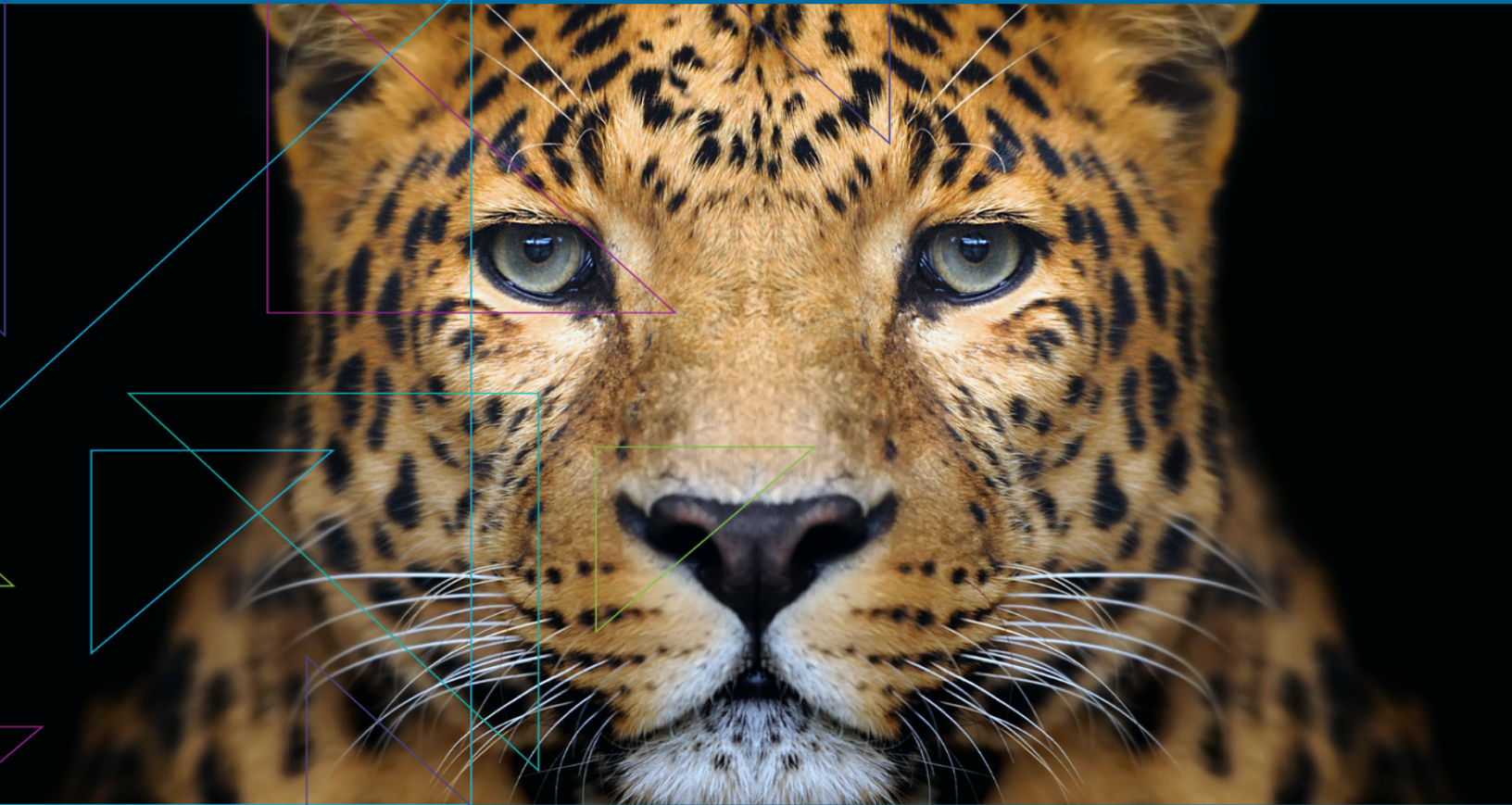




# ECOFEL

EGMONT CENTRE OF FIU  
EXCELLENCE & LEADERSHIP

# FINANCIAL INVESTIGATIONS INTO WILDLIFE CRIME



January  
2021

# FINANCIAL INVESTIGATIONS INTO WILDLIFE CRIME

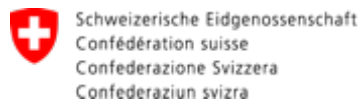
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## List of Acronyms

AML/CFT	Anti-Money Laundering/ Countering the Financing of Terrorism
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
EA	Environmental Agency
ECOFEL	Egmont Centre of FIU Excellence and Leadership
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
FIWFC	Financial Investigations into Wildlife and Forestry Crime
INTERPOL	International Criminal Police Organization
IWT	Illegal Wildlife Trade
LEA	Law Enforcement Agency
ML/TF	Money Laundering/Terrorism Financing
NGO	Non-Governmental Organisation
NRA	National Risk Assessment
STR	Suspicious Transaction Report
UNODC	United Nations Office on Drugs and Crime



## Executive Summary

1. Wildlife crime is a complex, global problem that needs to be addressed through various strategies. Upon completing primary and secondary research on wildlife crime, the ECOFEL developed the following report to provide financial intelligence units (FIUs) with an enhanced understanding of wildlife crime. This report also emphasises the importance of identifying the illicit financial flows and supporting financial investigations relating to wildlife crime.
2. Wildlife crime refers to acts which breach international and domestic regulations intended to protect natural resources. The acts may include, but are not limited to, the illegal hunting, poaching, taking, possessing, transporting, or selling of protected species of flora and fauna. The illegal wildlife trade is a subset of wildlife crime which encompasses actions such as smuggling, trading or trafficking of CITES designated species and/or other protected species, including their parts and products.
3. Thousands of species are targeted by wildlife crime. Certain species, such as pangolins, elephants, rhinoceroses, and tigers, are particularly threatened by the illegal wildlife trade. These animals and their products are used in numerous industries, from eco-tourism to traditional medicine. Even the financial sector may be abused to facilitate this illicit activity.
4. Wildlife crime should be considered a global problem rather than a regional one. All regions around the world are involved in illicit supply chains as either source, transit, or destination jurisdictions, or a combination thereof. Supply chains can also be understood in terms of wildlife crime actors, ranging from poacher to retailer. Each actor that facilitates wildlife crime conducts financial transactions that can be analysed by FIUs.
5. By being aware of the concealment and payment methods used by wildlife crime traffickers, FIUs can develop perpetrator profiles and bring light to the modus operandi and money laundering techniques. FIUs may be able to accurately assess risks posed by other serious crimes, such as drug offences and corruption, by understanding how wildlife crime is linked to these transnational offences.
6. Historically, there have been few financial investigations into wildlife crime around the world. A lack of financial scrutiny and low penalties make wildlife crime a highly profitable, low-risk enterprise for perpetrators. There are numerous benefits to supporting investigations into the financial flows of the illegal wildlife trade:
  - Trigger higher penalties
  - Address crimes committed by high-level actors
  - Uncover wildlife crime networks

- Support prosecutions of wildlife crime offenders
7. FIUs can get involved in supporting financial investigations into wildlife crime through:
- Tracking the financial flows associated with seized and confiscated goods;
  - Identifying criminal networks and shell companies involved in wildlife crime;
  - Identifying payment mechanisms and money laundering techniques;
  - Analysing the flow of wildlife crime proceeds;
  - Detecting illicit wildlife activities by analysing suspicious transaction reports and other financial intelligence.
8. While there are many challenges associated with conducting financial investigations, there are recommended practices that can be utilised to increase the effectiveness of FIU efforts. These practices include:
- Properly assessing the risks of wildlife crime in the jurisdiction's National Risk Assessment;
    - Considering wildlife crime as a money laundering threat;
    - Including EAs and relevant LEAs in risk assessment procedures;
    - Identifying the jurisdiction's location along the supply chain to understand the risks and the financial flows of wildlife crime;
  - Filtering and analysing STRs based on strategic assessments of wildlife crime within the jurisdiction;
  - Applying the techniques that FIUs currently use when analysing other predicate offences where cash is the predominant payment method when supporting wildlife crime investigations;
  - Enhancing inter-agency cooperation and information exchange;
    - Using established methods of inter-agency communication that have been successfully used for other types of crime;
    - Creating wildlife crime taskforces and working groups between government agencies and relevant partners to facilitate trust and information sharing;
    - Using liaison officers to create efficient channels of communication and cooperation between agencies;



- Providing training sessions to EAs or LEAs on the AML/CFT regime and how financial investigations can complement the traditional investigative methods used for wildlife crime;
  - Considering new partnerships with NGOs:
    - Creating mechanisms for NGOs to submit relevant information about wildlife crimes to the FIU;
    - Involving NGOs in working groups and committees designed to combat wildlife crime, while ensuring the confidentiality of sensitive data;
    - Relying on established networks between NGOs and LEAs;
  - Providing guidance, feedback, and training to reporting entities regarding the financial flows of wildlife crime;
  - Consider introducing a ‘follow the money’ approach to complement a ‘follow the suspect’ approach.
9. By implementing the recommended practices mentioned, FIUs may be able to support effective financial investigations into wildlife crime.

## Introduction

1. Wildlife crime is the illegal exploitation of the world's flora and fauna. Types of wildlife crime include poaching, destroying habitats, and trading protected species. Such activities negatively impact ecosystems and economic prosperity globally. While governments take steps to combat the illegal activities, historically there have been very few financial investigations into wildlife crime anywhere in the world. A lack of financial scrutiny and penalties means that wildlife crime is a highly profitable, yet low-risk enterprise for perpetrators.
2. Financial Intelligence Units (FIUs), which are skilled in anti-money laundering and countering terrorism financing (AML/CFT), have the experience and legal mandate to support domestic law enforcement authorities in identifying and combatting wildlife crimes. FIUs located in jurisdictions affected by organised crime have developed the knowledge and tools which can be adapted and applied in cases of wildlife and forestry crime. Through enhanced investigations and increased targeting of perpetrators, the profitability of wildlife crime would decrease.
3. Since 2018, the Egmont Centre of FIU Excellence and Leadership (ECOFEL) has researched the financial flow trends related to wildlife and forestry crime as part of the Financial Investigations in Wildlife and Forestry Crime (FIWFC) project. The over-arching objective of the FIWFC project is to reduce illicit financial flows linked to wildlife crime by involving financial intelligence units (FIUs) within investigations.
4. The desired outcomes of the FIWFC Project are as follows:
  - To provide stakeholders with an enhanced understanding of the way corruption, money laundering, and economic crimes manifest in the wildlife trade context, thereby increasing the capacity to disrupt actors engaged in wildlife crime.
  - To improve stakeholder communication and cooperation, leading to operational partnerships between financial institutions, financial intelligence units (FIUs), governance bodies, and law enforcement agencies.
  - To increase the consequences for criminals and corrupt actors looking to enter the wildlife crime domain by essentially turning it into a higher-risk and less profitable criminal endeavour, one in which they are less likely to engage.

## Objectives

5. This report aims to facilitate the achievement of the first outcome by presenting the trends and patterns associated with wildlife crime financial flows.
6. As a FIWFC project output, the objectives for this report include:

- To provide stakeholders with an enhanced understanding of the financial aspects of wildlife crime;
- To encourage a coordinated multi-disciplinary approach at the international, regional and national levels between and within key jurisdictions to tackle the financial elements of wildlife crime.

## Methodology

7. From November 2019 until August 2020, the FIWFC project team conducted a comprehensive review of existing reports by international organisations and peer-reviewed journal articles. The project team also compiled a database of illegal wildlife seizures around the world using open-source material. This secondary research provided additional insight into the financial flows relating to wildlife crime.
8. Following the literature review and database compilation, from March 2020 until June 2020, the project team created and distributed questionnaires to FIUs and environmental agencies (EAs) located in all jurisdictions around the world. The ECOFEL received 59 responses from FIUs in every Egmont region,<sup>1</sup> and 29 responses from EAs.<sup>2</sup>
9. In some jurisdictions, custom agencies and other LEAs responded to the EA questionnaires since they had essential knowledge regarding wildlife seizures and enforcement. Out of the FIU responses, two jurisdictions chose not to answer the particular questions due to a lack of prioritisation and understanding of wildlife crime in their respective FIUs. The ECOFEL also received input from leading NGOs involved in combatting illegal wildlife trade.
10. In addition to gathering primary information from the questionnaires, the ECOFEL also led an in-person workshop in Bangkok, Thailand, from March 11-12, 2020. This workshop was designed to facilitate an exchange of information between FIUs,

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<sup>1</sup> Albania, Algeria, Argentina, Australia, Azerbaijan, Bangladesh, Belarus, Belize, Bhutan, Bosnia and Herzegovina, Botswana, Brazil, Burkina Faso, Cambodia, Canada, Cape Verde, Costa Rica, Cote d'Ivoire, Denmark, Finland, Gabon, Gibraltar, Guatemala, Guinea, Hong Kong, Hungary, Iceland, Indonesia, Ireland, Japan, Jersey, Kenya, Laos, Lebanon, Malaysia, Mali, Mexico, Mongolia, Netherlands, Niger, Norway, Panama, Papua New Guinea, Peru, Central African Republic, Republic of Congo, Slovakia, Slovenia, South Africa, Spain, St Kitts and Nevis, St. Vincent and Grenadines, Sweden, Senegal, Tchad, Ukraine, United States, Vietnam, Zambia

<sup>2</sup> Bangladesh, Belarus, Belize, Brazil, Burkina Faso, Canada, Costa Rica, Cote d'Ivoire, Croatia, Denmark, Gibraltar, Guinea, Iceland, Laos, Madagascar, Malaysia, Mali, Mexico, Niger, Norway, Panama, Poland, Slovenia, St Vincent & Grenadines, Sweden, Togo, United Kingdom, Yemen, Zambia

customs agencies, NGOs, and EAs throughout the Asia and Pacific region.<sup>3</sup> While additional in-person workshops were to be held, the project team decided to move to an online format due to restrictions associated with the COVID-19 pandemic. From June 2-5, 2020, the ECOFEL hosted a series of virtual workshops in English, French and Spanish to gather input from the Americas, East and Southern Africa, Europe I and II, and West and Central Africa Egmont Regional Groups. Key international organisations involved in the fight against wildlife crime also presented their findings on the last day of the eWorkshop series.<sup>4</sup> The questionnaire and live-event data, alongside secondary information from existing sources, provided the basis for this report's findings.

11. Challenges encountered during the research phase of the ECOFEL FIWFC project included: the limited sample size of questionnaire respondents and travel restrictions associated with the COVID-19 pandemic. Several FIUs were unable to complete the questionnaire due to lack of prioritisation of the illegal wildlife trade or wildlife crime within their unit. Additionally, certain questionnaire responses were underdeveloped as wildlife crime has not been previously analysed or brought to the attention of FIUs.

## Key Definitions

12. The following section outlines the key legal instruments, terms and definitions that will be used throughout the report.

## CITES

13. With over 180 parties, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is the principal international instrument dealing with wildlife trade. The convention covers over 37,000 species of wildlife and is crucial in establishing rules and prohibitions for the trade of endangered wildlife (CITES, 2020). CITES regulates the trade and sale of wildlife products by facilitating the administration of permits and licenses depending on the species conservation and protection status. Overall, the treaty seeks to prevent the overexploitation of listed species and penalise those involved via national measures.

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<sup>3</sup> In attendance: Cambodia FIU, CITES, FREELAND Foundation, Indonesia PPATK, INTERPOL, Thailand AMLO, Thailand Customs, Thailand Department of National Parks, UNODC, US Aid Wildlife Policy, WWF. Virtual participants: Bangladesh FIU, India WCCB, Malaysia FIU, Mongolia FIU, Vietnam FIU

<sup>4</sup> Brazil COAF, CITES, Cote d'Ivoire CENTIF, Cote d'Ivoire DPFE, FATF, Guatemala CONAP, INTERPOL, Kenya FIU, Madagascar SAMIFIN, Mexico UIF, Niger DFC/PR Nigeria FIU, Senegal CENTIF, South Africa FIC, South Africa HAWKS, Spain SEPRONA, UK NWCU, UNODC

14. CITES (2020) divides the regulation of species into three separate appendices depending on the level of protection that the species requires;

- Appendix I lists the species threatened with extinction and completely bans all trade in the species except in exceptional circumstances.
- Appendix II is for species not necessarily threatened with extinction, but for which trade must be controlled.
- Appendix III is for species that are protected in at least one country, which has asked other countries for assistance in controlling the trade.

### Box 1: The Role of the CITES Management Authorities

As CITES is not self-executing, each jurisdiction must develop their own legislation and designate CITES Management Authorities (MAs) to implement CITES. In most jurisdictions, the CITES Management Authority is embedded within the environmental agency. CITES MAs are responsible for issuing permits and certificates under CITES regulations. They must interact with other departments and governmental agencies, as well as communicate with the CITES Secretariat to coordinate actions to enforce the Convention. CITES MAs are also responsible for cooperating with enforcement authorities to fight illegal trafficking. FIUs are encouraged to reach out to their jurisdictions' CITES MA as they are a valuable resource of information and can help coordinate international cooperation for the fight against the illegal wildlife trade.

*Source: CITES Secretariat*

## Environmental Crime

15. Environmental crime is designated as a category of money laundering predicate offences (Financial Action Task Force [FATF], 2019). In broad terms, environmental crime is the category of illegal activities which cause harm to the environment and threaten the sustainability of ecosystems. EUROPOL (n.d.) notes that environmental offences can include, but are not limited to the:

- improper collection, transport, recovery or disposal of waste;
- illegal operation of a plant in which a dangerous activity is carried out or in which hazardous substances or preparations are stored;
- killing, destruction, possession or trade of protected wild animal or plant species;

- production, importation, exportation, marketing or use of ozone-depleting substances (para. 2).
16. Environmental crime can also include illegal logging, illegal fishing,<sup>5</sup> and illegal mining. These industries are estimated to cause billions of dollars in revenue loss. However, due to their intricacies, not all characteristics of these industries fall under the scope of this report. Specific case studies will cover trafficking in popular fish and forestry species such as totoaba and rosewood.
17. Although the majority of the species listed under CITES are plants, this paper will specifically focus on crimes about wild fauna.<sup>6</sup> The in-depth exploitation of wild flora, as well as other forms of environmental crime, may be addressed in future ECOFEL research projects.<sup>7</sup>

## Wildlife Crime

18. Wildlife crime is generally considered to be a smaller subset of activities under the broader category of environmental crime. Wildlife crime refers to acts which breach international and domestic regulations intended to protect natural resources. The acts may include, but are not limited to, the illegal hunting, poaching, taking, possessing, transporting, or selling of protected species of flora and fauna. As CITES (2020) highlights, “it also includes the concealment and laundering of the financial benefits made out of these crimes” (para. 2). These activities are only considered a crime if they are punishable by domestic penal codes.

