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Follow the Money

Using Financial Investigation to Combat
Wildlife Crime

Cathy Haenlein and Tom Keatinge



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Executive Summary

ALL OVER THE world, for every animal or plant specimen taken illegally from the wild, money changes hands. It does so behind domestic pet storefronts, via online marketplaces, in ports, at ranger stations and often under the eyes of corrupt officials. Wildlife crime is not simply a crime against wildlife: it is organised financial crime conducted on an industrial and transnational scale for profit.

As global efforts to address the wildlife crime crisis have expanded, the financial dimensions of this destructive crime have been overlooked. Instead, responses have typically comprised targeted anti-poaching and anti-trafficking measures, the promotion of sustainable livelihoods, and initiatives to reduce demand for wildlife products. These measures are crucial and have at times yielded positive outcomes in particular locations. Yet until the responses deployed include a significant financial crime-related element to undermine perpetrators' profit-seeking motivation, this low-risk, high-reward crime will continue to thrive largely unimpeded.

For other crime types, financial investigation is viewed as central to identifying not only the individual criminal but also their network of facilitators. Yet where wildlife crime is concerned, financial investigation is not employed on anything approaching a systematic basis. This paper argues that there is an urgent need for those charged with disrupting wildlife crime to add a financial dimension to their approach. The paper refers primarily – but not exclusively – to East Africa, and is the final output of a year-long project researching wildlife-linked illicit financial flows in Kenya, Tanzania and Uganda.

In East Africa and across the supply chain, this paper advocates for greater use of financial tools to disrupt the accomplices, facilitators and support networks of those engaged in this crime. The paper makes the following recommendations to reach this objective, focusing specifically on the changes required to respond to the *financial* motives of those involved.

Recommendations

- **Recognise wildlife crime as a predicate offence to money laundering.** Domestic financial crime laws should specifically include wildlife crime as a predicate offence to money laundering. Where this is not the case, as in many countries affected by wildlife crime, legislative reform should be initiated.
- **Build capacity to use financial tools.** Concerted efforts must be made to ensure that those charged with tackling wildlife crime across source, transit and destination countries have the necessary skills to conduct financial investigations. Investigators and prosecutors must be empowered with the techniques to source financial information to ensure that

the prosecutorial net includes not just the suspect at hand, but also facilitators and beneficiaries.

- **Conduct parallel financial investigations as a matter of routine.** Follow-on investigations must be carried out after all major seizures. In line with Financial Action Task Force (FATF) Recommendation 30, these must include parallel financial investigations. This would assist law enforcement agencies by providing additional evidence to identify the broader criminal network and locate the proceeds of crime. The financing of bail payments and the ease with which those convicted can pay fines to avoid custodial sentences should also be the subject of financial investigation.
- **Freeze, seize and confiscate assets.** Wherever possible, freezing, seizure and confiscation measures should be used to strip perpetrators of the proceeds of wildlife crime. This can offer a more powerful deterrent than custodial sentences, remove potential financing of future criminality, and allow the reinvestment of seized assets into measures to disrupt the predicate crime.
- **Prosecute under alternative legislation.** In many jurisdictions, there are options to arrest, detain and prosecute illegal operators under laws other than those relating directly to wildlife. Prosecution under economic crimes legislation may increase the prospects of substantial penalties being imposed where associated crime types – from money laundering to corruption – carry weightier custodial sentences.
- **Ensure effective inter-agency cooperation.** ‘Following the money’ requires collaboration between wildlife agencies, police, financial intelligence units (FIUs), asset recovery agencies and prosecution services, among others. Inter-agency cooperation could be pursued through joint investigation teams involving FIUs; meanwhile, wildlife agencies could share poacher watchlists with FIUs to allow their financial activity to be monitored. Where Memorandums of Understanding (MoUs) between environmental agencies, law enforcement agencies and FIUs do not exist, they should be established as a matter of priority.
- **Ensure public–private sector cooperation.** Financial institutions are legally required to be alert to the risk of facilitating illicit financial flows and report suspicions to their national FIU. Governments should ensure that feedback is provided to these institutions, such that they can ‘fine tune’ their transaction monitoring and suspicious activity reporting. Partnership forums that allow for information exchange should be encouraged: collaborating in this manner can enhance the ability of law enforcement to disrupt wildlife crime, while enhancing banks’ knowledge of the risks they face. Partnerships involving mobile phone companies can offer similar benefits.
- **Ensure an effective role for NGOs.** NGOs must ensure that assistance provided to law enforcement agencies supports the gathering of financial information to assist in disruption. NGOs engaged in courtroom monitoring should record and analyse trends

in the use of financial evidence in wildlife crime cases. At a policy level, NGOs can also strengthen pressure on governments to initiate legislative change around wildlife crime as a predicate offence, emphasising the importance of financial system integrity to continued national access to the international financial system.

