Russian is pretty good. She was playing for psychological advantage, pushing me off balance, getting me on the defensive immediately. Then, interpreter or not, she launched into a tirade about how I was late and would be subject to a heavy fine. She took out a pocket calculator and punched in the numbers 550 and indicated that that amount in euros would satisfy the problem. She gave no indication of what the problem was or what kind of a solution was being offered.

She kept returning to the question of why I was late. I told her I had received no communication whatsoever from her office, certainly not written communication. In fact, in the entire process I had not accumulated a single piece of paper that originated from customs. Nothing indicating that my goods had been accepted into the country, nothing indicating their status, nothing indicating my obligations. She knew where the goods had even been delivered. Why hadn't she written me if she had something to communicate? She pointed to a pile of papers and said that she has far too much work to do to waste her time writing things.

On the subject of documentation, I asked Vlad to provide me a copy of all of the documentation related to my case. He provided a total of three documents, all of which I had originally provided him. He failed to provide another document, a copy of which Elena Petrovna waved in my face at this first meeting, a half page letter

The Customs Story

Vlad had drafted for me to sign agreeing to the temporary import. There may well have been other documentation he chose not to give me. Probably not much; criminals do not like to leave fingerprints.

My lawyer Valery had recommended that I go down and talk to Elena Petrovna. I know Valery's nature. He hates conflict. Knowing that, I continued to use him. He is nice, he is honest, and his rates are reasonable. It is useful to have a lawyer in a transaction even if he is not among the most aggressive barristers in the world. In this instance, it would have been nice to have some assurance that customs would stay bribed if we gave them some money. There has to be some honor even among shakedown artists. Elena Petrova might have been reluctant to embarrass a lawyer who was part of the deal.

After Elena tossed out the €550 figure I told her that I would like to have Valery in on the discussion. She could not call him; the number I had was a mobile phone, and she said her budget did not extend to extravagances like cell phone calls.

I called Valery on my phone, handed it to her, and they talked briefly. It was agreed that Valery and I would come together the next day. It was not clear what we would accomplish, and why whatever it was could not be accomplished over the telephone. I expect it is a negotiating ploy to wear you out, to make you waste an hour each way getting onto their turf. If you are paying a lawyer and a translator, those costs can run up. If you have a job, you presumably have better things to do with your time. Elena Petrovna inquired quite closely what I do with my time. I made it very clear I was not making money and had a lot of time to spend on this case.

After leaving the office, I got an e-mail from Valery telling me that Elena had called her to propose that I could pay a late fee of \$2,000 and hold the goods for another year, or I could pay the customs due of nearly €500 and hold the goods in the country forever. This again makes no sense. €500 was only \$700; no fool in the world would pay \$2000 for a worse deal than the \$700. This, and the fact that all of the figures were brand-new, was to me more evidence that we were dealing strictly with made-up numbers. Valery had something else to do the next day, and we never made a second trip.

I jumped on Elena's idea that we ought to finalize the deal. I asked Valery to translate the letter I wrote, shown below, asking her to provide me a detailed customs invoice. On a line item basis, show the declared value, the applicable duty rate, and the extended duties due.

Items in the stores here are not much more expensive than anyplace else in Europe. They are often cheaper. Prevailing duties cannot be more than an average of 10 to 15% on new goods. The press had recently reported that they will soon go up to 13%. If customs had a separate rate for used goods, one would expect it must be less. I proposed that I will pay the duty of on line items for which the worth of the goods is less than the duty they want to impose. They are free to confiscate the rest.

I did not expect Elena Petrovna to accept this. She would not have wanted to put anything in writing, nor to commit to any duty rates. Yet, I am sure, that there was a schedule of duties for any class of goods entering the country. I would certainly have liked to see the schedule of tariffs.

I assumed that Elena Petrovna would go back to threatening me with all sorts of fines. I needed to find out what that means. I assumed that there would be limits to the fine she could impose, and I also assumed that she had a legal obligation to inform me in writing of any documentary submissions or payments I was required to make. I did not think that she wants to explain to a court why that has not happened.

The Customs Story

There was a question of the maximum penalty that customs could impose. Common sense would tell you that the most they can do is take the goods. I would have been glad to surrender most of them. You want 50 books? You have got 50 books! You want five paintings? I will give you five paintings! It would be hard to imagine that there is a crime such as "contempt of customs" whereby they can fine you far in excess of the value of the goods in question. But I did feel a need to know the law. I did not think Valery knows it. Also, you have to go through customs every time you enter the country. I do not believe that customs maintains any sort of a "do not admit" list, or that even if they did they would be efficient enough to be able to use it, but I would have liked to know.

These were my thoughts after meeting Elena Petrova. In the end, I never got answers to any of these questions that stood in my mind as of the end of January, 2009.