## Illegal Wildlife Trade

19. Illegal wildlife trade (IWT) is a type of wildlife crime that encompasses actions such as smuggling, trading or trafficking of CITES designated species and/or other protected species, including their parts and products.<sup>8</sup> Wildlife trade is illegal when it violates the CITES provisions or any other international treaty and domestic law protecting flora and fauna. A perpetrator involved in the IWT may not have proper CITES permits, trade outside of designated CITES ports of entry, and/or may not comply with CITES trade suspensions. The trade of illegal wildlife products is

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<sup>5</sup> Illegal fishing is commonly referred to as illegal, unreported, and unregulated (IUU) fishing.

<sup>6</sup> The world’s fauna includes all animals, reptiles, insects, and fish.

<sup>7</sup> Flora can be understood as earth’s plants such as flowers, timber, and non-timber forest products.

<sup>8</sup> Domesticated species do not fall under the purview of IWT.

typically conducted across borders, so wildlife crime is subsequently and frequently considered to be a transnational activity.

*Figure 1: Visual Diagram of Key Concepts*



## Legal Framework

### International Environmental Legislation

20. There are differences in how countries handle wildlife crime offences. States may choose to punish offenders by pursuing administrative, civil, or criminal sanctions. In certain jurisdictions, wildlife trade has not been comprehensively addressed within national legislation at all. To harmonise standards and approaches, as well as to facilitate coordination and cooperation in the fragmented domain of IWT, an extensive body of organisations, treaties, conventions, and agreements have emerged over the last 40 years (OECD, 2019). These institutions may directly or indirectly regulate and control the international trade in wildlife. While many non-binding agreements exist, legally binding instruments pressure parties to integrate anti-IWT provisions into their national laws.
21. In addition to CITES, several legally binding instruments are directly associated with IWT, including:<sup>9</sup>
- International Tropical Timber Agreement
  - Convention on Biological Diversity

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<sup>9</sup> For links to the mentioned legal instruments, please see Reference List: Legal Instruments



- Convention on the Conservation of Migratory Species of Wild Animals
  - Agreement on the Conservation of African-Eurasian Migratory Waterbirds
  - Agreement on the Conservation of Gorillas and Their Habitats, also known as the Gorilla Agreement
  - Convention Concerning the Protection of the World Cultural and Natural Heritage
22. Regional legal frameworks can also be used to combat IWT. For instance, the ASEAN Mutual Legal Assistance for Law Enforcement (MLA) coordinates extradition agreements between countries in the region, including Singapore, Thailand, and Malaysia. Such general extradition agreements can be utilised to target IWT. Regional cooperation mechanisms are necessary due to the transnational characteristic of IWT, which makes it challenging to punish offenders.
23. Additional existing regional and sub-regional legal frameworks include:<sup>10</sup>
- African Convention on the Conservation of Nature and Natural Resources
  - Lusaka Agreement on Co-operative Enforcement Operations directed at Illegal Trade in Wild Fauna and Flora
  - Convention on the Conservation of European Wildlife and Natural Habitats
  - Convention on Nature Protection and Wild-Life Preservation in the Western Hemisphere
24. Regional efforts have also been taken to address wildlife trafficking. The Lima Declaration on Illegal Wildlife Trade calls upon jurisdictions in the Americas to “adopt the use of financial investigation techniques and support public-private partnerships to identify the illicit financial flows and the criminal organizations, and their networks associated with illegal wildlife trafficking” (Lima Declaration, 2019, p. 3). Similarly, the EU Action Plan against Wildlife Trafficking also includes an objective to “boost capacity of relevant experts to tackle the links of wildlife trafficking with organised crime, including cybercrime and related illicit financial flows” (EU, 2016, p. 20). Although these are not legally binding documents, it signals the movement in these regions to address the need to conduct financial investigations into wildlife crime.
25. Finally, there are numerous United Nations instruments about wildlife crime. Notably, the UN General Assembly Resolution A/71/L.88 (2017) calls on countries to leverage AML laws in the fight against wildlife trafficking (UNEP, 2018). Three United Nations Security Council Resolutions also pertain to IWT. Namely, Resolution 2121

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<sup>10</sup> For links to the mentioned legal instruments, please see Reference List: Legal Instruments

(2013) and Resolution 2262 (2016), which specifically address wildlife poaching and trafficking in the Central African Republic, and Resolution 2134/2136 (2014), which endorses the use of sanctions to combat criminal networks and groups involved in the illegal exploitation of flora and fauna.

## Key Species

26. Thousands of CITES-protected species are implicated in the illegal wildlife trade. Contextual factors, such as the market demand, availability, and geographical location of the wildlife, determine the relative rate that a species is traded. Noting the types of wildlife illegally traded in a jurisdiction is necessary for conducting effective financial analysis as the typologies and investigation methods vary depending based on species.<sup>11</sup>
27. There are challenges associated with identifying the exact frequency that a species is traded due to a general lack of wildlife regulation and adequate protection across jurisdictions. However, based on the EA questionnaire responses collected by the ECOFEL and open-source data, the following species have been identified as significantly implicated in the illegal wildlife trade. Figure 2 outlines several key species sourced in each region based on responses received in 2020. Figure 3 summarises the key species (or species group) implicated in open-source seizure reports from 2015-2020. Although this does not reflect the entirety of seizures, it depicts recent trends of illegal wildlife species and highlights seizures reported by news agencies.

*Figure 2: Table of Popularly Species Traded<sup>12</sup>*

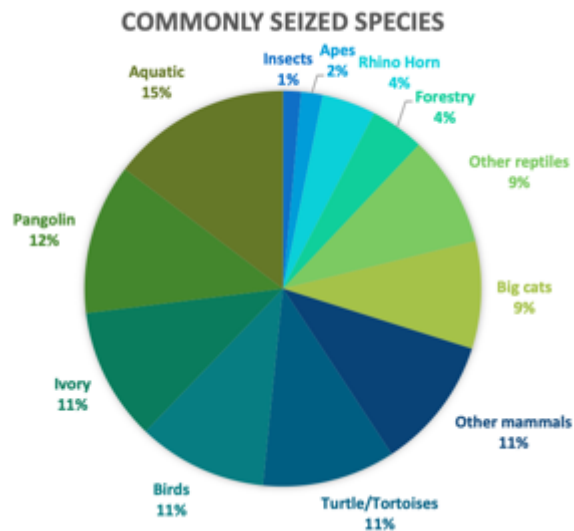
AMERICAS	WEST & CENTRAL AFRICA	EAST & SOUTHERN AFRICA	EUROPE	ASIA-PACIFIC
Sea turtles	Elephant	Elephant	Birds of Prey	Tigers
Iguanas	Pangolin	Turtles/tortoises	Whale	Turtles
Parrots	Rosewood	Rhino	Bears	Pangolins
Totoaba	Crocodiles	Big Cats	European eels	Orangutans
Corals	Panther	Shark	Songbirds	Parrots

*Source: The ECOFEL EA Questionnaires*

<sup>11</sup> For example, the trafficking in glass eels involves different countries, routes, and shipping methods than ivory trafficking.

<sup>12</sup> For more information on each of these species, please visit the ECOFEL's 'Introduction to Wildlife Crime' course on its eLearning platform. Please note, access is limited to eligible users.

Figure 3: Chart of Commonly Seized Species/Products by Percentage



Source: The ECOFEL Open - Source Seizure Database<sup>13</sup>

28. There are many changing trends and nuances within IWT that are difficult to capture with seizure or open-source data. FIUs and other LEAs would benefit from cooperating with EAs and environmental NGOs as they have essential knowledge regarding the technicalities of the illegal wildlife trade in a specific region. Certain NGOs dedicate their resources to fighting the illegal wildlife trade, which would be valuable sources for understanding these shifting trends.

### Key Industries

29. Understanding the critical industries implicated in the illegal wildlife trade can help FIUs with developing wildlife crime-related money laundering indicators and red flags.<sup>14</sup> Although opportunistic individuals are involved in the illegal wildlife product chain, the involvement of businesses may suggest a more sophisticated criminal network dealing with larger quantities of illegal wildlife. For example, criminal networks may use legal companies to launder the proceeds of wildlife crime. Financial investigations must target the businesses involved in IWT to take down the larger criminal syndicates.

<sup>13</sup> As the data in this chart is based on open-source data, it does not capture all global wildlife seizures.

<sup>14</sup> The FATF has developed a list of red flag indicators in their report, *Money Laundering and the Illegal Wildlife Trade* that may be used by financial institutions to guide their identification of suspicious activity. Please see Annex C of this report for the indicators.

## Hunting/Eco-tourism

30. Hunting companies may offer exotic wildlife species hunting to trophy hunters. These businesses must abide by the regulations of both CITES and national legislations. If the company does not obtain the proper permit for the hunting of certain species, the business may be implicated in wildlife crime.

- The International Fund for Animal Welfare (IFAW) found that there is a link between rhino poaching and trophy hunting. They reported a case where an international rhino horn trafficker used legal loopholes in trophy hunting legislation to obtain rhino horns illegally (IFAW, 2016).
- Like hunting companies, Zambia's environmental agency noted the involvement of eco-tourism companies in wildlife trafficking. Several bags of ivory were found and seized at an eco-tourism safari lodge in Zambia. Three other jurisdictions also observed the involvement of eco-tourism companies in the illegal wildlife trade.

### Box 2: Rhino Horn Trafficking and Hunting in Poland

Upon receiving a request by the Ministry of Environment in Poland, the Polish Police started an investigation in 2016 into hunters who import rhino horns into the country. This investigation revealed that in numerous instances, 'legally' obtained rhino trophies imported by Polish hunters disappeared from their collection. More than 40 hunters were involved. It is likely that hunting trips were arranged by an individual who collected imported rhino horns for the black market in Asia. The investigations are ongoing, but so far 100 rhino horns valued at around 25 million USD have gone missing through this operating channel.

*Source: CITES Management Authority, Poland*

## Timber

31. Certain jurisdictions noted that timber companies are implicated in IWT when they illegally export protected wood species together with their legal exports.

- The Environmental Investigation Agency ([EIA], 2019) found evidence of several companies involved in the illegal extraction and exportation of protected tree species in Gabon and Congo. These companies were affiliated with Deji Group, an influential Chinese timber group. The EIA also discovered that a timber

importation company in the United States was complicit in this illegal trade (EIA, 2019).

- Panama's environmental agency revealed in the ECOFEL's questionnaire that companies relating to timber, sawmills and wood products are involved in wildlife crime.

## Transportation and Shipping

32. Transportation companies are necessary for transferring wildlife products along the supply chain.

- Eleven environmental agencies from different jurisdictions noted that transportation companies are involved in the illegal wildlife trade. Among the identified transportation methods are freight transport, yachts, private cars, and rail cars.
- From 2009-2016, there were over 1000 seizures of illegal wildlife products shipped via aeroplanes, whether in checked luggage, freight, mail, or carry-on (TRAFFIC, 2018).
- The transport chain is highly fractionalised and involves many air, sea, road, or rail methods of transport through the various entry and exit points. The transportation methods often vary depending on the species.

## Financial

33. Financial intermediaries may be implicated in the illegal wildlife trade when they knowingly or unknowingly facilitate money transfers amongst wildlife crime perpetrators.

34. Many FIUs have not yet explored the payment methods involved in wildlife crime. However, 17 questionnaire respondents identified that wildlife crime perpetrators might take advantage of the financial sector by using banking services, remittance providers, and online payment applications to facilitate their illicit activities.

- One study by Jing and Ling (2015) found that WeChat Pay, an online payment tool used primarily in China, was being used to facilitate money transfers in the online illegal wildlife trade.

## Traditional Medicine

35. The products of certain protected wildlife species are used to treat a variety of ailments as part of traditional medicinal practices.

36. In seizure data from 2015-2020 provided by Environment and Climate Change Canada, traditional medicine containing protected wildlife species made up the majority of seizures of cross-border shipments into Canada.
37. Products of species such as rhinos, pangolins, tigers, jaguars, and bears are frequently used as ingredients for traditional medicines.
38. In a study of a Ghanaian wildlife market, seven protected wildlife species were found to have uses in traditional medicine (Gbogbo & Daniels, 2019).
- In China, pangolin scales are used in the pharmaceutical and traditional medicine industry. The country's medicinal demand for scales is estimated to create the demand for up to 150,000 pangolins annually (C4ADS, 2020).

### Exotic Pet Trade

39. Pet stores and online retailers can be implicated in the illegal wildlife trade by selling protected live animals to customers.
40. Three different environmental agencies responded that pet stores might be involved in the illegal wildlife trade.
41. Animals implicated in the exotic pet trade include primates, big cats, reptiles, and marine life such as sea otters.
- One study found that viral social media videos of pet otters fueled the illegal trade of the animals in Thailand (Siriwat & Nijman, 2018).

### Trinkets and Jewellery

42. Retail stores may sell wildlife products like jewellery or souvenirs. Consumers may purchase them as a souvenir or to gift to family members and friends.
43. Parts from wildlife species such as elephant, rhino, and turtle, are processed into necklaces, bracelets, and figurines. The small size of these items makes them easier to smuggle than whole animals or parts.
- The environmental agency of Panama indicated that tortoiseshell jewellery is sold with other legal items in retail stores.

### Taxidermy

44. Taxidermy companies become involved in the illegal wildlife trade when they preserve, or transport protected wildlife species and products without proper permits.
- In one case, a Canadian taxidermist was charged with violating wildlife protection laws because he illegally transported black bear pelts from the United States to Canada without the proper permits (Bell, 2019).

- Poland's CITES Management Authority also noted how taxidermy companies might be involved in the illegal wildlife trade.

## Zoos/Breeding Facilities

45. Zoos may be involved in the illegal wildlife trade when they illegally import or obtain protected wildlife species without proper permits. Like zoos, breeding centres or farms are also implicated in the illegal wildlife trade.

- Costa Rica's environmental agency indicated that zoos might be facilitating the illegal wildlife trade.
- In a raid of the Tiger Temple breeding farm in Thailand, there was evidence of illegal trafficking of captive tigers (BBC, 2019).

46. Other industries implicated in the illegal wildlife trade that have been identified in secondary research are:

## Food/restaurants

47. Protected wildlife species are sold in markets, grocery stores, and restaurants to be consumed as delicacies. If restaurants and retailers do not abide by national legislation, they are engaging in illegal wildlife trade.

- For example, the demand for shark fin soup in Asia is a critical driver in the illegal trade of sharks.<sup>15</sup>

## Fashion

48. Many reptiles, such as crocodiles, lizards, and snakes, are used to make handbags and shoes. Furs from animals such as big cats, otters, and seals are also used in the high-fashion industry.

- Countries in Europe are major exporters of fashion items made from illegal wildlife products. In Sosnowski & Petrossian's (2020) study on wildlife seizures relating to the US luxury fashion industry, 56% of 474 seizure incidents came from Italy, France, and Switzerland.

## Art and Décor

49. Illegal wildlife products can be employed for artistic and decorative purposes. Parts of wildlife, including big cat skins, can be turned into rugs and other home décor. Species such as mongoose can be used to create paintbrushes.

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<sup>15</sup> In a 2017 survey in Thailand, WildAid found that 61% of respondents will continue to consume shark fin soup in the future.



- In a case involving the Indian Wildlife Crime Control Bureau (WCCB), the 2019 Operation Clean Art encompassed 31 raids and led to the confiscation of 113 kilograms of raw hair and 55,421 brushes made from mongoose (Singh, 2019). Forty-nine wildlife criminals were arrested across India because of the operation (WCCB, 2020).

## Supply Chain

### Geographic Supply Chain

50. The illegal wildlife trade supply chain is frequently outlined as involving source, transit, and destination countries.
51. A source country is where the wildlife is initially extracted, exploited, taken, killed, or poached.
  - Example: The Democratic Republic of Congo is home to all four African subspecies of the pangolin and is a primary source of pangolins, as found in seizure data from 2015-2019 (C4ADS, 2020).
52. A transit country is a hub for the import and subsequent export of illegal wildlife products.
  - Example: Nigeria is a significant transit country for the illegal pangolin trade. From 2015-2019, international seizure data showed that over 87 tonnes of pangolin scales transited through Nigerian maritime ports (C4ADS, 2020).
53. A destination country is where wildlife products are sold and consumed for various purposes.
  - Example: China is a major destination country for pangolins in the illegal pangolin trade, where their scales are used in traditional medicine (C4ADS, 2020).
54. The geographic supply chain is not mutually exclusive. One region can serve as multiple points along the supply chain. For instance, although Gabon is a source country for pangolins, the nation can also be considered a destination point since pangolins are consumed within the country as part of the bushmeat trade (Mambeya et al., 2018). In the ECOFEL EA questionnaires, 38% of environmental agencies have identified themselves as all three categories (See Figure 3).

Figure 4: Table of Geographic Supply Chain Question Responses

Location on Supply Chain	% of Respondents
Source, Transit and Destination	38%
Source and Transit	14%
Transit and Destination	10%
Source	17%
Transit	14%
Destination	0%
Destination and Source	0%
Unknown	7%

Source: The ECOFEL EA Questionnaire

### Actors Supply Chain

55. An alternative method for examining the illegal wildlife trade supply chain is by emphasising the various actors along the geographic route. This model can be utilised to identify the links between the actors. This can help in tracing the illicit financial flows linked to the illegal wildlife trade.

56. The UNODC (2020) value chain is a useful model that focuses on the actors along each stage of the IWT supply chain. The actor descriptions below are adapted from the UNODC model. FIUs may investigate each transaction throughout the actor supply chain.

#### 57. Poachers

- Poachers are those who illegally catch, poach, kill or capture the wildlife species at the source, contrary to national laws.
- Cash is the primary payment method at this level in the supply chain.