- **Develop red flags and typologies.** All entities involved in combating wildlife crime should work together to develop red flags and typologies that can direct the use of public and private sector resources. This will involve sharing typological information and identified risk factors, between and within the public and private sectors, informed where appropriate by NGOs. This must be done while maintaining the flexibility to update red flags and typologies in line with evolving trends.
- **Address corruption as a key facilitator.** Anti-corruption units must adopt financial investigation tools as part of their efforts to identify the corrupt individuals facilitating wildlife crime. The potential benefits of this line of investigation may extend beyond wildlife crime where strategically placed corrupt individuals facilitate multiple crime types.
- **Ensure that wildlife crime is reflected in National Risk Assessments (NRAs).** In anticipation of FATF Mutual Evaluations, countries affected by wildlife crime must explicitly address the money-laundering risks posed by this crime in their NRAs. Members of FATF and relevant FATF-style regional bodies must support states to ensure that wildlife crime is appropriately reflected in assessments.
- **Share information transnationally.** The sharing of information – including financial information – between enforcement actors at a transnational level must be bolstered, both formally and informally. International law enforcement liaison relationships between key source and demand countries should be established; MoUs and mutual legal assistance treaties must be signed and used. Regular wildlife crime-focused law enforcement gatherings involving source, transit and demand countries should be sponsored.
- **Establish an active financial sector taskforce.** A financial sector group mirroring the United for Wildlife Transport Taskforce¹ should be established prior to the 2018 Illegal Wildlife Trade Conference, to be hosted by the UK government. This will allow financial institutions to elaborate the role they can play in disrupting wildlife-linked illicit money flows. Bolstering this, the 2018 conference should dedicate meaningful time to the use of financial tools to disrupt wildlife crime.

1. The Transport Taskforce saw 40 airlines, shipping firms, port operators, customs agencies and NGOs sign the historic 'Buckingham Palace Declaration'. See United for Wildlife, 'United for Wildlife Transport Taskforce Buckingham Palace Declaration', 15 March 2016, <<http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/enforcement-and-compliance/activities-and-programmes/environmental-crime/united-for-wildlife/ufw-transport-taskforce-buckingham-palace-declaration.pdf?la=es-ES>>, accessed 27 July 2017.

Introduction

A SURGE IN POACHING and illegal trafficking in wildlife is threatening to decimate endangered species worldwide. Across the globe, wildlife and wildlife derivatives are sold illegally on an industrial scale for pets, skins, ornaments and medicines. As the scale of wildlife crime has expanded, the political will to address the crisis has grown. This is encapsulated by the inclusion of the target of ‘end[ing] poaching and trafficking of protected species of flora and fauna’ in UN Sustainable Development Goal (SDG) 15.¹ In line with this, efforts to disrupt this activity have been far-reaching, covering specific anti-poaching and anti-trafficking measures, moves to promote sustainable livelihoods, demand-reduction initiatives and engagement through high level policy forums, such as the UN General Assembly and the African Union.

In many responses to date, however, there has been a critical failure to recognise much transnational wildlife crime for what it is: serious, organised crime on an industrial scale, driven by the profit motive. Wildlife crime is, at its heart, criminality that exists for the enrichment of those who perpetrate it.² The failure to recognise this has impeded efforts to tackle the problem across source, transit and destination states. As the Duke of Cambridge, president of United for Wildlife, noted at the 2016 Hanoi Conference on Illegal Wildlife Trade of efforts to tackle wildlife crime, ‘the truth is we are still falling behind. A betting man would still bet on extinction’.³

The profit motive underpinning wildlife crime is clear. Understood here as trade in wildlife that violates either international legal frameworks or the national legislation of affected countries, this paper covers the illegal taking and trade in wild species of flora and fauna – excluding illegal fishing and logging due to space constraints. Even without fishing and logging, the scale and value of wildlife crime is substantial. Numerous estimations in the billions have been made;⁴ the most commonly cited puts illicit profits from wildlife crime at \$7–23 billion per annum.⁵