One of the things that helps you navigate through life is a shared perception of reality. We constantly balance our perceptions against other people make sure we are on track. Other people's perceptions of this customs problem vary wildly, unpredictably. It is worth chronicling all the different opinions I encountered in response to my sanity check the end of January.

Mark was amused and taking notes. Though he has been here longer, I seem to get into situations he has not seen before. But certainly being asked for a bribe is nothing new.

Ric Riccio thought customs agents might come to my house, enter with or without a by your leave, and simply take stuff. Ric, by the way, was married to the daughter of Stalin's private secretary. He has a somewhat dark view of what can transpire in the former Soviet Union.

Anatoly told me simply to ignore customs. I already had my goods. They had given me nothing in writing, and they were obliged to do so. He said not to pay any attention until I got something on paper. Anatoly spent time in Canada and is not easily buffaloes. He was the guy who called customs to get the agent's last name, Kravetz, which you see in the letter.

Helen advised that I jump over the head of the customs inspector I'm dealing with, Elena Petrova. They had no right to do what they are doing without sending me something in writing. I should go straight to the top.

Valery advised me also that if I were going to write, write to customs, not Elena Petrova. That is what Elena Petrova told him. He called again later in the week to tell me that Elena Petrova wanted me to show up in her office with an interpreter. She did not specify what would be accomplished by doing this. He told me that he has worked with Elena Petrova for eight years and has never had any problems. Of course, one must discount for the fact that he appears to advise clients to do whatever the other party demands. The way she acted in our meeting suggested that she wanted a lot of money with no documentation. I saw that as a bribe. Valery choose not to.

I sent the following registered letter on February 5. By law she had to respond in 20 days. It did not happen..

From: US citizen Graham Seibert
Pushkinska 2-4/7, Apt. 103
Tel 279-6370

Olena Petrovna Kravetz

The Customs Story

State Customs Service of Ukraine
Bul. Olexy Dovbushna 22
Kyiv

Re: Regularization of temporary importation of household goods

Corstjens International served as my Ukrainian agent when I brought my household goods to Kiev in May of 2008 (Ref: File number: TRIP 8202, Tamozhna 22 Olexy Dovbushna, Shipment admitted 21 May 2008 for Mr. Graham Seibert). They advised that the cost of a normal importation would be prohibitive, that the customs duties would be approximately equal to the declared value of the goods. Instead, they recommended temporary importation.

Temporary importation appears to require annual approval from your office. Corstjens has offered to do this for a high and unpredictable annual fee. Neither they nor your office have been able to provide any written guidelines for the procedure. You proposed that there may be substantial fines for noncompliance with these unwritten guidelines.

As an alternative, you have proposed that I normalize the importation of my goods by simply paying the appropriate duties. Although the estimate you offered on the day we met, January 26, in oral form and through my lawyer is high (almost €500), it is certainly far less than Corstjens estimate that it would equal the declared value of below-mentioned goods.

I would like to finalize the matter by simply importing the items that make sense, and allowing you to confiscate items for which the duty due exceeds the worth of the item.

May I ask that you prepare a line item invoice, showing the applicable duty category, the duty rate per euro of declared value, and the extended duty payment for each of the items in the shipment (pls. see below a copy of the list of used items imported with the stamp of the customs of Ukraine):

Used Bicycle	Старий велосипед
Used clothes	Старий одяг
Used cooking pots	Старі кухонні горщики
Used Knives	Старі ножі
Used Compact disks	Старі компакт диски
Used Binoculars	Старі бінокль
Used Tools	Старі інструменти
Used blankets	Старі ковдри
Used Dell computer	Старий комп'ютер Dell
Used chair	Старі стільці
Personal documents	Приватні документи
Photographs	Фотографії
Pictures	Картинки

The Customs Story

Broken porcelain statuette Розбита порцелянова статуетка

Список личных вещей бывших в употреблении ввозимых в Украину
г. Сейберг Грехем

№ п/п	Назва	Кількість	Вартість, EUR	Примітки
1	Велосипед	1	200,00 €	
2	Одежда	к-т	300,00 €	
3	Кухонная утварь	к-т	130,00 €	
4	Книги	к-т	50,00 €	
5	Компакт диски	25	20,00 €	
6	Бинокль	1	20,00 €	
7	Инструменты	к-т	20,00 €	
8	Персидский ковер	1	100,00 €	
9	Компьютер DELL	1	300,00 €	
10	Стул	1	20,00 €	
11	Офисные принадлежности	к-т	10,00 €	
12	Фотографии	к-т	10,00 €	
13	Картины	5	100,00 €	
14	Фафоровая статуетка	1	20,00 €	
Общая заявленная стоимость			1 300,00 €	

Seibert

I will notify you of which line items are worth the cost of importation and make provision for you to pick up the rest.