#### 58. Runners/brokers

- Runners and brokers purchase illegal wildlife products directly from the poacher in the source community and transport it to the next actor in the supply chain.
- UNODC (2020) found that runners and brokers are essential to high-level traffickers who want to separate themselves from the poaching incident as much as possible.
- Many of the financial transactions between the broker and poacher are done in cash in the local currency. Several respondents of the ECOFEL FIU questionnaire suggested that mobile payment methods are also used in source countries to pay poachers.

## 59. Intermediaries

- Intermediaries are usually high-level traffickers that take care of the logistics required for transporting illegal wildlife products. They work as middlemen between brokers and exporters (UNODC, 2020).
- Unless the intermediary transports the wildlife product, there will also be a financial transaction between the transporter (individual or company) and the intermediary.
- Depending on the product, the intermediary may need to arrange and pay for storage/stockpiling of the illegal wildlife species.
- Financial transactions at this level may begin to be conducted via banking transfers, remittances, or online services since the transactions generally involve larger amounts of money.

## 60. Exporters/Importers

- Exporters/importers are key actors in moving the illegal wildlife products from one region to another. They may be responsible for preparing transportation documents and concealing the products (UNODC, 2020).
- Exporter and importers may take advantage of front companies or corrupt authorities to transport illegal products internationally (UNODC, 2020).
- Financial transactions may involve transferring large sums of money internationally via banking transfers, remittances, or other online services.

## 61. Wholesalers

- Wholesalers purchase wildlife products in the destination countries and distribute them to retail traders (UNODC, 2020).
- Wholesalers may sell illegal wildlife products alongside their legitimate goods.
- Depending on the size of the illegal wildlife shipment, larger financial transactions may involve transferring money via banking transfers, remittances, or other online services.

## 62. Retail traders

- Retailers sell the finished wildlife product to the end consumer (UNODC, 2020).
- Like wholesalers, retail traders may sell the wildlife product alongside their legitimate goods, such as a jewellery store selling prohibited ivory beads alongside their usual, legally traded jewellery.
- Although smaller transactions between retailer and customer may be cash-based, online retailers may use online payment methods such as PayPal or WeChat Pay.

63. The actors involved in wildlife crime may vary based on the case's circumstances. While all actors may be interested in the trade of one species, a different species may go straight from the poacher to the retailer. In some instances, actors may serve as both the broker and intermediary or simultaneously as the wholesaler and importer. The profits associated with wildlife products increases substantially along the supply chain (May, 2017). For example, the price of great apes increases by 1000% between the poacher and final buyer (Clough & May, 2018).
64. The different uses of a species may impact its supply chain. For example, pangolin bushmeat involves a less sophisticated trade between rural communities and urban areas. Therefore, this trade may involve fewer transactions and a greater reliance on cash. While the trade in pangolin bushmeat is mostly local and involves fewer actors, the international trade in pangolin scales involves a much larger supply chain. The pangolin scale trade requires participants from different jurisdictions to coordinate on transporting, shipping, storing, and selling the product.

## Linking Financial Crimes to the Actor Supply Chain

65. Money laundering can be found at every level of the actor supply chain. However, there are also additional financial crimes that may be more specific to certain actors. The table below outlines several crimes within the AML/CFT financial crime framework that can be associated with each actor along the wildlife crime supply chain. These financial crimes are included in FATF's 2019 list of designated categories of offences.

*Figure 5: Table of Financial Crimes in the Actor Supply Chain*

Actor	Financial Crimes
Poacher	Robbery or Theft,
Runner/Broker	Smuggling, Fraud,
Intermediaries	Fraud, Smuggling, Bribery and Other Forms of Corruption
Exporters/Importers	Fraud, Smuggling, Currency Violations, Bribery and Other Forms of Corruption
Wholesalers	Fraud, Smuggling, Tax Crimes
Retail Traders	Fraud, Tax Crimes

*\* This list is not exhaustive and there may be other crimes depending on each jurisdiction's national legislation or the structure of the organized crime groups and the and the illicit techniques they use to conduct the illegal activities.*

## Concealment Methods

66. Traffickers develop concealment methods to avoid detection by authorities during the transportation of illegal wildlife products. The cases where concealment methods were discussed in the ECOFEL's questionnaire indicated that such methods involved standard techniques as outlined in this section.
67. Illegal wildlife products can be concealed and transported in personal baggage on transportation such as private vehicles, passenger buses, and taxis. This simple concealment method is often taken advantage of in regions with porous borders, where there may be limited enforcement (Runhovde, 2017).
- In 2020, 75 python skins were seized in Ouagadougou, Burkina Faso by the local customs authority. The bags were on route to Niger, transiting through Mali via public transportation. The skins were concealed in empty corn bags.
68. Illegal products can be disguised as legitimate goods. Some legitimate goods identified as being shipped with illegal wildlife products were timber, non-protected species of animals, and alcohol.
- In November 2016, 422 Margined tortoises were seized at BCP Županja by Croatian Customs from Bosnia and Herzegovina. The protected tortoises were concealed in bags alongside legitimate and declared salt products.
69. Illegal wildlife products are also frequently improperly declared or have falsified documentation to avoid detection by law enforcement agencies. Illegal wildlife products have been falsely declared as tea, plastics, peanuts and other goods.
- In June 2019, 10,400 kg of shark fins, to be shipped to the Philippines, were seized at the Port of Manzanillo, Mexico, by the customs authority. The shipment was valued at \$208,000. They were concealed in cardboard boxes and had export permits with false information.
70. Numerous FIUs noted that information from customs authorities, including details of product seizures, is valuable for conducting financial investigations. Understanding concealment methods can assist FIUs in developing perpetrator profiles and help them understand the modus operandi. Developing actor profiles and understanding patterns in the modus operandi can support the identification of future wildlife crime transactions.

## Payment Methods

71. The primary method of payment used in the illegal wildlife trade is cash. Cash is used throughout the supply chain but is especially prevalent within source countries. Transactions often involve small amounts between poachers and brokers. FIUs may

apply the techniques that they currently use when analysing other predicate offences where cash is the predominant payment method.

72. FIU questionnaire respondents identified additional payment methods used by poachers and intermediaries in the supply chain. These payment methods include:

- Bank transfers (wire transfers or remittances)
- Internet banking (IB) or mobile banking (MB)
- Prepaid cards (Visa, iTunes)
- Barter systems (commodities such as cigarettes, minerals, chainsaws, etc.)
- Virtual assets

73. Several FIUs also mentioned that some online payment providers might facilitate IWT transactions. Additionally, in one study by Jing and Ling (2015), WeChat Pay was found to facilitate online IWT in China.

### Box 3: Online Wildlife Trafficking

Two individuals from Port Richey, Florida, were indicted with charges of conspiracy, smuggling, and Lacey Act violation. They had traded over 3,100 wildlife products over the span of 6 years, valued at a total of US\$ 211,212. They sold the goods using eBay and accepted payments via PayPal.

*Source: The United States Department of Justice, 2020*

74. Informal remittance systems may also facilitate payments in the illegal wildlife trade. For example, one study found that the Chinese informal value transfer system, 'feiqian' was used to facilitate payments in a rosewood smuggling scheme involving Southern African countries and China (Oxpeckers, 2019). A study by Global Financial Integrity (2018) noted that there might be the use of *hawala* in the illegal trade in great apes in Africa. The use of informal value transfer system in IWT warrants further exploration.

75. While various payment methods were identified in the ECOFEL's research, many jurisdictions reported that they were unaware of the payment methods used for wildlife crime. More research is needed to understand the methods of transferring illicit financial flows. Through understanding the trends and patterns of the payment methods associated with wildlife crime, FIUs can provide useful guidance to financial intermediaries in developing measures to prevent the illicit transfer of funds.

#### Box 4: Joint Parallel Financial Investigation in Australia to Dismantle Reptile Smuggling Network

"In 2016, the Australian Border Force (ABF) intercepted several outgoing international mail parcels containing native wildlife. Together with several intercepted inbound packages containing exotic wildlife they were linked to an Australian person of interest (POI). To further investigate, the Department of the Environment and Energy (DoEE, now known as the Department of Agriculture, Water and the Environment) undertook a joint investigation with the Australian Federal Police (AFP), and coordinated significantly with the ABF, the FIU (AUSTRAC), the Department of Agriculture and Water Resources, and various state and territory wildlife authorities.

The AFP confirmed that the POI coordinated an IWT criminal network to export Australian native reptiles. Many of the POI's exports were destined for associates in Sweden. The investigation involved sharing intelligence with Swedish Police authorities on the activities of Swedish POIs.

A search was conducted on the POI's residence resulting in their arrest. During the search two Burmese pythons were discovered on the property, along with approximately AUD 30,000 in cash.

Financial intelligence helped identify the broader criminal networks. Bank transaction information obtained from the FIU linked the primary POI directly to several Swedish wildlife traffickers, supporting the criminal investigation. Likewise, FIU analysis identified that the same Swedish entities had been sending funds to another Australian reptile trader.

The payment methods used by members of the network included:

- Cash;
- Bank transfers;
- Remittances through a large MVTs provider;
- "In-kind" transactions (exchange of wildlife of equal value);
- Transactions sent to related parties (associates and family members of wildlife traffickers).

***Box continued on next page***



## Joint Parallel Financial Investigation in Australia to Dismantle Reptile Smuggling Network Cont'd

The volume of financial flows is difficult to quantify; however, estimates indicate that the primary POI stood to gain over AUD 500,000 from an intercepted import of fish, stingrays, reptiles and turtles from Thailand.

The primary POI was convicted on six charges including:

- Attempting to export regulated native specimens (*The Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) 303DD);
- Importing of regulated live specimens (EPBC Act 303EK);
- Possession of illegally imported specimens (EPBC Act 303GN);
- Money laundering (Criminal Code Act 1995).

The POI was sentenced to four years' imprisonment, with a non-parole period of two and a half years. During the investigation, authorities confiscated approximately USD 30,000 cash as proceeds of crime, along with over USD 340,000 (estimated value of wildlife)."

Source: AUSTRAC

## Links to Other Crimes

76. As wildlife crime may be linked to other forms of criminal activity, the prioritisation of wildlife offences could be reconsidered. Exploring these connections can encourage the use of established analytical tools and typologies in the domain of illegal wildlife trade and facilitate crime prevention through numerous fronts. This section will introduce the connections between wildlife crime and other transnational crimes.

### Drug Offences

77. There may be connections that exist between drug smuggling and illegal wildlife trade. According to the Directorate for Priority Crime Investigation (HAWKS), the multi-million-dollar trade in illegal abalone is facilitated by Chinese organised criminal groups and local South African gangs.<sup>16</sup> These groups have also been linked

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<sup>16</sup> As mentioned in ECOFEL's eWorkshop from June 2-5<sup>th</sup>, 2020

to the drug trade. Sometimes, abalone is directly traded for recreational drugs (TRAFFIC, 2018).

78. In a 2020 case, the United States Attorney's Office for the Southern District of Georgia released an indictment for many members of a wildlife trafficking network that illegally traded shark fins and totoaba bladders. These members were also charged with drug distribution as they were found with thousands of kilograms of marijuana. The network used seafood businesses as fronts to launder the proceeds from both the drug distribution and the illegal wildlife trade (Ballard Spahr LLP, 2020).
79. In the ECOFEL questionnaire, FIU Mexico also noted how wildlife trafficking uses the same routes as drug, arms, and human trafficking. Similarly, Global Financial Integrity released an article that describes how drug smugglers have a symbiotic relationship with wildlife traffickers, as they may use the same routes (Guen, 2020). This contrasts with the 2016 study of wildlife trafficking in the Americas that found that most wildlife trafficking was done opportunistically or by small networks without involvement in illegal drug trafficking (Reuter & O'Regan, 2017). The connection between the drug trade and wildlife crime may therefore depend on the regional context.

## Corruption

80. Corruption is a key enabler in the illegal wildlife trade. Corrupt practices can occur at every level of the wildlife crime supply chain. Van Uhm and Moreto (2019) found that, in various jurisdictions, low-level corruption facilitated poaching. For example, forest rangers may provide patrol information to poachers in exchange for a small bribe. In China, the cross-border illegal wildlife trade was facilitated by personal networks and exchanges of gifts between various government officials and illegal wildlife traders (Van Uhm & Moreto, 2019). In multiple cases of ivory trafficking, shipping agents and customs officials are provided with bribes to ensure that fake paperwork is filed, and shipments of ivory proceed without inspection (Wyatt et al., 2018).
81. FIUs have also identified corrupt practices by wildlife crime perpetrators. In one case involving the Financial Intelligence Centre (FIC) South Africa, a rhino horn poaching ring was broken up with the aid of financial intelligence and other surveillance tactics. This network was comprised of police officers, game rangers and community leaders, which led to charges of illegal wildlife trade, money laundering and corruption. As another predicate offence for money laundering, financial investigations can also target corruption in the illegal wildlife trade.

## Terrorist Financing

82. The link between terrorism and the illegal wildlife trade has been explored in open-source media, especially the connection between ivory trafficking and terrorist groups in East Africa.
83. In a 2010 investigation by the Elephant Action League, the organisation found that there may be a link between Al-Shabaab and ivory trafficking through Kenya. The Elephant Action League suggested that Al-Shabaab's involvement in the illicit trade "could be supplying up to 40% of the funds needed to keep them in business" (as cited by Save the Rhino, 2013, para. 6). With the profits made from wildlife products, the groups can purchase weapons and pay soldier's wages. As a result of the potentially high involvement in the ivory trade, Al-Shabaab may play "a role in setting the prices for ivory on the global markets" (as cited by ESAAMLG, 2016, p. 57).
84. FIUs in Africa have noted that there may be links between poachers and terrorism financiers. Kenya's Financial Reporting Centre exchanged information with another FIU "on terrorism financing where some individuals were remotely linked to suspected poachers in the country."<sup>17</sup>
85. In contrast, Nigeria's FIU mentioned the involvement of Boko Haram in wildlife trafficking in the Lake Chad Basin area, even though there have been no successful prosecutions or public cases. Searcey (2018) also reports that Gabonese officials announced that an extensive ivory smuggling network with ties to Boko Haram had been broken up. In addition to the connection to ivory, Cameroon has observed that there is a risk of Boko Haram illegally exploiting fish populations in Lake Chad (GABAC, 2017).
86. A report by *Groupe d'Action contre le blanchiment d'Argent en Afrique Centrale (GABAC)* also highlighted the link between the illegal wildlife trade and terrorism financing. For instance, several individuals listed as members of the Lord's Resistance Army and the Seleka Group were arrested by Chadian Defence and Security Forces in connection with poaching cases (GABAC, 2017). The members were in possession of various wildlife products, including elephant tusks. The individuals stated that they obtained the wildlife products to exchange the items for weapons, cars, and supplies, or to sell them to the heads of the Janjaweed group based in Darfur (GABAC, 2017).

## Illegal Weapons Trade

87. The illegal weapons trade is connected to wildlife crime in multiple ways. Firstly, smugglers may use the same routes for trading illegal weapons as they do for

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<sup>17</sup> FIU Questionnaire response.

trafficking wildlife products. During the ECOFEL eWorkshop series, a European representative's presentation indicated that organised crime groups are using similar methods for moving wildlife products as they do with other illicit goods. Moreover, the representative also stressed that the crime groups are beginning to focus on wildlife activities as there is less risk involved.

88. Secondly, INTERPOL (2018) reports that some wildlife traffickers may be implicated with arms dealers and may use illegal weapons to poach animals. In a 2015 report by the Small Arms Survey, the organisation “found that weapons and ammunition

### Box 5: Determinants of Prices

Estimates concerning prices of illegal wildlife products may vary greatly depending on the source of the information. Factors that impact the prices of illegal wildlife products include the location, the species traded, and the shipping route. Generally, supply and demand of the product determine a scarcity level. The higher this level is, the higher the associated price. The supply and value of wildlife products is associated with the origin, characteristics, and regulation status of the species. As UNODC (2019) notes, “[t]he more endangered a species becomes, the greater is the commercial value that is put on the remaining specimens, thereby increasing the price and the incentive for trafficking” (para. 7). The demand of the products is often associated with a desire of consumers to showcase their wealth (UNODC, 2019).

collected at poaching sites are rarely entered into Interpol’s firearms tracing system” (as cited in Bale, 2016, para. 6). For instance, previously seized illegal arms in Mozambique later showed up at a poaching site (Bale, 2016).

89. Finally, perpetrators may use wildlife products as currency for the weapons trade. An investigation by National Geographic mentioned there are occurrences of militia groups trading ivory in exchange for guns (Bale, 2016). However, the use of weapons as a currency in wildlife trafficking needs greater exploration.

### AML/CFT Relevance

90. Wildlife crime can start to be addressed through national and international AML/CFT frameworks. This section will outline some of the AML/CFT legislation that can be applied when starting to conduct and support financial investigations into wildlife crime. This section will also provide an overview of the advantages of using AML/CFT legislation to target wildlife offenders.
91. The relevancy of AML/CFT legislation has recently become a focus of FATF. Under the 2019-2020 Chinese presidency, AML/CFT investigations in fighting IWT became

a priority. The FATF has also recently released a report entitled *Money Laundering and the Illegal Wildlife Trade* which outlines the applicability of FAFT 40 Recommendations in conducting financial investigations into wildlife crime.

### AML/CFT Legislation

92. On a national level, each country adopts either an ‘all crimes’ approach or a ‘predicate offence’ approach to utilising AML/CFT legislation. An all crimes approach means that “any crime can serve as the grounds for the application of the AML requirements, fines, and penalties” no matter the severity or type of crime (Wingard & Pascual, 2019, p. 3). Under a predicate offence approach, “laws expressly limit the types of crimes that trigger the jurisdiction of their AML statute. This limitation can take several forms, including using either a list of named crimes, or some other defining element (e.g. the level, severity or type of crime)” (Wingard & Pascual, 2019, p. 3).
93. The predicate offence approach can pose challenges for combatting IWT as conditions can result in offenders not being prosecuted via AML/CFT laws. One condition requires wildlife crime acts to be considered a predicate offence under the national AML/CFT legislation. Depending on the federal legislation, predicate offences can be listed, or they can meet the threshold for a serious crime. If wildlife crime does not meet this threshold, it will be insufficient to trigger an AML/CFT investigation. Another condition requires the species poached/trafficked to fall under protection by national laws to be considered wildlife crime. Without meeting these conditions, AML/CFT laws will not be triggered.