1. Sustainable Development Goal (SDG) 15.7 commits states to ‘Take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand and supply of illegal wildlife products’. SDG 15c commits them to ‘Enhance global support for efforts to combat poaching and trafficking of protected species, including by increasing the capacity of local communities to pursue sustainable livelihood opportunities’. See CITES, ‘CITES Secretariat Welcomes Adoption of United Nations Sustainable Development Goals with Specific Targets to End Poaching and Trafficking of Wildlife’, press release, 25 September 2015.
2. Tom Keatinge and Cathy Haenlein, ‘Wildlife Crime is Financial Crime: The Response Needs to Reflect This’, *RUSI Commentary*, 29 December 2016.
3. Tusk, ‘Prince William Tells the World that “A Betting Man Would Still Bet on Extinction”’, 17 November 2016.
4. See, for example, Liana Sun Wyler and Pervaze A Sheikh, ‘International Illegal Trade in Wildlife: Threats and U.S. Policy’, Congressional Research Service Report for Congress, RL34395, 22 August 2008, p. 2.
5. Christian Nellemann et al. (eds), *The Environmental Crime Crisis: Threats to Sustainable Development from Illegal Exploitation and Trade in Wildlife and Forest Resources – A UNEP Rapid*

Yet numerous difficulties affect such calculations. The challenges inherent in quantifying wildlife crime have resulted in significant variations in the estimates available. These range from \$5–20 billion per year presented in 2008⁶ to \$7.8–10 billion in 2011⁷ and \$7–10 billion in 2012.⁸ The \$7–23 billion figure itself clearly covers a wide uncertainty range, and is proffered by the UN Environment Programme and Interpol while acknowledging openly the existence of '[g]reat uncertainties ... regarding the accuracy of the estimates'.⁹

Some reject the usefulness of such figures. The 2016 *World Wildlife Crime Report*, published by the United Nations Office on Drugs and Crime (UNODC), refrains from specifying a figure, stating that 'it is nearly impossible to give an accurate and consistent estimate of the criminal revenues generated by wildlife trafficking'.¹⁰ Such a stance derives from the significant difficulties inherent in any efforts to quantify such activity. Here, independent anti-smuggling consultant John Sellar stresses the issue posed by inadequate data collection, noting that 'relatively few countries specifically collect data relating to wildlife trafficking'.¹¹

Sellar observes further that while some countries 'have some relevant data in, for instance, their central Customs seizure records[, they] ... may not seek to treat or analyse it as a distinct crimetype'. As a result, he observes that 'the supply of such data to relevant IGOs [intergovernmental organisations] tends to be somewhat haphazard and incomplete'.¹² Added to this are the problems of distinguishing retail from wholesale values and variations in prices and profits along the trafficking chain. High levels of volatility in the seizure record and speculation in high-value products due to year-on-year variations in prices and import volumes serve only to compound these challenges.¹³

Despite the issues involved in estimating the *global* value of wildlife crime, the prices commanded by many individual wildlife commodities speak clearly to the financial rewards on offer. Since the mid-2000s, rising demand in expanding economies – such as China and Vietnam for pets, skins, carved ornaments and medicines – has seen a marked escalation in prices.¹⁴ Although average prices are difficult to estimate, in 2014 the value of raw ivory in consumer markets in

Response Assessment (Nairobi and Arendal: United Nations Environment Programme and GRID-Arendal, 2014), p. 19.

6. Wyler and Sheikh, 'International Illegal Trade in Wildlife', p. 2.

7. Jeremy Haken, 'Transnational Crime in the Developing World', *Global Financial Integrity*, February 2011, p. 11.

8. US Department of State, 'Secretary Clinton Hosts Wildlife Trafficking and Conservation: A Call to Action', PRN: 2012/1763, media note, 8 November 2012.

9. Nellemann et al. (eds), *The Environmental Crime Crisis*, p. 19.

10. UNODC, *World Wildlife Crime Report: Trafficking in Protected Species* (New York, NY: United Nations, May 2016), p. 21.

11. John M Sellar, 'Policing the Trafficking of Wildlife: Is There Anything to Learn from Law Enforcement Responses to Drug and Firearms Trafficking?', *Global Initiative Against Transnational Organized Crime*, February 2014, p. 15.