Please also provide remittance advice. To which official Ukrainian bank account should I send my payment, and how should I identify the purpose of the payment.

Sincerely,

Graham Seibert

February 4, 2009

On Tuesday, March third, Elena Petrova gave me a call. It came on my cell phone, which means that somebody was actually paying money for the call. The originator of the call was identified as "Private Number."

This time Elena Petrova understood my Russian pretty well, even though we were talking over the phone. She certainly did not demand a translator.

Elena Petrovna was mad at me and went on at length. I asked her if she had received my letter. She did not say yes; I am not sure she said no. She did say that she does not do business in writing. I asked her to write me what she wants and she said no, that is not how it works. She asked me several times to call my lawyer, Valery. She has his number. I have no idea why she did not call him herself.

The Customs Story

My first step was to go to the post office and put a tracer on the registered letter, to be sure she got it. If not I could take stronger measures to make sure that I got a copy into her hands. I might hand deliver it to her over in her rabbit warren on the far side of town. She certainly did not want it. She wanted nothing to do with anything in writing. All the more reason to force it on her.

It could have been that she wanted to make a deal through Valery, to squeeze me for what she could get in and let the thing go. But that would have shown intelligence, which had not been on display yet in this process. She was on me like a hyena, as if I were a wildebeest crippled by Corstjens. She was not giving up her prey easily.

In the meantime, and February I started conversations with Hilldrup International, the US representative of United Van Lines, who initiated the transaction on the US end and who selected Corstjens International.

Hilldrup was unable to get Corstjens interested whatsoever in resolving this problem. The Holland office's position is that I voluntarily signed the temporary import agreement and that I refused to pay for their services. It was the party line from their Ukrainian office. This is a characteristically Ukrainian attitude. They screwed me fair and square, took advantage of the foreigner's ignorance, got it in writing, and I was just being obstinate in **Dear Mister Corstjens,**

Corstjens international -- it has your name on the door -- maneuvered me into an impossible position. Either I pay Corstjens €245 per year to keep my bicycle, pots and pans, and old clothes in Ukraine, or you throw me to the wolves of Ukrainian customs.

I did not ever get an invoice for this amount. Just an ominous phone call. I did not ever enter an agreement with Corstjens-- I have nothing from you on paper to indicate you would be charging me. You, Mister Corstjens, may not even know where the money was going to go. Vlad did not mention VAT in his telephone call. I seriously question whether it was ever going to cross your books

When I hired Hilldrup International to handle my move, they chose Corstjens as their Ukrainian representative. You got a few thousand dollars to represent my interests in this difficult country of Ukraine. Every appearance is that you did not give a damn about me, but maneuvered me into a temporary importation to make sure that you could milk me for this outrageous amount of money every year. I trusted you. You were a Western company chosen by a company I trusted. You screwed me.

not simply acquiescing as a victim should. End of story.

In America at least two legal concepts would have come into play. The first is fiduciary duty. I was paying Corstjens as an agent. They had a duty to look out for my best interests, not their own. The second is the notion of an "unconscionable contract." When one party uses its overwhelming advantage over the other in terms of information and power to secure a contract that is patently unfair, courts hold the contract to be invalid. Corstjens took my temporary import as consent to a contractual obligation to pay them an annual fee, something I certainly never understood or agreed to. In practical terms, that temporary import bound me to them, because it put me in a disadvantageous position to deal with customs on my own.

Corstjens refused to consider whether the temporary import made any sense, whether I had enough information to make an informed decision, how much the duties would have been if I had simply paid them outright, or the fact that Corstjens had never informed me that they would charge for the annual renewal, especially considering that it would be such a great (and variable) amount.

I sent a letter to Cees Corstjens, the guy whose name is on the door. They could not even be bothered to take time to acknowledge me, to put me off with a polite lie.

The Customs Story

Now that I refuse to pay the €245, you are leaving me to deal on my own with Ukrainian customs, the most corrupt bureaucracy in the country, to unravel the paperwork mess that you initiated. I have been working on that for two months and all I can tell you that it is a house of mirrors. I cannot get a straight answer, or even an official document, from customs. Like Vlad, they deal in dark and threatening telephone calls with nothing on paper to back them up.

Mister Corstjens, this is absurd. People like to read stories about the absurd. I have posted this one on my website along with other equally ludicrous stories about doing business in Ukraine. I will have no difficulty finding people to publish this story, however it turns out The Kyiv Post, the European Business Association, and the American Chamber of Commerce buzz with stories like this about Ukrainian corruption. What remains to be seen is your role in it. Are you a Dutch businessman, or a Ukrainian businessman?

Graham Seibert

This e-mail never did get a response. In reviewing what I wrote, it appears I assumed that Mister Corstjens was familiar with the communication between his office and Hilldrup. I cannot imagine that was not the case, but I should in any case have repeated the simple request I made to Hilldrup, a line item invoice from customs.