#### Box 6: The Lacey Act – U.S. Legislation

The Lacey Act is the United States’ oldest wildlife protection statute. Enacted in 1900, the piece of legislation prohibits international and domestic wildlife trafficking. The Lacey Act is unique in its ability to utilise foreign legislation to trigger a Lacey Act violation. A wildlife crime perpetrator can be prosecuted in the United States by referencing that the act violates a foreign law. For example, “a California defendant was charged with selling tarantulas collected in violation of Mexican law. At trial, the relevant Mexican law was admitted to serve as the underlying violation for a felony conviction” (Webb, 2001, p.5). This type of legislation structure can take advantage of a predicate offense designation in other states to punish wildlife crime perpetrators.

94. International cooperation frameworks developed by the United Nations Convention against Transnational Organized Crime (UNTOC) and the United Nations Convention

against Corruption (UNCAC) enable the criminalisation, investigation, and prosecution of certain wildlife and forestry offences (CITES, 2020). While there are no specific protocols embedded within the UNTOC convention associated with wildlife crime, according to Resolution E/2013/30 of the Economic and Social Council of the UN, the illicit trafficking in protected species of wild fauna and flora is a serious crime covered under the agreement.

95. The UNCAC does not state specific provisions on wildlife crimes; however, the UNCAC promotes and strengthens measures to prevent and combat corruption and supports international cooperation and technical assistance in the prevention of, and fight against corruption, including asset recovery. The enforcement of all measures covered by the UNCAC are vital to reduce wildlife crimes. The international community has recognized that corruption underpins the illegal trade in natural resources. In 2016, at the 17th meeting of the Conference of the Parties to CITES, a resolution was passed calling on Parties to take a broad range of measures to prevent and combat corruption linked to the illegal wildlife trade. The G20 Leader's Declaration of 2017 committed to the fight against corruption related to illegal trade in wildlife and wildlife products. In 2019, the States Parties to the UNCAC adopted a resolution, the first of its kind, on preventing and addressing corruption linked to crimes that have an impact on the environment (UNODC, 2020).
96. Even with legal frameworks in place, many loopholes can be utilised by actors. For instance, licensing schemes for wildlife farms create a legal market which facilitates the illegal production of IWT and offers the social acceptability of wearing, displaying, and consuming animal parts (OECD, 2019). Further to the efficacy of the agreements, a 2018 assessment demonstrated that no country was fully compliant with FATF 40 Recommendations as many countries have moderate or significant shortcomings (Wingard & Pascual, 2019). "In other words, even in the best-case scenario (i.e. when an AML law fully recognises all forms of IWT), enforcement and prosecution can still face many challenges that stem from gaps that may exist in other critical areas of AML laws, such as the transparency of beneficial owners in bank accounts or international cooperation in transnational financial investigations" (Wingard & Pascual, 2019, p. 12).

### Advantages of Utilising the AML framework

97. There are numerous advantages to using the AML framework to target perpetrators of wildlife crime. Firstly, AML laws often trigger higher penalties than environmental or wildlife crime. In most jurisdictions around the world, penalties relating to wildlife crime are low. Although many jurisdictions are moving towards increasing punishments for involvement in wildlife crime, many governments continue to issue a warning or a fine only. An analysis of 432 wildlife crime cases from 19 jurisdictions



demonstrated that only 7% of all reported cases resulted in a conviction with a prison sentence, and only 1% of cases resulted in severe penalties of four or more years in prison (UNODC & APG, 2017). These low penalties mean that perpetrators are not deterred from committing wildlife crime since there are few associated consequences.

98. As money laundering is considered a significant crime with substantial penalties in many jurisdictions, using AML laws to punish wildlife crime perpetrators may serve as a better deterrent than pursuing them only through environmental legislation. In this sense, during the ECOFEL workshops, the FIC South Africa mentioned that several members of an abalone poaching syndicate were sentenced to over 18 years for charges relating to money laundering, racketeering, and fraud. The money laundering charges associated with renting properties to process the abalone with the landlord being aware that rent was paid with the proceeds of illegal activities. This punishment is much harsher than fines in place of imprisonment, which many wildlife crime perpetrators are sentenced to globally.
99. A financial investigation could shift focus beyond poaching to include targeting crimes (e.g. trafficking) as well. Through tracking the financials, organised crime groups and the facilitators of organised crime could be identified. Targeting high-level actors, such as businesses, and dismantling criminal networks, can reduce instances of wildlife crimes. Such a comprehensive approach provides the framework necessary to hold both entities and individuals accountable. In one case presented by the Nature Protection Service of Spain (SEPRONA), financial investigations into an ivory trafficker led to the arrest of the perpetrator as well as provided further information on other actors in the supply chain.
100. Supplementing traditional law enforcement investigations with parallel financial investigations can also lead to uncovering additional evidence against perpetrators. The serious nature of money laundering offences often grants FIUs and LEAs more investigative powers that have not been used while pursuing wildlife crime. For example, financial investigations may uncover information about offenders' assets and lifestyles and link them to other criminal activities and offenders. Such evidence may help increase the rates of successful prosecution of wildlife criminals.
101. Finally, the potential for criminal assets to be seized or confiscated may also work as a stronger deterrent than short prison sentences. Criminals could be deterred from engaging in the illicit trade out of concern regarding the risk of losing material goods and lavish lifestyles. Furthermore, frozen or seized assets may affect family members and close associates of perpetrators. LEAs handling wildlife crime have recognised that perpetrators' responsibility for the financial well-being of close contacts may result in freezing/confiscating measures working as a significant deterrent.



102. While using AML/CFT frameworks represent advantages for IWT investigations, it has been an under-utilised approach. For example, only 1% of wildlife crimes triggered money laundering related investigations, charges, or prosecutions in the Asia-Pacific region due to failures in legislation, and a lack of coordination and FIU involvement (Wingard & Pascual, 2019). The following section outlines some of the measures that can be used to begin conducting financial investigations into wildlife crime.

## Risk Assessments

103. There are two levels of risk assessments that can be conducted in the AML/CFT regime. The first would be the National Risk Assessments (NRA) that national governments undertake to understand the significant ML/TF threats and vulnerabilities in their jurisdiction. Risk assessments may also be conducted on an institutional level, as reporting entities should regularly assess their ML/TF risks. In this section, the focus will be on NRAs and how jurisdictions evaluate the threat that wildlife crime poses to their AML/CFT regime.

104. As per FATF's Recommendations, many national AML/CFT strategies and FIU operations take a risk-based approach based on the NRA. However, many jurisdictions may underestimate the risk of environmental and wildlife crime, or do not include a risk assessment of this sector in their NRA. Having a low or non-existent threat perception of environmental or wildlife crime within the NRA may lead to limited financial investigations of wildlife crime.

105. Globally, there is a lack of focus on environmental and wildlife crimes in the AML/CFT regime. The ECOFEL reviewed 78 publicly available National Risk Assessments (NRA) published by jurisdictions between 2012 and 2020 to identify the money laundering risk attributed to wildlife crime.<sup>18</sup> The review found that only 13%

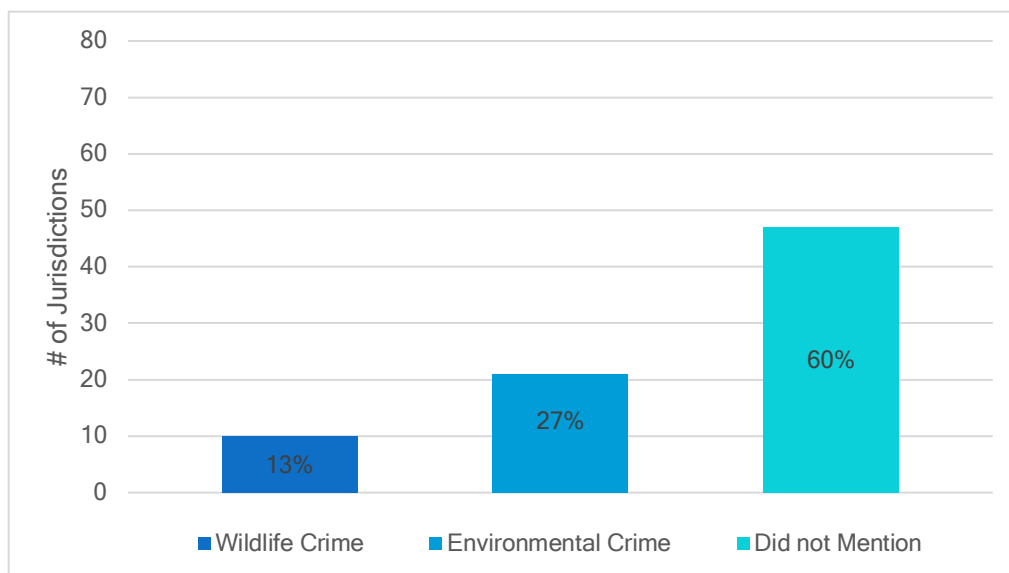
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<sup>18</sup> Armenia (2014), Bangladesh (2015), Barbados (2019), Benin (2018), Bermuda (2017), Bhutan (2017), Botswana (2017), Burkina Faso (2017), Cambodia (2018), Canada (2015), Cayman Islands (2020), Chile (2017), Chinese Taipei (2018), Cook Islands (2015), Cote d'Ivoire (2018), Cyprus (2018), Czech Republic (2016), Fiji (2015), Georgia (2019), Ghana (2016), Gibraltar (2016), Guernsey (2019), Guyana (2017), Hong Kong (2018), Indonesia (2015), Isle of Man (2020), Israel (2017), Italy (2014), Japan (2018), Lao PDR (2018), Latvia (2019), Liechtenstein (2018), Lithuania (2015), Macao (2015), Malawi (2013), Malaysia (2017), Maldives (2012), Mali (2019), Malta (2018), Mauritius (2019), Mexico (2016), Monaco (2017), Mongolia (2016), Myanmar (2018), New Zealand (2018), Niger (2019), Nigeria (2016), North Macedonia (2016), Pakistan (2018), Papua New Guinea (2017), Peru (2016), Philippines (2017), Poland (2019), Russian Federation (2018), Saint Kitts and Nevis (2019), San Marino (2019), Senegal (2017), Serbia (2013), Seychelles (2017), Sierra Leone (2017), Singapore (2014), Slovak Republic (2017), South Korea (2018), Sri

of jurisdictions included wildlife crime in their assessment. Another 27% of jurisdictions included environmental crime in their assessment (see Figure 5). Of the jurisdictions who mentioned these crimes, only 68% were able to apply a threat rating to the crimes (see Figure 6). The other NRAs only cited environmental or wildlife crimes as a potential money laundering threat but did not have enough information to assess the risk rating.

106. In the NRAs, there were different methods of evaluation that provided a risk assessment of environmental or wildlife crime. In some reports, jurisdictions estimated the value of revenue loss due to environmental or wildlife crime. For example, Uganda's NRA applied a high rating to wildlife crime as "Uganda is estimated to lose about UGX 2,000,000,000 (USD 588,235,000) annually in wildlife offences ranging from commercial poaching to hunting for daily subsistence" (p. 21). In other NRAs, the risk was measured based on the level of criminal cases investigated during a specific period. In Tanzania's NRA, poaching was considered a high money laundering threat because there were over 4000 cases detected from 2011-2015. Many National Risk Assessments also consulted their nation's Ministry of Environment to develop an adequate risk rating of environmental crime in their jurisdiction.

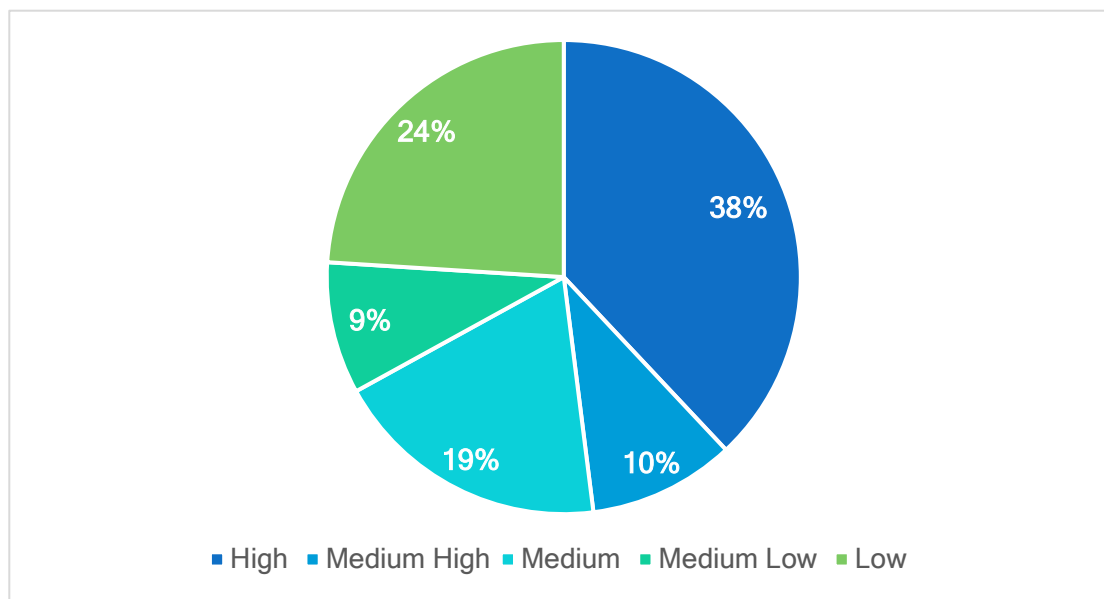
*Figure 6: Chart of NRA Inclusion of Environmental and Wildlife Crime*



*Source: Global NRA Review*

Lanka (2014), Sweden (2019), Tanzania (2016), The Bahamas (2016), Tunisia (2017), Turks and Caicos Islands (2017), Uganda (2017), United Kingdom (2017), Ukraine (2016), Uruguay (2014), United States (2018), Vanuatu (2015), Virgin Islands (2017), Zambia (2016), Zimbabwe (2015).

Figure 7: Chart of Risk Rating Assigned to Environmental or Wildlife Crime in NRAs

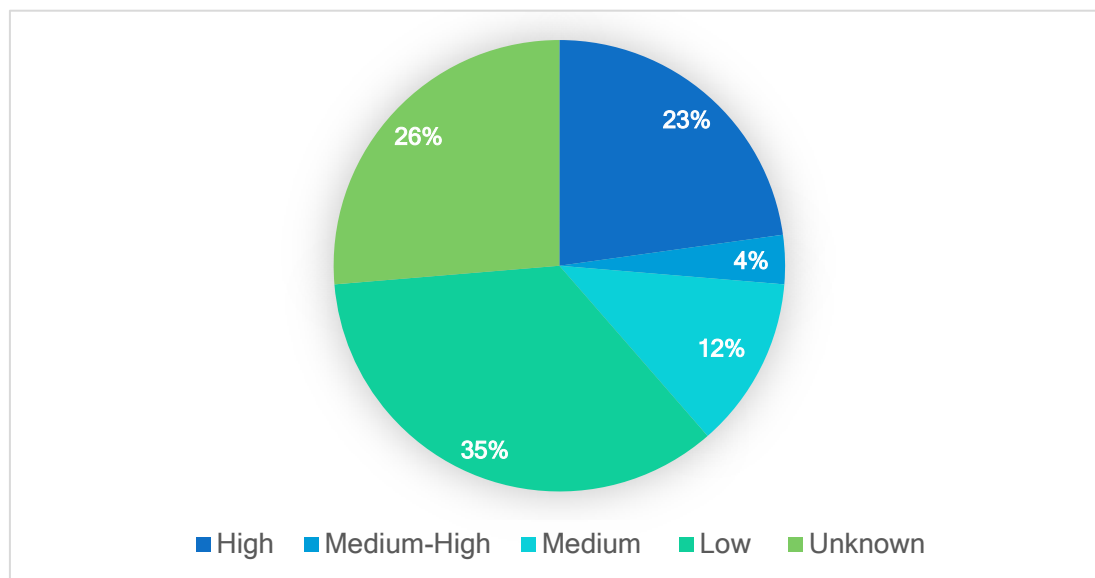


Source: Global NRA Review

107. While examining the National Risk Assessments from around the world, a geographical pattern is noticeable. Out of the 21 National Risk Assessments analysed from Europe I, Europe II, and Eurasia regions, none of them mentioned environmental or wildlife crime as a money laundering threat. Only jurisdictions from the East and Southern Africa, West and Central Africa, Asia-Pacific, and Americas regions mentioned environmental or wildlife crime. This geographical pattern mirrors the general perception that wildlife crime is a source country issue, rather than a problem for transit and destination countries.

108. In addition to analysing NRAs, as part of the ECOFEL FIU questionnaire, respondents were asked to identify the level of risk of wildlife crime, or environmental crime more broadly, as a ML/TF threat. Figure 8 demonstrates the risk rating attributed to the crimes.

