STUDY SUGGESTS OVERPRICED U.S. HONEY EXPORTS PROVIDE FUNDING SOURCE FOR TERRORISTS
Florida International University College of Business Administration Professors Identify Suspicious Exports to Middle Eastern Countries

MIAMI – (October 23, 2001) – A recent study conducted by two Florida International University College of Business Administration (CBA) finance professors revealed that U.S. honey exports to several Middle Eastern countries last year might have served as a cover for the clandestine transfer of money to terrorists operating in the United States.

CBA professors John Zdanowicz, Ph.D., and Simon Pak, Ph.D., performed a computer analysis of U.S. trade data and determined that honey exports to Yemen, the United Arab Emirates, Kuwait and Saudi Arabia were far above the average world price of $1.91 per kilo for U.S. honey. The professors focused on exports of honey described by the U.S. Customs Services as “Honey, Natural, Packaged for Retail Sale.” They found that in 2000 the four named countries received 56 percent of all U.S. honey exports or about 1.37 million of the 2.4 million kilograms exported. This accounts for 72 of the 203 honey export transactions that left from various U.S. ports, primarily Charleston, South Carolina, and Norfolk, Virginia.

“U.S. honey exports to these Middle East countries were far enough above the average world price to raise suspicions,” Zdanowicz said. “It definitely warrants further investigation.”

A prime example of overpricing was found in the 12 shipments of honey to Yemen from the port of Charleston, South Carolina. The total value of the shipment was $479,473 or $2.63 per kilo – 38 percent above the average price. This leaves an excess of $130,881, which could have been laundered funds surreptitiously
transferred to U.S.-based terrorists. Similar examples also are cited throughout the study and will be published in an article this week in *Money Laundering Alert*, a Miami-based newsletter.

The CBA researchers were prompted to conduct their study after *The New York Times* reported that Osama bin Laden was using shops that sell honey to generate income and after the U.S. Treasury Department announced the freezing of assets and accounts of 39 individuals and companies suspected of being terrorists or their supporters. Three of the listed companies are located in Yemen and are in the honey business.

Both Zdanowicz and Pak are widely recognized for their work regarding money laundering, tax evasion, capital flight and transfer pricing. In addition to teaching and conducting research, Zdanowicz and Pak are director and associate director, respectively, of the College’s Center for Banking and Financial Institutions and the Jerome Bain Real Estate Institute.

Florida International University’s College of Business Administration (CBA), South Florida’s business education leader with unique expertise in international business and information technology (IT), is the second largest of FIU’s 12 professional schools, enrolling approximately 3,800 undergraduate and more than 900 graduate students each year. It also is South Florida’s top-rated business research school and one of only 405 business schools in the world accredited by the AACSB International—The Association to Advance Collegiate Schools of Business. The College offers the 8th largest part-time MBA program among this group, and its IT faculty has been ranked among the top 20 (11th) in the U.S. in terms of research productivity. The September 13, 2001, issue of *America Economía*, a premier Pan-regional business journal published by Dow Jones, listed the College of Business Administration at FIU among the top 50 business schools from around the world for Latin American business students. Its Executive MBA and full-time International MBA programs were ranked at or near the top in recent Executive MBA Council and AACSB International benchmarking studies respectively. The CBA is one of only 28 business schools to have received a Department of Education grant to establish and support an international business center.

For additional information about the College, please call Assistant Dean Sally Gallion, (305) 348-6631.

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