After getting no response to this e-mail, and learning from my agent in Alexandria that her management was not interested in pursuing the situation with Corstjens, I wrote the following letter to the president of Hilldrup Moving and Storage.

Pushkinskaya 2-4/7
Kvartiere 103
01034 Kiev, Ukraine
March 7, 2009

Charles W McDaniel, President
Hilldrup Moving and Storage
4022 Jefferson Davis Highway
Stafford, Va. 22554
Fax 703-221-5206

Dear Mr. McDaniel,

The freight forwarder Hilldrup International chose to handle my move demanded \$400 a year so I can keep my used clothes, used bicycle, and pots and pans in Ukraine. I balked, and they threw me to the wolves -- the Ukrainian customs agents they were already paid to deal with.

Does that strike you as absurd? Does the story strike you as good publicity for Hilldrup?

Lots of people were involved in the move. Hilldrup, Corstjens International in Holland, and Corstjens' Office here in Kiev. Nobody wants to deal with this, but somebody will have to. I am mad and I am not going away.

My short analysis is this. Vlad, the Corstjens employee who handled the move in Kiev, is corrupt. He lied to me and coerced me to sign a temporary import request, telling me it was the only way the importation could be

The Customs Story

done. He provided no description of the process, and certainly never told me it involved an annual fee. Though it seemed odd, I relied on United Van Lines' reputation and the fact that I had no other source of information. This ill advised letter has delivered me into the jaws of the piranhas at Corstgens or customs. Take my pick.

The full story is on my website

http://www.grahamseibert.com/Writing/The_customs_story.pdf

for you, the press and the world to see. Corruption stories are a staple of the English-language press here in Kiev. You will find links to some others in on my website.

My request is simple. Regularize the importation. Get me a line item invoice from Ukrainian customs. It is what Corstjens should have done in the first place. However, they are absolutely stonewalling me. They would not provide any information to Hilldrup's (polite and helpful, let me add) agent (*deleted, ironically, to protect one of the two helpful people in this whole process*), and they have not answered my e-mails. I do not know how high up in that operation the corruption goes, but I doubt that it stops with Vlad.

Thank you,

/signed/

Graham Seibert

email graham1@grahamseibert.com

Mobile +38096-565-6229

US telephone 301-320-2718 (rings in Kiev, 7 hour time difference)

I faxed this letter to the number that Hilldrup provides on its website. To my surprise and disappointment, there was no response. I gave them quite a bit of time between sending the letter on the 7th and my return from a vacation in Turkey on the 16th. Nothing. I called the headquarters switchboard and asked for customer service. The connection they provided gave me the alternative of waiting or leaving a call back number. I left a callback number and waited. Nothing. I called again, this time listening to the message telling me my call would be taken in sequence. After an hour I was still waiting. Customer service not appear to be extraordinarily high priority at Hilldrup.

At long last I called again, and the same sweet voice replied asking how she could direct my call. I told her that customer service had not answered after an hour. She asked for the details of my problem, and then helpfully routed me to (*name of the second helpful person deleted*), the head of international customer relations. I got an answering machine and had a déjà vu experience. A quick recital of the

name, which I of course missed the first time, and an invitation to leave a message.

Not knowing who she was either by name or by title, I hung up and called again, asking the switchboard to give me that information so I could leave a better informed message. This time, as I expected to be routed to voicemail, to my great surprise a real person answered. She listened courteously and with interest to my story, found this write up on my website, and told me that she would do something about it and get back with me.

On March 31 I received this very encouraging email from _____ of Hilldrup:

Mr. Seibert-

Hilldrup and Corstjens will cover the cost for the services performed by Corstjens and the import duties for permanent importation.

The Customs Story

As soon as we have documentation that this has been done I will be sure to forward them onto you.

Please let me know if you have any questions.

and finally, on April 20, this brief message:

Graham -

Please find invoices and proof of declaration attached.

All has been taken care of. Please let me know if you have any questions.

A resolution. Not an apology. Nonetheless, it appears that the story has a satisfactory ending, not taking into account the \$50 or so and the large amount of time I put into a trivial matter.

It is impossible to know the upshot of a case such as mine. However, most companies reconsider their policies when an issue such as this reaches the President's office before it is resolved. One thing is sure. My Ukrainian friends who have been following the story will be heartened by a story of successfully fighting back against corruption.

Another reflection on this story. The people who worked to resolve the problem are both American women, foreign born or married to foreigners. Corstjens International, the Dutch company, was profoundly unhelpful, and the good old boys (one presumes from their names, and location in Stafford Virginia) simply couldn't be bothered. They say that each of us is an ambassador for our country and people. This anecdote, with sample sizes of only one or two in each group, cannot help but affect my views of the groups involved.