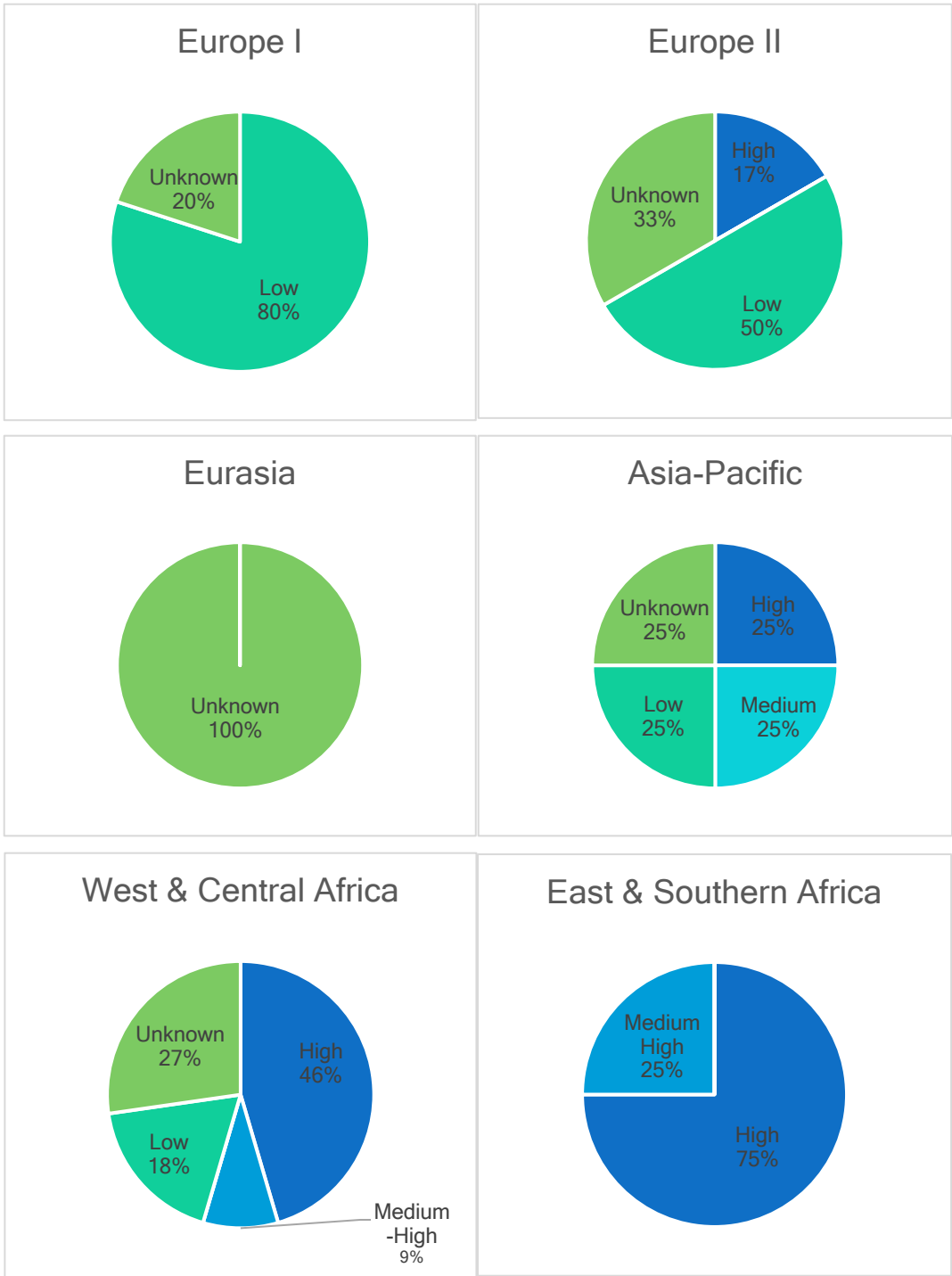
Figure 8: Chart of Risk Rating Assigned to Environmental or Wildlife Crime According to the ECOFEL Questionnaire Responses

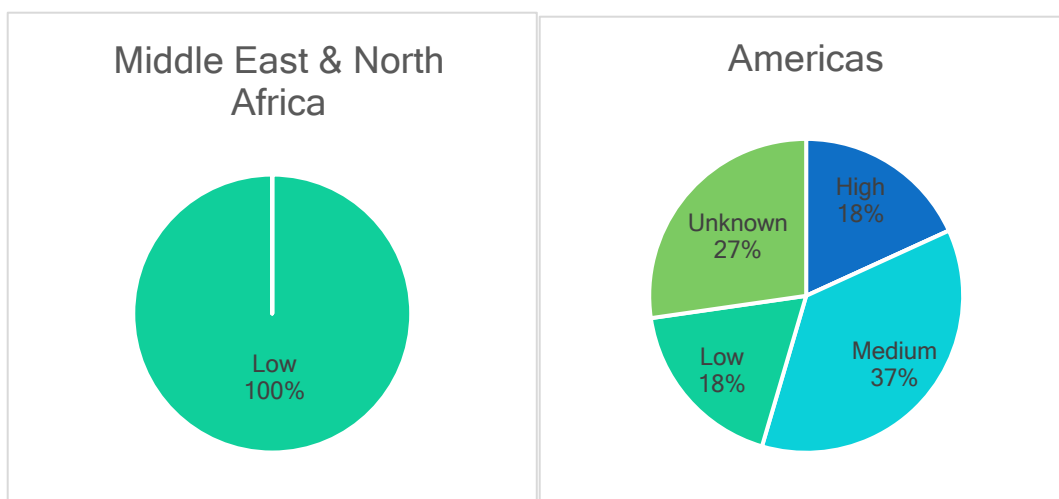


Source: The ECOFEL FIU Questionnaires

109. Through the NRA examination, the results found that the majority of FIUs rated the risk of wildlife crime as a low or unknown ML/TF threat. The difference in risk levels identified may be a result of numerous methodological aspects, such as the differences in the number of respondents of the questionnaire, the geographical locations of the respondents, and the countries of the analysed NRAs. However, these results may also be indicative of a trend that, as of 2020, wildlife crime is not a priority for the majority of FIUs. Furthermore, in some cases, FIU risk assessments may have underestimated the threat of wildlife crime because there is a limited understanding of the topic.
110. In the ECOFEL's analysis of FIU risk perception of IWT divided by geographic location, a similar trend of transit and destination countries perceiving the risk of wildlife crime in their jurisdiction was prevalent. As per the charts below, many source countries in African regions rated their risk as high, while jurisdictions in Europe, the Americas, and the Middle East & North Africa region found their risk to be lower.

Figure 9: Charts of Regional ML/TF Risk Associated with Wildlife or Environmental Crime





Region	Number of Responses
<b>The Middle East and North Africa</b>	2
<b>East and Southern Africa</b>	4
<b>Asia-Pacific</b>	12
<b>Americas</b>	11
<b>West and Central Africa</b>	11
<b>Europe I</b>	10
<b>Europe II</b>	6
<b>Eurasia</b>	1
<b>Total</b>	57

*Source: The ECOFEL FIU Questionnaires*

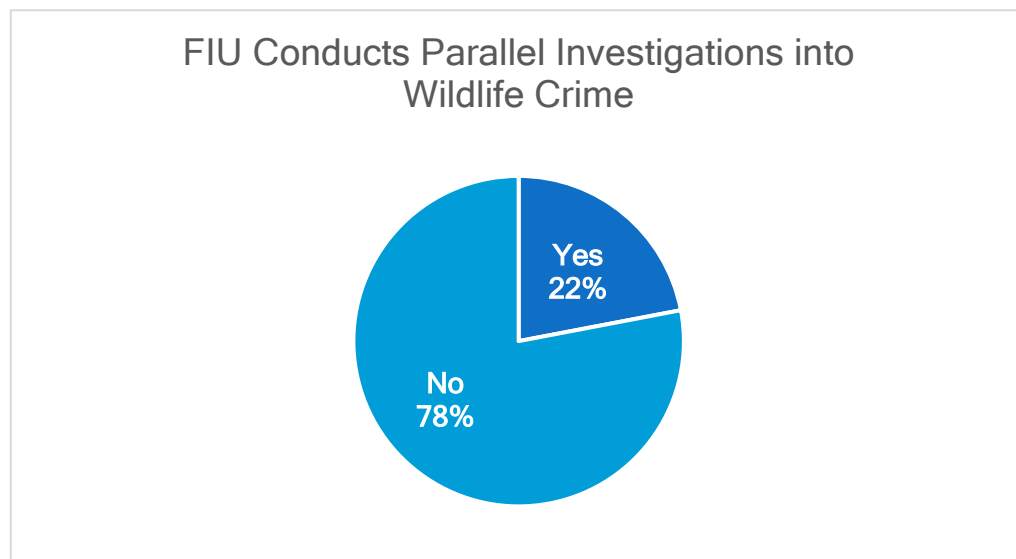
111. By conducting financial investigations into the predicate offences associated with wildlife crime in destination and transit countries, poaching offences in source countries are no longer the sole focus of investigations. Without proper acknowledgement of wildlife crime or the risk it poses within the AML/CFT framework, it will be more challenging to prioritise financial investigations into wildlife crime.
112. When updating their NRAs, jurisdictions may need to recognise the illicit financial flows of wildlife crime and that these flows may cross into jurisdictions beyond source countries. In understanding their threat profile, a country may "consider their ML risks emanating from IWT, whether the underlying wildlife crime takes place domestically or in a third country" (FAFT, 2020, p. 25). Another factor to consider

when understanding risk is the role of financial institutions in wildlife crime transactions.

## Identifying the Financial Flows of Wildlife Crime

113. According to the FATF (2020), financial investigations are “at the centre of an effective AML/CFT regime” (p. 27). The FATF standards may provide a useful framework to understand how financial investigations into wildlife crime can be conducted under the AML/CFT regime (See Annex B). While there are clear benefits to conducting financial investigations, the ECOFEL found that only 22% of the 59 FIUs who responded to the FIWFC Project questionnaires have conducted or been involved in parallel financial investigations (See Figure 9). In the ECOFEL questionnaire, many FIUs indicated that they had not supported wildlife crime investigations due to limited resources and not prioritising wildlife crime. Additional reasons shared include FIUs serving a primarily administrative function, or LEAs taking on the primary responsibility for such investigations.

*Figure 10: Chart of FIUs Conducting Parallel Investigations into Wildlife Crime*



*Source: The ECOFEL FIU Questionnaires*

114. FIUs can play a pivotal role in financial investigations through:

- Tracking the financial flows associated with seized and confiscated goods;
- Expanding perpetrator profiles by:



- Identifying the criminal networks and the shell companies involved in the illegal wildlife trade;
- Identifying payment mechanisms and money laundering techniques;
- Analysing where the profits of wildlife crime go;
- Detecting illicit wildlife activities by analysing the relevant suspicious transaction reports

115. These measures will be explored further in the following sub-sections.

### Suspicious Transaction Reports

116. Suspicious transaction reports (STRs) are crucial elements for investigating the financial flows of wildlife crime. Currently, the number of wildlife crime-related STRs submitted to FIUs is relatively low compared to those being submitted concerning other crimes. 78% of the FIUs who responded to the questionnaire had not conducted any analysis of STRs related to wildlife crime.

117. Several jurisdictions have not received any STRs relating to wildlife crime and therefore have not been able to filter them.<sup>19</sup> A lack of STRs may stem from reporting entities having insufficient guidance on the subject and therefore not filing the reports. However, the apparent lack of STRs may also stem from FIUs not recognising an STR related to wildlife due to a lack of training and knowledge on the particular subject matter. The STRs relating to wildlife may be filed, but may instead recognise them as trade-based money-laundering STRs.

118. The second reason for the lack of STR filtering may stem from the low level of risk attributed to wildlife crime in the jurisdiction. Many FIUs have not examined the issue of wildlife crime because they do not see it posing a considerable threat to their jurisdiction. The ML risk associated with wildlife crime could be higher. However, wildlife crime may be overlooked due to misconceptions on the issue. Each jurisdiction plays a role in the wildlife crime supply chain. Therefore the ECOFEL encourages countries to assess and analyse the targeted species and illicit activities that apply to them.

119. The quality of the STR will also impact an FIU's ability to analyse the STR properly. During the ECOFEL workshops, Brazil COAF discussed how many STRs received are defensive STRs based on media reports of wildlife crime cases. These defensive STRs are typically low quality and may make it challenging to analyse the case. A lack of

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<sup>19</sup> Algeria, Argentina, Belize, Bosnia and Herzegovina, Ireland, Slovakia, St. Vincent and the Grenadines

detail in STRs makes it challenging to track the financial flows of suspects and their associates.

120. Another challenge in receiving STRs relating to wildlife crime is that reporting entities are generally unaware of the red flags relating to wildlife crime and therefore do not submit STRs.<sup>20</sup> Some of the transactions pertaining to IWT can involve small amounts of money which could be more difficult for reporting entities to flag. FIUs may be able to provide reporting entities with some guidance. For example, Brazil's COAF found that many of the STRs they analysed relating to wildlife crime were not triggered by a red flag specific to wildlife crime. Instead, the STRs were triggered by more traditional indicators of financial crimes or money laundering such as incompatibility between cash deposits and income.
121. Wildlife crime red flags vary significantly depending on the species and/or product involved, the jurisdiction where the transactions are conducted, the applicable typologies, and the direction of the financial flows. This variation makes it difficult to create general red flags and indicators. For example, due to differences in market value and transportation logistics, indicators of the live animal trade and the animal product trade may vary significantly. Illegal wildlife products such as ivory tusks may be stored in a storage facility for a long time before being shipped in a large consignment via sea container. In contrast, live baby apes need to be taken care of after poaching and shipped very carefully, usually by air to its destination. FIUs should examine the issue of IWT as it pertains to their jurisdiction and coordinate efforts with national actors to create the most relevant and applicable red flags for their jurisdiction.
122. Finally, numerous jurisdictions mentioned the comingling of legal and illegal funds which makes it challenging to detect suspicious transactions. During the ECOFEL workshops, the Bangladesh FIU and India Wildlife Crime Control Bureau highlighted the challenge of segregating legitimate revenues from illegitimate revenues. Business entities dealing with both types of revenue streams may go undetected. High-risk industries should be investigated by examining invoices and requesting additional details on the products being bought and sold.

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<sup>20</sup> Some financial institutions are making progress on tracking the financial flows of wildlife crime. For instance, various banks have made progress on raising awareness to combat the financial flows relating to the illegal wildlife trade. When the efforts of reporting entities are coupled with additional presence and guidance from FIUs, initiatives to tackle the problem may be more effective.

### Box 7:Co-mingling Legitimate and Illegitimate Products

In 2019, the India Wildlife Crime Control Bureau, various forestry and police departments, and the postal service in India conducted 'Operation Clean Art' to uncover a criminal network of illegal paintbrushes made from mongoose fur. They were able to make 49 arrests and seize tens of thousands of mongoose fur brushes. The successful operation was also able to identify a list of several wholesale companies that purchased the mongoose fur brushes. One of the difficulties identified in tracing the illicit financial flows of this illegal trade is the comingling of the illegal brushes with legal paint brushes made of synthetic fibres.

### STR Analysis

123. This section will explore how some FIUs can aid financial investigations of wildlife crime through the analysis of suspicious transaction reports. FIUs may filter STRs using various keywords. Additionally, they may be able to cross-reference STRs with other databases and sources of information.

124. 22% of FIUs who do currently analyse STRs use various wildlife crime indicators. There are several STR filtering methods which include analysing:

- Environmental Crime Keywords:
  - Jurisdictions may filter STRs based on general keywords or activities relating to environmental or wildlife crime such as poaching, illegal fishing, or illegal logging.
  - One jurisdiction noted that they used keywords relating to environmental crime legislation such as 'CITES' in their filtering methods.
- Species:
  - FIUs may filter STRs based on highly trafficked species in either their common (i.e. tiger) or Latin (i.e. *tigris*) names.
  - These species names should reflect the popularly traded species within their specific jurisdiction.
- Geography:
  - Certain FIUs noted that they would filter STRs based on geographical criteria such as regions or countries that have been identified as high-risk for the illegal wildlife trade.

- Jurisdictions should be conscious of their position within the supply chain. Source countries or regions are not the only locations that should be flagged.
- Filtering by geographic location should be combined with other risk factors (i.e. product, species) to provide enough detail.
- Industry and/or Business Type:
  - Some FIUs filter the STRs for wildlife crime based on industries commonly implicated in the illegal wildlife trade in their jurisdictions.
  - Two FIUs mentioned that they filter STRs relating to wildlife crime based on the type of business (i.e. companies, sole proprietorships or other entities).

125. All these filtering methods require specific knowledge about the nature and extent of illegal wildlife trade within a jurisdiction, which includes commonly trafficked species, trade routes and the implicated industries. FIUs can obtain this information from their environmental agency or CITES management authority.<sup>21</sup>

126. The methods used to investigate further the transactions are similar to the analysis conducted with other types of STRs.

127. FIUs may combine the analysis of different instruments:

- STRs;
- Regulatory reports (e.g. currency transaction reports);
- Open-source intelligence platforms;
- National and organisational priorities.

128. Data to cross-reference STR details may include:

- Information referenced in open sources (e.g. social media);
- Identified trends/typologies;
- The number of STRs linked to the same individual or entity;
- The value of all STRs linked to the same individual or entity;
- Whether the individual or entity conducts business with the state;
- The criminal history of the individual; and
- Cross-border transactions conducted by individuals or entities.

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<sup>21</sup> More information on how environmental agencies can support financial investigations into wildlife crime will be discussed in a later section (p. 53).

### Box 8: Wildlife Trafficking Smurfing Case Study

The Brazilian COAF uncovered a wildlife trafficking case involving the illegal trade of rare Black Arowana fish eggs. These endangered fish are sourced in Brazil. In this case, the wildlife traffickers used a third-party account of a fisherman who had a low income. The STRs that were analysed by COAF indicated that there were multiple cash deposits in cities along the Amazon river, beyond the residence of the fisherman. A cash withdrawal was made in a border city with Peru and Colombia. The STR was triggered due to these cash deposits that were inconsistent with the fisherman's typical income and movements.

*Source: Brazil COAF*

### Expanding Perpetrator Profiles

129. To gain a complete understanding of actors participating in the illegal wildlife trade, if available, FIUs can look at data such as:

- Customs information:
  - Customs declarations
  - Bills of lading
  - Invoices
  - Importing/exporting information
- Immigration and citizenship information of suspect(s):
  - Travel history of the suspect(s)
  - Passport(s) information
- Seizure information
- Logistical data including the date, and location, of the seizure:
  - Species/product seized
  - The estimated value of the good(s)
  - Concealment methods
  - Method(s) of payment
- Profile of Suspects/Companies:

- Identities and aliases of the suspect(s) and/or companies
- Addresses
- Vehicle and other asset registrations
- Relationships
- Bank and tax records
- Phone records

130. Information may come from a variety of private and governmental sources, including:

- Auditing entities
- Corporate or Business Registries and Licensing Boards
- Tele-communication providers
- Census documentation
- Transportation and shipping companies
- Environmental agencies

131. Supplementing perpetrator profiles with financial information can provide additional evidence necessary to support the predicate offence prosecutions.

### Box 9: Access to Databases

In 2017, Thailand AMLO conducted a successful financial investigation into the Star Tiger Zoo Operation where they found that the zoo had been used as a front for a wildlife trafficking network of endangered species and wildlife products such as tigers, pangolins, and ivory. AMLO was able to seize various assets of wildlife traffickers valued over USD\$ 6 million as they investigated the criminal network. AMLO's access to over 18 governmental databases contributed to their success in conducting financial investigations into this network. They were able to trace financial transfers, cross-border movements, purchase of assets and much more to uncover the wildlife trafficking ring.

*Source: Thailand AMLO*

## Asset Recovery

132. Asset recovery relating to wildlife crime is gaining increasing attention.<sup>22</sup> However, the powers to seize and confiscate assets depend on the country. These powers may be distributed across different forms of legislation, not solely in those relating to ML. In some jurisdictions, asset recovery for wildlife crime is incorporated into national legislation on wildlife protection. For example, in Botswana, the Wildlife Conservation and National Parks Act allows prosecutors to confiscate all vehicles used in poaching and any property that the wildlife offender purchased with the proceeds of poaching. Several other countries have also implemented similar provisions into their wildlife protection laws.
133. In discussing wildlife crime assets, a distinction should be made between wildlife assets (e.g. animal products, live animals) and the proceeds of wildlife crime. Often it is the EAs and LEAs who conduct asset recoveries on the wildlife species or products. There is a need for FIUs to support asset tracing by conducting analysis and tracking the financial proceeds of wildlife crime.
134. Only a few EAs noted what happens to the proceeds of seized wildlife products. In Canada, the environmental agency has set up an Environmental Damages Fund. The forfeited proceeds of wildlife crime and fines from convicted wildlife offenders may be directed to this fund. Similarly, the EAs from Zambia, Belize and Costa Rica indicated that funds from the sale of seized proceeds go to the governments.
135. Asset recovery networks can also be useful in facilitating the exchange of financial information on a regional basis. For example, the Asset Recovery Inter-Agency Network of Southern Africa (ARINSA) has been able to engage East and Southern African countries to share information regarding wildlife traffickers.<sup>23</sup> In some cases, FIUs are involved in such networks.

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<sup>22</sup> For more information about connections between wildlife crime and asset recovery please look at the following reports: Basel Institute on Governance's "Asset recovery and wildlife trafficking" at [https://baselgovernance.org/sites/default/files/2020-06/Perspectives3\\_AssetRecoveryandIWT.pdf](https://baselgovernance.org/sites/default/files/2020-06/Perspectives3_AssetRecoveryandIWT.pdf) and FATF's "Money Laundering and Illegal Wildlife Trade" (pg. 36-37) at <http://www.fatf-gafi.org/media/fatf/documents/Money-laundering-and-illegal-wildlife-trade.pdf>

<sup>23</sup> According to ARINSA (2019), Malawi is currently undergoing asset recovery procedures in three different wildlife trafficking cases of various wildlife products valued over USD 200,000.



### Box 11: Abalone Poaching Network Exporting Wildlife to China

"The South African FIC assisted in providing financial intelligence at the request of the Directorate of Priority Crimes Investigation on an identified abalone poaching network that was exporting abalone to Asia. The subjects and business entity linked to the unlawful activities were profiled and financial intelligence was provided.

The Directorate of Priority Crimes Investigation was able to identify the rerouting of shipping containers back to South Africa from Asia. These containers were found to contain abalone.

The business entity that was used for the exportation of the abalone in the containers and its Director, together with other suspects, were convicted for racketeering and money laundering activities.

Financial intelligence found payments referenced as "shares" for payments from the kingpin's South African based business entity to a business entity based in Asia. These payments were allegedly disguised to facilitate payments for unlawful activities. As part of the plea agreement, the subject was ordered to pay about R2 000 000.00 into the South African Criminal Recovery Asset Account."

*Source: FIC South Africa*

### Box 10: Managing Seized Wildlife Products

Environmental agencies have various strategies for managing seized wildlife products. Illegal wildlife products may be destroyed, stored for evidentiary purposes, used for training purposes, or donated to a research facility. Live animals may be reintroduced to their original habitat or given to a rehabilitation center, university, or zoo. Understanding how an environmental agency manages its seized wildlife products is important because there is potential for the wildlife product to re-enter the legal or illegal market. For instance, the products can re-enter the legal market when jurisdictions auction off a seized wildlife product to raise funds for their anti-wildlife crime units or government programs. In contrast, seized wildlife products can also re-enter the illegal market if a storage facility is robbed or corrupt officials sell the products to make money. In 2015, Zimbabwean officials were able to intercept an illegal shipment of ivory at the Harare Airport that was destined for China. An investigation led them to discover that the ivory came from the government storage warehouse for seized ivory. Authorities charged the game manager and his two associate game rangers with facilitating the theft of ivory through corrupt practices (Oxpeckers, 2016).

## Information Dissemination to Law Enforcement Agencies

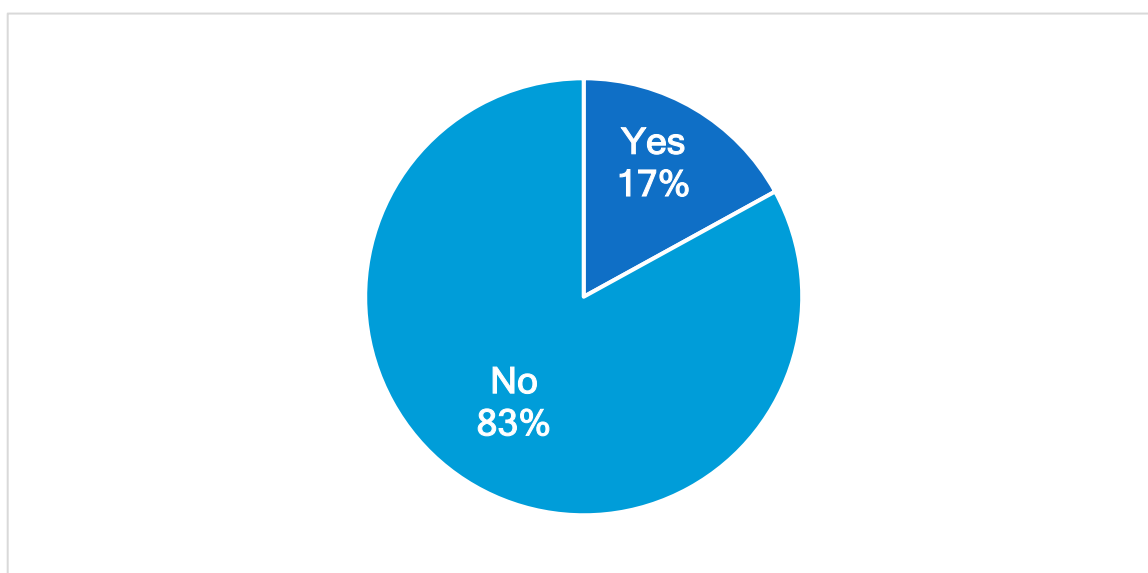
136. FIUs can significantly support the work of LEAs by disseminating financial intelligence and information connected to existing wildlife crime cases. Information dissemination begins through the development of effective partnerships between FIUs and LEAs. To develop effective dissemination strategies, FIUs should liaise with LEAs and the authorities with law enforcement powers for investigating wildlife crime. This will allow FIUs to gain an understanding of their partners' informational priorities.
137. Selective information dissemination may prove to be more effective for investigative efforts than providing LEA partners with an over-abundance of financial intelligence. FIUs are encouraged to start dialogues with relevant governmental agencies. Such discussions may help FIUs understand the type of information necessary to develop and disseminate a detailed intelligence package that provides the most value.
138. In addition to communicating with partners to ensure that the information disseminated to LEAs is applicable for investigations, FIUs are encouraged to gain a better understanding of wildlife crime. By conducting training, FIU staff could have the opportunity to understand wildlife crimes' key risks better and use this comprehension to analyse and assess the problem. With this knowledge, FIUs can assist LEAs in linking environment crimes to financial crimes.

## Challenges to Conducting Financial Investigations

139. One of the most considerable barriers to conducting financial investigations in wildlife crime for FIUs is the lack of detailed understanding of jurisdictional wildlife crimes. Several FIUs were unable to fully answer the questionnaires due to limited knowledge and experience in this subject matter. Only 28% of FIUs who responded to the questionnaire have been involved in financial investigations relating to wildlife crime.
140. Additional challenges to conducting financial investigations into wildlife crime are as follows:
- Gaps in national legislation that may prevent FIUs from analysing wildlife crime;
  - Limited training for relevant authorities on wildlife crime investigations (See Figure 10);
  - Lack of coordination between FIUs and reporting entities to develop typologies on the wildlife crime supply chain, including for the latter stages;
  - Few STRs relating to wildlife crime from reporting entities;

- Few cooperation mechanisms (formal or informal) exist between FIUs and relevant authorities;
- The absence of MoUs between FIUs and their foreign counterparts may inhibit information sharing;
- Limited resources within the FIU to analyse wildlife crimes (FATF, 2020); and
- New technologies such as cryptocurrencies make it more challenging to trace illicit transfers between wildlife traffickers.

*Figure 11: Chart of FIUs who Received Training Regarding Financial Flows Linked to Wildlife Crime*

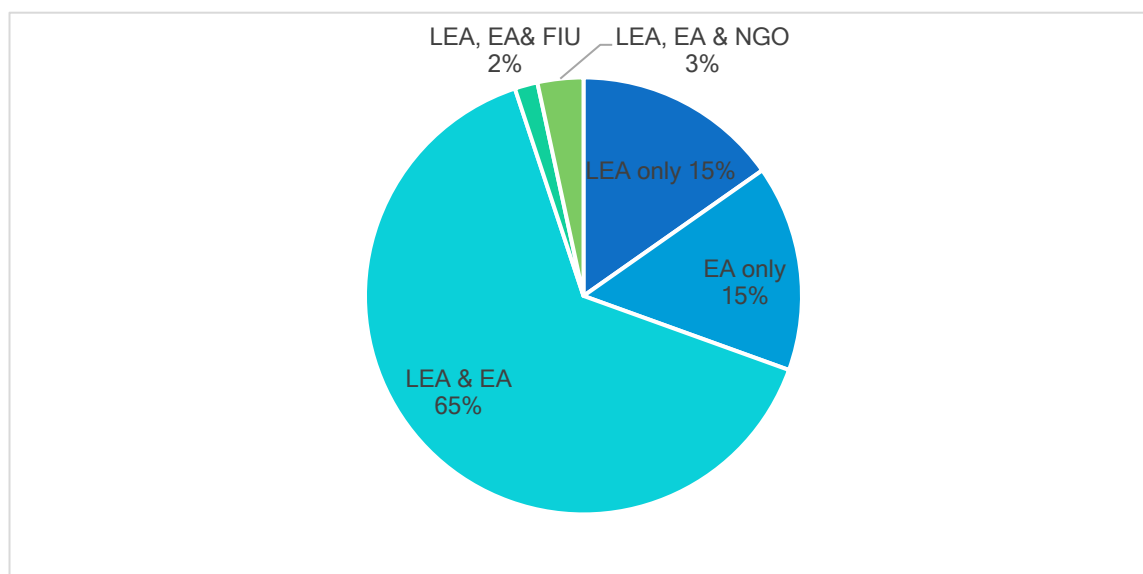


*Source: The ECOFEL FIU Questionnaires*

### Interagency Cooperation

141. Financial investigations into wildlife crime investigations require cooperation and coordination between different national agencies, including FIUs. However, as seen in Figure 11, many wildlife crime investigations are typically conducted by LEAs and EAs. Only one jurisdiction noted that FIUs are involved in wildlife crime investigations. This finding may demonstrate an opportunity for FIUs to start collaborating with LEAs and EAs to assist in financial investigations into wildlife crime.

Figure 12: Chart of Agencies Involved in Wildlife Crime Investigations



Agencies Involved	Number of Responses
LEA only	9
EA only	9
LEA & EA	38
LEA, EA & FIU	1
LEA, EA & NGO	2

Source: The ECOFEL FIU Questionnaires

## Cooperation Mechanisms

142. The AML/CFT legal frameworks in jurisdictions permit information sharing between FIUs and government agencies. Both formal and informal channels exist to facilitate agency communication and coordination, although these channels may be under-utilised.

143. Examples of formal channels include:

- MoUs outlining an agreement between agencies to cooperate on a specific issue.
- Governmental committees concerned with AML/CFT matters may consider wildlife crime in their agendas.
- Several informal mechanisms may be used to improve the exchange of information between FIUs and other government agencies.

- Annual meetings or workshops may provide networking opportunities for relevant stakeholders to develop professional connections.
- As found in the ECOFEL's questionnaire responses, FIUs may also participate in secondment programs.

## Environmental Agencies

144. Environmental agencies have not been traditional partners for FIUs. However, they are crucial partners in the fight against wildlife crime and the identification of the related illicit financial flows.
145. Environmental agencies have technical knowledge regarding the key species, industries, and concealment methods of the illegal wildlife trade in their respective jurisdictions. This knowledge is useful for developing analytical tools and STR filtering mechanisms for FIUs. Additionally, environmental agencies are often the national focal point for international cooperation regarding CITES and wildlife trade.
146. According to the questionnaire, environmental agencies were either the only agency or were part of multiagency cooperation regarding wildlife crime investigations in their jurisdictions. Even though EAs engage in multiagency collaboration, there is limited cooperation between EAs and FIUs.
147. One reason for this limited cooperation is a general perception that wildlife crime is not a financial crime. However, this perception is changing as key stakeholders are increasingly focusing on the topic. The FATF's report *Money Laundering and the Illegal Wildlife Trade* demonstrates this shift. The United Nations has also recently called upon countries to start conducting financial investigations into IWT. Several cases throughout this report also denote the increasing understanding that IWT and ML are linked. As this trend continues, greater cooperation between EAs and FIUs should be expected.
148. Cooperation may exist between EAs and other governmental agencies, including FIUs. Mechanisms of information sharing may be included in specific legislation, developed through MoUs, or other formal or informal channels. There are examples of LEAs requesting information from EAs regarding the identification or origin of a species.
149. EAs also post liaison officers at different LEAs to facilitate cooperation and information sharing. In Thailand, the Department of National Parks has offices at most major border checkpoints with Thai Customs to facilitate investigations into the IWT and cooperation with Thai Customs. Moreover, in Canada, EA officers are posted at the INTERPOL National Central Bureau to enable information exchange regarding international crimes such as the illegal wildlife trade.

150. Several jurisdictions also mentioned that there are national working groups or inter-ministerial committees established to facilitate cooperation between EAs, LEAs and other relevant government agencies such as prosecution offices. Questionnaire respondents also described how these committees or groups have regular meetings to share information and coordinate the priorities and activities of their respective agencies regarding combatting wildlife crime.

### Box 12: SEPRONA and Financial Investigations

The Nature Protection Service (in Spanish: Servicio de Protección de la Naturaleza, SEPRONA) is Spain's nature conservation and management authority. All SEPRONA analysts have financial investigation capabilities due to the high value of utilising AML/CFT frameworks. The agency also cooperates closely with the country's FIU, SEPBLAC, by sharing information on wildlife crime suspects. Under such cooperation, SEPRONA has been able to conduct successful financial investigations of wildlife crime.

## Law Enforcement Agencies and Customs

151. Local, federal, and international LEAs and customs provide the legal enforcement necessary to deter wildlife traffickers. They conduct investigations, compile evidence, and locate perpetrators to prevent and combat wildlife crime. LEAs are the primary focal point for obtaining information, including financial data, on the illegal wildlife trade.

152. Presently, the coordination between FIUs and LEAs varies amongst jurisdictions with regards to wildlife crime. In jurisdictions where wildlife crime is considered a higher ML/TF risk, cooperation between LEAs and FIUs on wildlife crime is more common. Out of the FIUs that indicated a high to medium ML/TF risk rating to environmental or wildlife crime in the ECOFEL questionnaire, 77% of them have cooperated with LEAs regarding wildlife crime. In comparison, 17% of FIUs who indicated a low to unknown ML/TF risk for environmental or wildlife crime, have cooperated with LEAs.

153. Customs agencies can be critical partners for FIUs in the fight against IWT. As customs agencies monitor and regulate the international importation and exportation of goods, they may be the best-suited stakeholder to intercept illegal wildlife shipments. Customs agencies are in an excellent position to share vital information such as bills of lading, shipping routes, shipping payment methods, and nationality of exporters/importers.

154. FIUs can use the seizure data provided by their Customs partners to analyse the financial flows linked to the illegal wildlife shipment(s). For example, Thai Customs closely cooperates with AMLO on wildlife trafficking cases. Thai Customs gathers information on wildlife seizures which include concealment methods, the value of products seized, suspect profiles, location of seizures and trade patterns. This partnership has been valuable for the investigation of wildlife trafficking within Thailand.

#### Box 14: Cooperation Mechanism between Gibraltar's FIU and EA

Gibraltar FIU (GFIU) signed a memorandum of understanding (MoU) with the Department of the Environment in May 2020 which formalised the relationship between the two units. The MoU seeks to strengthen the international efforts against IWT and the financing of such trade. It establishes agreed protocols whereby information can be exchanged within the parameters of Gibraltar's legislative framework and be able to receive scientific support or advice. This MoU was considered when the GFIU responded to ECOFEL's questionnaire. Gibraltar included IWT in their latest NRA published in August 2020.

*Source: GFIU*

#### Box 13: Interagency Cooperation with Tax Authority

Zambia's Financial Intelligence Centre was able to analyse reports regarding a case of illegal issuance of safari hunting licenses to an associate of a Politically Exposed Person in Zambia. Their investigation led them to wire transfers to an offshore account. Through an MoU, the FIC requested the assistance of the Zambian Tax authorities who were able to request information from the country where the offshore account was located. After analysis was completed, the intelligence report was successfully disseminated to the law enforcement agencies.

*Source: Zambia FIC*

### Reporting Entities

155. This report has focused on cooperation between governmental and non-governmental organisations. The role of the private sector and reporting entities has not yet been thoroughly explored in this phase of the FIWFC project. However, reporting entities are vital for financial investigations. The primary input for FIUs' analysis is STRs from reporting entities. As is the case with other predicate offences,



there is a risk that reporting entities may file defensive STRs without completing a real risk analysis.

156. Reporting entities should be aware of their obligations to report suspected cases involving the illicit financial flows of wildlife crime. FIUs can communicate with reporting entities regarding wildlife crime indicators and reporting obligations<sup>24</sup>, as well as seek their input and feedback. As found in the ECOFEL's questionnaires, some FIUs include in their regular training for reporting entities typologies relating to wildlife crime.

157. Highlighted below are some short examples of how FIUs are currently engaging with reporting entities about wildlife and forestry crime:

158. In collaboration with Fintel Alliance and the Department of Agriculture, Water, and the Environment, the Australian Transaction Reports and Analysis Centre (AUSTRAC) recently disseminated a paper to its private sector partners with keywords and values relating to reptile trafficking. Similarly, AUSTRAC recently published a public financial crime guide to increase awareness of how IWT operates and how the financial sector is exploited to enable such activities.<sup>25</sup>

- Indonesia's Pusat Pelaporan dan Analisis Transaksi Keuangan (PPATK) conducts training on illegal wildlife trade for financial service providers at the Indonesian Financial Intelligence Unit. They present case studies related to IWT so that financial service providers can recognise the high-risk parameters of IWT and its financial flows. PPATK also conducts an on-site examination of financial institutions where they can transfer knowledge on wildlife crime and encourage proactive reporting for suspected wildlife crime cases.
- Kenya's Financial Reporting Centre has developed guidelines for reporting entities to detect matters relating to predicate offences, including wildlife crime. The FRC also conducts training for reporting entities on emerging trends and typologies of illegal wildlife trade.
- Papua New Guinea's Financial Analysis and Supervision Unit (FASU) presented the findings of their National Risk Assessment to reporting entities to ensure they

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<sup>24</sup> Establishing general indicators and red flags is challenging due to the various nuances of wildlife crime. ECOFEL plans to develop a tool to assist FIUs in identifying indicators and red flags related to IWT. Presently, the FATF has created a broad list of indicators which can be found in Annex C of this report.

<sup>25</sup> Please access *Stopping the illegal trafficking of Australian wildlife: Financial Crime Guide* at [https://www.austrac.gov.au/sites/default/files/2020-10/AUSTRAC\\_IWT%20Guide\\_October%202020.pdf](https://www.austrac.gov.au/sites/default/files/2020-10/AUSTRAC_IWT%20Guide_October%202020.pdf)

understand high-risk sectors (e.g. forestry crime) and their responsibilities in conducting enhanced Customer Due Diligence measures in those cases.

#### Box 15: ACAMS and WWF Certification Process for Private Sector

The Association of Certified Anti-Money Laundering Specialists (ACAMS) launched a joint initiative with WWF to create a certification programme for compliance, regulators, and law enforcement agencies working in the anti-money laundering field. The certificate will be ready by Autumn 2020 and will provide red flags and typologies that the private and public sector can use to target wildlife related money laundering in a precise and consistent manner (Davidson, 2020). The learning objectives of the certification process include “exploring and supporting illegal wildlife trade legal and regulatory reform, recognition of illicit wildlife and the financial footprints, identifying and sharing of red flags and typologies, and sharing and strengthening information gateways” (Davidson, 2020, para. 6).

### Non-Governmental Organisations

159. Although STRs are a trigger for financial investigations into IWT, information concerning wildlife crime may also come from external organisations. NGOs working in the field of combatting wildlife crime may collect relevant data for conducting financial investigations. These NGOs have detailed knowledge about the typologies and patterns relating to species-specific wildlife trade.
160. The expertise of certain NGOs can be valuable for wildlife crime related training courses, technological tools, and investigative support for relevant authorities, including FIUs. International NGOs can facilitate dialogue and discussion between jurisdictions and stakeholders which are not typically included in financial investigations on wildlife crime. One way for FIUs to possibly identify the illicit financial flows of wildlife crime is to interact with NGOs.

### Box 16: CENTIF-CI Involvement in Wildlife Crime Investigation

In 2018, the Transnational Crime Unit (UCT) was alerted by the NGO, Eco Activists for Governance and Law Enforcement (EAGLE), to a wildlife trafficking network. UCT was also aided by EAGLE in conducting seizures and arrests of members of the network. Authorities were able to seize thousands of kilograms of worked ivory, elephant tusks, pangolin scales and leopard teeth and claws. As a result of these seizures, the FIU, *Cellule Nationale de Traitement des Informations Financières- Côte d'Ivoire* (CENTIF-CI) started an investigation into the local and foreign suspects implicated in this wildlife trafficking case.

CENTIF-CI began their investigation by identifying the suspects using their own internal databases and requesting information from other national and foreign agencies. In the second stage of analysis, CENTIF-CI identified the origin of the funds and any possible connections to underlying offences. They discovered that assets came from both Côte d'Ivoire and surrounding West African countries. The illegal wildlife products were destined for the international market. CENTIF-CI was able to ascertain these international financial flows by requesting information from FIUs from West Africa and Southeast Asian countries. In this case, the cooperation between the FIU, various LEAs, EAGLE, and foreign FIUs led to a successful financial investigation.

Source : CENTIF-CI

161. While there are benefits to utilising NGO expertise, the ECOFEL found that a limited amount of FIUs have previously interacted with NGOs regarding wildlife crime. During the ECOFEL's workshop in Thailand, FIU representatives mentioned how it was difficult for FIUs to share feedback with NGOs or request information from NGOs. The lack of cooperation may stem from the confidentiality regulations of FIUs, evidentiary challenges, and the need to conduct proper due diligence regarding potential non-governmental partners.
162. FIUs, LEAs, and NGOs successfully cooperate on the issue of wildlife crime despite the challenges. For example, the Freeland Foundation works with FIUs in the Asia-Pacific region to share general information about wildlife and timber smuggling networks. Eco-Activists for Governance and Law Enforcement (EAGLE) is another NGO that actively works with LEAs in West African countries to conduct investigations and seizures of the illegal wildlife trade. They coordinate with LEAs to plan operations where undercover EAGLE investigators infiltrate wildlife trafficking networks to find evidence against the perpetrators. EAGLE's investigation contributed to tracing the illicit financial flows of a wildlife trafficking network.

## Challenges to Interagency Cooperation

163. When conducting financial investigations into wildlife crime, some of the following challenges may arise:

- Limited human, financial, and/or technical resources;
- Differences in issue prioritisation amongst agencies;
- Low level of commitment to address wildlife crime;
- Insufficient understanding of wildlife crime;
- Lack of training on how to conduct financial investigations into wildlife crime;
- Few formalised cooperation mechanisms for information exchange on wildlife crime;
- Legal barriers that prevent information exchange between agencies and;
- Time delays in sharing information between agencies.

164. Other challenges noted by FIUs that prevent multi-agency cooperation were the involvement of Politically Exposed Persons and corruption in the illegal wildlife trade.

165. As many FIUs have not dealt with the issue of wildlife crime, some respondents to the ECOFEL's questionnaire were unable to identify challenges to effective inter-agency cooperation.

## International Cooperation

### FIU Cooperation

166. FIUs use established methods of communication between foreign FIUs such as the Egmont Secure Web,<sup>26</sup> FIU.Net,<sup>27</sup> or through MoUs to exchange information. However, there is limited international exchange of information relating to wildlife crime. The ECOFEL found that only 12 FIUs have shared information with foreign counterparts regarding wildlife crime.<sup>28</sup>

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<sup>26</sup> 19 jurisdictions noted the use of ESW for exchanging information with a foreign FIU

<sup>27</sup> FIU.Net is a secure computer network established by EUROPOL to facilitate information sharing between FIUs within the European Union

<sup>28</sup> This figure only includes FIUs that were named during ECOFEL workshops or in the ECOFEL questionnaires and does not cover the entire extent of FIU exchanges in regard to wildlife crime.

167. As mentioned in the case of CENTIF-CI (see Box 16), there was successful international cooperation which included information sharing between various FIUs from West Africa and Southeast Asia. These information exchanges can help trace the global financial flows of wildlife trafficking networks.

#### Box 17: Analyst Exchange Program on Wildlife Smuggling

“In 2015, AUSTRAC and its Indonesian counterpart [PPATK] (Indonesian Financial Transaction Reports and Analysis Center) undertook an analyst exchange program focused on wildlife smuggling. The program brought analysts from both agencies together to share and jointly analyse financial intelligence relating to Indonesian criminal syndicates illegally exporting wildlife (principally reptiles) from Indonesia to numerous countries including Australia. The final intelligence product was given to law enforcement agencies in both countries to support investigations.”

“In addition to the Analyst Exchange Program in 2015, PPATK and AUSTRAC also conducted joint analysis related to IWT along with Thailand AMLO into an international illegal wildlife trade syndicate. This syndicate was present in 32 countries and dealt in species such as snakes, reptiles, turtles, and others exotic animals. The modus operandi was smuggling through the airport, which was detected in source country area, transit country or destination country. The mapping of flow of funds was conducted by PPATK. This information provided intelligence guidance for the prosecutor that handled the case for surveillance and helped to arrest the suspect.”

*Source: AUSTRAC and PPATK*

### Information Sharing Networks

168. There are established global information-sharing networks that LEAs and EAs use to exchange information on IWT.

- INTERPOL’s I-24/7 database is a global criminal database that can be accessed to find, request and store information relating to crimes, including wildlife crime. FIUs can access this database through their jurisdiction’s National Central Bureau.
- Trade in Wildlife Information eXchange (TWIX) databases are regional, online tools that allow the sharing of seizure data of the IWT amongst LEAs, EAs, and key international organisations. There are three different TWIX databases for the three regions: European Union, Southern Africa, and Central Africa. FIUs may access the two databases for African countries. FIUs could potentially take

advantage of access to these databases to gain a detailed understanding of the commonly seized illegal wildlife products and trade routes in their jurisdiction.

## Initiatives

169. The Financial Action Task Force, as the standard-setting body in AML/CFT matters, plays a crucial role in bringing attention to new trends and emerging risks of ML/TF such as IWT. The FATF has been a key partner and supporter of the work of ECOFEL. They have released a report, "Money Laundering and the Illegal Wildlife Trade"<sup>29</sup> that guides countries on measures to combat the illicit financial flows linked to the illegal wildlife trade. The FATF has also hosted a public webinar<sup>30</sup> with various AML/CFT and IWT experts to outline practical strategies that governments and the private sector can adopt to tackle money laundering linked to illegal wildlife trade.
170. International organisations, such as INTERPOL and UNODC, provide various training programs to LEAs, EAs, and FIUs on wildlife crime. INTERPOL is active in working with FIUs to combat the illicit financial flows of wildlife and forestry crime. For example, Papua New Guinea's FIU, FASU, has collaborated with INTERPOL to analyse payments relating to logging companies suspected of financial crimes.
171. The International Consortium on Combating Wildlife Crime (ICCWC) is a joint effort by the CITES Secretariat, INTERPOL, UNODC, World Bank and World Customs Organization to bring coordinated support to national law enforcement agencies to help fight wildlife crime. Each of these organisations can pool their technical and programming expertise to target the various challenges posed by the illegal wildlife trade (CITES Secretariat, 2020). ICCWC has released multiple tools that can assist and develop law enforcement agencies' capacity to fight wildlife crime. This initiative also recognises the importance of conducting financial investigations into wildlife crime. Several of their partners have begun projects and training programs to develop countries' capacities to target the illicit financial flows linked to wildlife crime.
172. In 2014, United for Wildlife (UfW) was established to support innovative ways to reduce wildlife crime and prevent the illegal wildlife trade. UfW has two taskforces; the Financial Taskforce and the Transport Taskforce, which are comprised of various private sector institutions, NGOs, and international organisation partners. The Financial Taskforce seeks to involve the financial sector in the fight against the IWT. Similarly, the Transport Taskforce seeks to involve transportation companies, such

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<sup>29</sup> This report may be accessed here: <http://www.fatf-gafi.org/media/fatf/documents/Money-laundering-and-illegal-wildlife-trade.pdf>

<sup>30</sup> The recorded webinar may be accessed here: <https://www.fatf-gafi.org/publications/methodsandtrends/documents/iwt-webinar-2020.html>

as airlines and shipping companies, in identifying and developing relevant solutions to stop the transport of illegal wildlife products.

173. There is an understanding that illicit financial flows linked to wildlife crime are transferred internationally using the financial and banking industry. UfW Financial Taskforce members have access to the Information Sharing System (ISS)<sup>31</sup>, which allows the sharing of intelligence, red flags, typologies, and trends.

## Challenges to International Cooperation

174. There have been some examples of successful cooperation between FIUs to trace the illicit financial flows of wildlife crime. There are also many ways in which the overall level of international cooperation in combatting the financial flows linked to wildlife crime can improve. The following are some of the challenges that may be encountered:

- Lack of MoUs with foreign counterparts.
  - Some FIUs noted that their legislation only allows them to share information with counterparts where an MoU exists.
- Different legislations between jurisdictions
  - Some jurisdictions have different legal requirements to trigger a financial investigation into wildlife crime.
  - Some jurisdictions have different information sharing laws that may prevent an exchange of information regarding wildlife crime.
- Different levels of prioritisation of risk
  - Some FIUs do not prioritise financial investigations into wildlife crime and may not have any information to share with another FIU.
- Foreign FIU is not a part of the Egmont Group
  - Some FIUs mentioned that they are unable to share information outside of the Egmont Secure Web because there is no secure network to request and share information.

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<sup>31</sup> The Basel Institute on Governance is an implementing partner of this system.



## Recommended Practices

175. The following recommended practices have been identified for FIUs for effective financial investigations into wildlife crime.

- Properly assessing the risks of wildlife crime in the jurisdiction's National Risk Assessment;
  - Considering wildlife crime in the assessment framework;
  - Including EAs and relevant LEAs in risk assessment procedures;
  - Identifying the jurisdiction's location along the supply chain to understand the risks and the financial flows of wildlife crime;
- Filtering and analysing STRs based on strategic assessments of wildlife crime within the jurisdiction;
- Applying the techniques that FIUs currently use when analysing other predicate offences where cash is the predominant payment method when supporting wildlife crime investigations;
- Enhancing inter-agency cooperation and information exchange;
  - Using methods of inter-agency communication that have been used successfully for other types of crime;
  - Creating wildlife crime taskforces and working groups between government agencies and relevant partners to facilitate trust and information sharing;
  - Using liaison officers to create efficient channels of communication and cooperation between agencies;
  - Providing training sessions to EAs or LEAs on the AML/CFT regime and how financial investigations can complement the traditional investigative methods used for wildlife crime;
- Considering new partnerships with NGOs:
  - Creating mechanisms for NGOs to submit relevant information about wildlife crimes to the FIU;
  - Involving NGOs in working groups and committees designed to combat wildlife crime, while ensuring the confidentiality of sensitive data;
  - Relying on established networks between NGOs and LEAs;
- Providing guidance, feedback, and training to reporting entities regarding the financial flows of wildlife crime; and

- Considering a ‘follow the money’ approach to complement a ‘follow the suspect’ approach.

### Box 18: Creating an Analytical Unit within the FIU

In 2020, the Nigerian Financial Intelligence Unit (NFIU) created the Natural Environment and Wild Life Trade Crimes Analysis Unit (NEWTCU) to combat the financial aspect of IWT (Nigerian Financial Intelligence Unit Act, Section 10(1), and Money Laundering Prohibition Act 2011 (as amended) Section 15(6)). This unit was developed after the understanding within the Nigerian FIU that their jurisdiction is a significant source and transit country for the illegal wildlife trade, which is worth millions of dollars. The NFIU also recognised the importance in combatting IWT as a predicate offence for money laundering, terrorism financing and arms proliferation. The unit is tasked with analysing STRs and CTRs to generate intelligence that will be disseminated to LEAs. The NEWTCU will also partner with foreign FIUs to develop typologies and indicators that will be used to guide advisories.

*Source: NFIU*

## Conclusion

176. This report provides FIUs and relevant stakeholders with a comprehensive overview of financial investigations into wildlife crime. It contains specific examples of how FIUs can start to effectively conduct analysis and develop strong partnerships with other agencies and organisations to help fight wildlife crime. FIUs can adopt the recommended practices outlined above to design effective policy responses to combat wildlife crime.
177. FIUs must increase their focus on wildlife crime. At the forefront of many jurisdictions’ AML/CFT efforts, FIUs play a vital role in supporting financial investigations into wildlife crime. However, there are few FIUs that have supported such investigations, primarily due to lack of knowledge of wildlife crime and associated risks. They may be able to provide analytical support and financial intelligence to the relevant authorities working to fight wildlife crime.
178. To conduct efficient and successful investigations into the illicit financial flows linked to wildlife crime, FIUs should develop effective partnerships with other governmental agencies such as EAs and LEAs. FIUs can enhance investigative efforts of these agencies through analysing the financial flows of wildlife crime. As wildlife

crime is highly nuanced, FIUs need to connect with national agencies and other organisations with local expertise on this issue to develop specific responses and strategies for combatting the illicit financial flows linked to wildlife crime.

179. International organisations and NGOs active in the fight against wildlife crime could also be good partners for FIUs. These organisations can aid in providing contextual information, technical knowledge, and capacity-building support.
180. There is an opportunity to conduct further exploration into the illicit financial flows of environmental crime. Wildlife crime is just one form of environmental crime. There are also additional activities that can be categorised as environmental crimes, such as illegal fishing, illegal logging, illegal mining, and illegal waste management. These illegal industries have massive consequences of revenue loss and ecological degradation for jurisdictions. FIUs may be able to provide valuable assistance in conducting financial investigations into these other forms of environmental crime.
181. Tackling environmental crime is becoming a priority for national governments and organisations around the world. As a subset of environmental crime, wildlife offences are transnational in nature, enabled by corruption and foster financial crimes. Therefore, they should be understood as a money laundering risk in all jurisdictions. Financial investigations into wildlife crime are crucial to target the illicit financial flows and to start dismantling wildlife trafficking networks that facilitate this lucrative industry.

## Annexes

### Annex A: List of Participating Agencies

#### Country Agencies

Country	Agency
<b>Albania</b>	General Directorate for the Prevention of Money Laundering (GDPML)
<b>Algeria</b>	Financial Intelligence Processing Unit (CTRF)
<b>Argentina</b>	Financial Information Unit Argentina (UIF)
<b>Australia</b>	The Australian Transaction Reports and Analysis Centre (AUSTRAC)
<b>Azerbaijan</b>	Financial Monitoring Service (FMS)
<b>Bangladesh</b>	Department of Environment under Ministry of Environment, Forest and Climate Change
<b>Bangladesh</b>	Bangladesh Financial Intelligence Unit (BFIU)
<b>Belarus</b>	The Department of Financial Monitoring of the Committee of State Control
<b>Belarus</b>	State Customs Committee
<b>Belarus</b>	Ministry of Natural Resources and Environmental Protection
<b>Belarus</b>	The Department of Financial Monitoring of the State Control Committee of the Republic of Belarus (DFM)
<b>Belize</b>	Forest Department
<b>Belize</b>	Financial Intelligence Unit Belize (FIU- Belize)
<b>Bhutan</b>	Financial Intelligence Department (FID)
<b>Bosnia and Herzegovina</b>	Financial Intelligence Department (FID)
<b>Botswana</b>	Financial Intelligence Agency (FIA)
<b>Brazil</b>	Brazilian Institute for the Environment and Renewable Natural Resources (IBAMA)
<b>Brazil</b>	Council for Financial Activities Control (COAF)
<b>Burkina Faso</b>	Direction de la Faune et des Ressources Cynégétiques
<b>Burkina Faso</b>	Cellule nationale de traitement des informations financières (CENTIF-BF)
<b>Cambodia</b>	Cambodia Financial Intelligence Unit (CAFIU)
<b>Canada</b>	Environment and Climate Change Canada, Enforcement Branch
<b>Canada</b>	Financial Transactions and Reports Analysis Centre of Canada (FINTRAC-CANAFE)
<b>Cape Verde</b>	Cape Verde UIF
<b>Costa Rica</b>	Sistema Nacional de Áreas de Conservación, Ministerio de Ambiente y Energía
<b>Costa Rica</b>	Unidad de Inteligencia Financiera
<b>Costa Rica</b>	Ministerio Público

<b>Cote d'Ivoire</b>	Ministère des Eaux et Forêts/Direction de la Police Forestière de l'Eau
<b>Cote d'Ivoire</b>	Cellule nationale de traitement des informations financières (CENTIF-CI)
<b>Croatia</b>	Border Police Directorate
<b>Croatia</b>	Sector for Nature Protection Supervision
<b>Croatia</b>	Croatian Customs Administration
<b>Denmark</b>	Danish Customs Agency, Danish Analysis Unit
<b>Denmark</b>	The Money Laundering Secretariat (FIU Denmark)
<b>Finland</b>	Financial Intelligence Unit (RAP)
<b>France</b>	Traitement du renseignement et action contre les circuits financiers clandestins (TRACFIN)
<b>Gabon</b>	Parquet de la République
<b>Gabon</b>	Agence National d'Investigation Financière (ANIF-Gabon)
<b>Gibraltar</b>	Department of the Environment, Sustainability, Climate Change and Heritage, HM Government of Gibraltar
<b>Gibraltar</b>	Gibraltar Financial Intelligence Unit (GFIU)
<b>Guatemala</b>	División de Protección a la Naturaleza (DIPRONA), de la Policía Nacional Civil (PNC) del país
<b>Guatemala</b>	Special Verification Indendancy (IVE)
<b>Guinée</b>	Ministère de l'Environnement des Eaux et Forêts
<b>Guinée</b>	Cellule nationale de traitement des informations financières (CENTIF-Guinée)
<b>Hong Kong SAR</b>	Joint Financial Intelligence Unit (JFIU)
<b>Hungary</b>	Hungarian Financial Intelligence Unit (HFIU)
<b>Iceland</b>	Environment Agency of Iceland (Umhverfisstofnun)
<b>Iceland</b>	Financial Intelligence Unit- Iceland (FIU-ICE)
<b>Iceland</b>	The Directorate of Internal Revenue and Customs (DIR)
<b>India</b>	Wildlife Crime Control Bureau
<b>Indonesia</b>	Indonesian Financial Transaction Reports and Analysis Centre (PPATK)
<b>Ireland</b>	Financial Intelligence Unit- Ireland
<b>Japan</b>	Japan Financial Intelligence Centre (JAFIC)
<b>Jersey</b>	States of Jersey Police and Customs Joint Financial Crime Unit (FCU-Jersey)
<b>Kenya</b>	Financial Reporting Centre (FRC)
<b>Laos</b>	Ministry of Agriculture and Forestry
<b>Laos</b>	Anti-Money Laundering Intelligence Office (AMLIO)
<b>Lebanon</b>	Special Investigation Commission (SIC)
<b>Madagascar</b>	Alliance Voahary Gasy (AVG)
<b>Madagascar</b>	Ministère de l'Environnement et du Développement Durable
<b>Madagascar</b>	SAMIFIN

<b>Malaysia</b>	Department of Wildlife and National Park
<b>Malaysia</b>	Financial Intelligence Unit-Malaysia (UPWBNM)
<b>Mali</b>	Direction Nationale des Eaux et forêts
<b>Mali</b>	Cellule nationale de traitement des informations financières (CENTIF-Mali)
<b>Mexico</b>	Unidad de Inteligencia Financiera
<b>Mongolia</b>	Mongolia Financial Intelligence Unit
<b>Netherlands</b>	Ministry of Agriculture, Nature and Food Quality
<b>Netherlands</b>	Netherlands Food and Consumer Product Safety Authority
<b>Netherlands</b>	Public Prosecutors Office for Serious Fraud and Environmental Crime
<b>Netherlands</b>	Police
<b>Netherlands</b>	Financial Intelligence Unit- Netherlands (FIU-NL)
<b>Niger</b>	Direction de la faune, de la chasse, des parcs et reserves
<b>Niger</b>	Cellule nationale de traitement des informations financières (CENTIF-Niger)
<b>Nigeria</b>	Nigerian Financial Intelligence Unit (NFIU)
<b>Norway</b>	ØKOKRIM - The Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime
<b>Panama</b>	Ministerio Público
<b>Panama</b>	Financial Analysis Unit- Panama (UAF- Panama)
<b>Papua New Guinea</b>	Financial Analysis and Supervision Unit (FASU)
<b>Peru</b>	Financial Intelligence Unit of Peru (FIU-Peru)
<b>Poland</b>	CITES Management Authority of Poland, Ministry of the environment
<b>République Centrafricaine</b>	Agence Nationale d'Investigation Financière - République Centrafricaine
<b>République du Congo</b>	Agence National d'Investigation Financière (ANIF-Congo)
<b>Saint Vincent and the Grenadines</b>	Ministry of Agriculture, Forestry, Fisheries, Rural Transformation, Industry and Labour; Forestry Division
<b>Saint Vincent and the Grenadines</b>	Financial Intelligence Unit St. Vincent and the Grenadines (FIU-SVG)
<b>Sénégal</b>	Cellule nationale de traitement des informations financières (CENTIF-Sénégal)
<b>Slovakia</b>	Financial Intelligence Unit of the National Criminal Agency (FSJ)
<b>Slovenia</b>	Ministry of Environment and Spatial Planning
<b>Slovenia</b>	Office for Money Laundering Prevention (OMLP)
<b>South Africa</b>	Financial Intelligence Centre (FIC)
<b>South Africa</b>	Directorate for Priority Crimes Investigation (HAWKS)
<b>Spain</b>	Executive Service of the Commission for the Prevention of Money Laundering and Monetary Offences (SEPBLAC)

<b>St Kitts and Nevis</b>	Financial Intelligence Unit St. Kitts and Nevis (FIU-SKN)
<b>Sweden</b>	Swedish Environmental Protection Agency
<b>Sweden</b>	National Financial Intelligence Service
<b>Tchad</b>	Agence National d'Investigation Financière du Tchad (ANIF-Tchad)
<b>Thailand</b>	Anti-Money Laundering Office (AMLO)
<b>Thailand</b>	The Department of National Park, Wildlife and Plant Conservation
<b>Thailand</b>	Thai Customs Department
<b>Togo</b>	Ministère de l'environnement, du développement durable et de la protection de la nature (MEDDPN) / Direction des ressources forestières (DRF)
<b>Ukraine</b>	The State Financial Monitoring Service of Ukraine (SFMS)
<b>United Kingdom</b>	Department for Environment, Food and Rural Affairs
<b>United Kingdom</b>	National Wildlife Crime Unit
<b>Vietnam</b>	Vietnam Financial Intelligence Unit
<b>Yemen</b>	Environment Protection Authority
<b>Zambia</b>	Anti-Corruption Commission
<b>Zambia</b>	Financial Intelligence Centre (FIC)
<b>Zambia</b>	Drug Enforcement Commission
<b>Zambia</b>	Department of National Parks and Wildlife

## Other Organisations

Organisation Name	
CITES Secretariat	World Wildlife Fund
Financial Action Task Force	TRAFFIC
Freeland Foundation	UNODC
INTERPOL	US Aid Wildlife Policy

## Annex B: FATF 40 Recommendations

1. The FATF 40 Recommendations are recognised as the global AML/CFT standards. As stated in the FATF's 2020 report, "the standards provide a useful framework for jurisdictions to address [threats posed by the illegal wildlife trade] by strengthening their national laws, policies, and co-operation at the domestic and international level" (p. 5). Any measure implemented to comply with the Recommendations should be assessed and evaluated following the 2012 FATF methodology.
2. This annex outlines the relevancy of wildlife crime within the global AML/CFT standards and highlights opportunities to address wildlife crime per the FATF Recommendations.<sup>32</sup> The ECOFEL does not seek to provide any guidance in connection with the FATF Recommendations, but rather to provide useful ideas for FIUs and relevant stakeholders. This section will cover a select number of Recommendations.

### R.1 Assessing Risk and Applying a Risk-Based Approach

3. Recommendation 1 outlines that jurisdictions should identify, assess, and understand the ML/TF risks within their jurisdictions and take a risk-based approach to mitigate those risks. According to the FATF, "depending on the threat profile, this may require a country to consider their ML risks emanating from IWT, whether the underlying wildlife crime takes place domestically or in a third country" (FATF, 2020 p. 25).
4. As a result of the limited analysis of environmental offences as financial issues, many jurisdictions may not consider wildlife crime to be a significant ML risk. However, wildlife crime is a global issue, and every region may be implicated in the supply chain as either a source, transit, or destination point for illegal wildlife products. Understanding the jurisdiction's environmental landscape and location on the illegal wildlife trade supply chain is necessary for adequately evaluating and addressing the risk that wildlife crime poses.

### R.2 National Cooperation and Coordination

5. Recommendation 2 emphasises that countries should have effective mechanisms in place that facilitate cooperation, coordination, and information exchange between relevant authorities on AML/CFT matters. Cooperation mechanisms can take on various forms depending on the specific case, the actors involved, and the data protection and privacy rules that the jurisdiction has in place.

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<sup>32</sup> For more information on the relevancy of the FATF Recommendations for conducting financial investigations into the illegal wildlife trade, please reach out to the FATF for additional guidance.



6. Environmental agencies may seem an unlikely partner for FIUs, yet for financial investigations into wildlife crime, they have valuable background information and technical knowledge. Designing multi-agency networks with FIUs, LEAs, environmental agencies, and other relevant stakeholders is necessary to prevent the duplication of efforts and avoid increasing competition between agencies operating in similar domains.

### R.3 Money Laundering Offence

7. According to Recommendation 3, countries should apply the charge of money laundering to all serious crimes and include the broadest set of predicate offences. According to the Palermo Convention (2012), a serious crime is defined as “conduct constituting an offence punishable by a maximum deprivation of liberty of at least four years or a more serious penalty” (p. 2). As wildlife crime has significant social, economic, political, and environmental consequences, countries should recognise wildlife crime in line with ML/TF risks. The current lack of recognition of wildlife crime as a predicate offence may limit the involvement of financial authorities.

### R.4 Confiscation and Provisional Measures

8. Recommendation 4 specifies that countries should enable competent authorities to freeze and confiscate illicit proceeds and/or property connected to ML/TF and the associated predicate offences. Confiscating the profits made from wildlife crime can stifle criminal operations by reducing the rewards of crime (FATF, 2012). Confiscation may also prevent the financial flows of wildlife crime from being laundered or reinvested to facilitate other forms of crime.
9. Most commonly, authorities confiscate the illegal wildlife species or products during seizures. There have been fewer successful cases of financial authorities tracing and confiscating the proceeds and assets of more extensive wildlife trafficking networks.

### R. 9-21 Preventative measures

10. Recommendations 9 to 21 are concerned with countries implementing various measures applicable to reporting entities to prevent ML/TF.
11. As FIUs may provide valuable guidance to reporting entities, they should communicate with relevant stakeholders to develop and communicate the red flags and indicators of wildlife crime.

### R. 36-40 International Cooperation

12. Recommendations 36 to 40 cover international cooperation mechanisms such as governing legal instruments, forms of mutual legal assistance, and other tools. Given that wildlife crime is transnational in many cases, cooperation between FIUs in

different jurisdictions is imperative for successful financial investigations and prosecutions of wildlife traffickers. FIUs should exchange information with foreign counterparts on wildlife-related cases using established methods of FIU to FIU channels such as the Egmont Secure Web. FIUs should also be able to cooperate with other authorities, especially with environmental agencies, to establish "a prompt and constructive exchange of information" (FATF, 2012, p. 110).

## Annex C: FATF IWT Indicators for Financial Institutions

The following indicators are sourced directly from pages 60-62 of the FATF's 2020 Report entitled *Money Laundering and the Illegal Wildlife Trade*

### Preface

The below risk indicators are intended to be used by financial institutions to assist them in identifying potential suspicious transactions and behaviour patterns that could be indicative of ML linked to the illegal wildlife trade (IWT). The risk indicators identified below have been developed based on country experiences in investigations and cases, open source information as well as information provided by the United for Wildlife (UfW) Financial Taskforce and the Basel Institute.

These intelligence-led risk indicators highlight potentially actionable patterns in client profiles (individuals and corporates), transactions and client account activity, but should not be considered in isolation. A risk indicator demonstrates or suggests the likelihood of the occurrence of suspicious activity. However, one risk indicator alone, or without additional information about the client or transaction, is not likely to be sufficient to suggest illicit activity. Financial institutions should be careful when implementing risk indicators into their transaction monitoring systems, as the introduction of stand-alone, generic indicators could lead to the generation of large volumes of alerts that may end-up being false positives. Importantly, these risk indicators should be contextualised with information broader information on client profiles, and information obtained from the public sector.

### Client Profiles (Individuals and Corporations)

- Involvement of international trade companies, including import-export, freight forwarding, customs clearance, logistics, or similar types of companies operating in the following commodities long high-risk corridors or ports<sup>82</sup> for IWT supply and demand: raw or squared wooden logs, plastic waste or pellets, frozen food, fish maws, various kinds of beans, stone or quartz blocks.
- Use of common containers, consignees, transporter, clearing agents, or exporters as seen in other cases believed to involve IWT.
- Activity involving PEPs and wealthy businessmen/women, particularly those with environmental, game, or forestry oversight or environmental or wildlife related businesses
- Involvement of legal wildlife-related entities such as private zoos, breeders, (exotic) pet stores, safari companies, pharmaceutical companies making medicines containing wildlife and wildlife collectors or reserves.
- Individual or beneficial owner(s) of a corporate domiciled in jurisdiction that is a

### Transactions and Client Account Activity

- Large cash deposit by government officials working in wildlife protection agencies, border control or customs and revenue officials.
- Large cash or other deposits, wire transfers, multiple cash deposits and withdrawals, and/or unexplained wealth from government officials working in forestry agencies, wildlife management authorities, zoo and wildlife park employees, or CITES Management Authorities (CMAs).
- Large cash or other deposits, multiple cash deposits and withdrawals, and/or unexplained wealth from government officials from environment or other ministries who have specific management or oversight authority of government stockpiles of seized ivory, rhino horn, timber, or other illegal wildlife products.
- Shipments of legal wildlife (fauna and flora) with anomalous, incomplete, or otherwise suspicious CITES certificates.
- Transactions using names of ingredients or products in the traditional medical trade that refer to CITES species.
- Illogical or anomalous loans between trading or import/export companies in key IWT source or transit countries.

### Transactions and Client Account Activity Continued

- Switched bills of lading by traders previously implicated in criminal activity involving wildlife trafficking or trade fraud investigations or prosecutions.
- Transactions having discrepancies between the description or value, of the commodity in customs and shipping documents and invoice, relative to the actual goods shipped or quoted price or the actual value in payments made.
- Illogical or anomalous purchases, payments, or other transactions related to gold trading from business accounts of clients. Payments for wildlife shipping are often masked as payment for gold or to gold trading business.
- Escrow-type transactions from/to accounts and companies with same beneficial owner in particular for payment of cross-border and transcontinental shipments.
- Transactions from known traffickers to individuals who then pay for couriers or packages via the post.
- Transactions for hired vehicles and domestic accommodation from known members of a trafficking syndicate who are not present in the country or region within a country.
- Third-party wire transfers/cash deposits to, or withdrawals by, known wildlife poachers and traffickers.
- Transaction references using specimen names or veiled speech.
- Transactions between licensed pet shop suppliers/breeders and known wildlife poachers and traffickers.
- Transactions to licenced pet shop suppliers/breeders that originate from overseas, and/or incommensurate with stated business activities.
- Large transactions to licenced pet shop suppliers/breeders where there is significant discrepancies between the animal/product ordered and the value of the good.
- International wire transfers from known wildlife traffickers to a relative's accounts as tuition, allowance, or family support payments.
- Large dollar wire transfers between wildlife farms and firms operating in inconsistent lines of business. Particular attention should be given to payments with firms that produce goods which may be used as "cover loads" to hide illicit wildlife products (e.g. manufacturers / traders of coffee, tea, beans, or used clothing).
- Payments between entities operating in disparate lines of business.

### Other

- Adverse media connected to wildlife or environmental crimes identified in open and available sources on individuals and/or entities involved in reviewed financial transactions.
- Airline passengers traveling on high-risk IWT routes on tickets paid for by a third party or in cash.
- Payments from companies/owners from industries using IWT products (including traditional medicine manufacturers, leather producers, auctioneers of wildlife products, exotic food providers [including butchers, chefs, stall holders wildlife markets and restaurants]) to known wildlife traders or their associates or other entities above that have been identified as involved in IWT.

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