12. *Ibid.*

13. UNODC, *World Wildlife Crime Report*, pp. 20–21.

14. Vanda Felbab-Brown, 'The Disappearing Act: The Illicit Trade in Wildlife in Asia', *Foreign Policy at Brookings Working Paper Number 6*, June 2011, pp. 10, 22–23.

China was estimated by Save the Elephants at \$2,100 per kg. This was a value three times that registered in 2010, although in 2015, the organisation noted a drop in the average wholesale price to \$1,100.¹⁵ Rhino horn is valued substantially higher; some estimates put its price in 2011 at around \$65,000 per kg in end markets – a higher value by weight than gold or cocaine.¹⁶ It must be noted, however, that estimates vary substantially: UNODC fieldwork at the end of 2015 indicated a whole-horn retail price of about \$26,000 per kg.¹⁷

Such prices imply vast financial returns, which have seen wildlife crime grow into a sophisticated form of transnational criminality. Today, networked actors have entered the market, facilitating industrial-scale sourcing, transportation and sale of wildlife products across entire regions. While generating lucrative rewards, wildlife crime also poses a lower risk of detection and prosecution than many other crime types. The result has been a significant criminal growth industry, and a failure by law enforcement across the supply chain to keep pace.

In seeking to raise the risk and reduce the rewards available to perpetrators, in 2014 the Prince of Wales expressed the hope that it might be possible ‘to make greater use of financial tools to tackle organized crime engaged in the illegal wildlife trade’.¹⁸ He argued that in the same way that a ‘follow-the-money’ approach is used widely to tackle other forms of organised crime, such as trafficking in drugs, weapons and human beings, the same approach should be applied to disrupt the activities of wildlife traffickers to take back their ill-gotten gains. This would send a strong message that there are serious consequences for those who trade in protected species for profit.

This paper assesses the progress to date in adopting such a financial approach to countering wildlife crime. It identifies obstacles and opportunities to deploying such tactics and assesses the likely usefulness of this approach in the future. The paper does so referring predominantly to East Africa, as the final output of a year-long project on wildlife-linked illicit financial flows in Kenya, Tanzania and Uganda.¹⁹ The project comprised both research and the delivery of theoretical and technical training on the use of financial tools in wildlife-crime cases. The project also examined the use of financial approaches further afield – across source, transit and destination states worldwide.

This paper is based on both primary and secondary research. This took the form of a nine-month desk review of available open-source literature and extensive primary research. Literature reviewed included relevant UN reports, documentation of government agencies, reports by

15. Save the Elephants, ‘Price of Ivory in China Triples in Four Years, with Grave Implications for Elephants in Africa’, 2 July 2014; Save the Elephants, ‘Sharp Fall in the Prices of Elephant Ivory in China’, 8 December 2015.

16. Michael ‘t Sas-Rolfes, ‘The Rhino Poaching Crisis: A Market Analysis’, Save the Rhino Trust, February 2012, p. 9.

17. See UNODC, *World Wildlife Crime Report*, p. 71.

18. The Prince of Wales and The Duchess of Cornwall, ‘A Speech by HRH The Prince of Wales at the London Conference on the Illegal Wildlife Trade, Lancaster House’, 13 February 2014.

19. *RUSI News*, ‘New Research Project Funded By UK Government to Track Funds from Illegal Wildlife Trade’, 15 March 2016.

intergovernmental organisations and NGOs, and academic studies. As many angles as possible were sought on the issue. The authors surveyed literature with a core focus on both wildlife crime and financial crime to assess their intersections, in both theory and practice.

Acknowledging a limited focus in the literature, the authors conducted more than 100 interviews with experts in countering wildlife crime and financial crime, representatives of NGOs, law enforcement agencies, prosecutors, FIUs, financial institutions, mobile-money operators and intergovernmental organisations. Interviews took place in Kenya, Tanzania and Uganda, as well as the US, the UK, South Africa, Vietnam, Peru and with experts worldwide by phone. The aim was to supplement the lack of detailed published research on financial flows linked to wildlife crime with first-hand accounts from across the supply chain.

The findings are organised into three chapters. Chapter I considers the state of efforts worldwide to adopt a financial approach to wildlife crime. In doing so, it examines two questions: the extent to which financial investigation tools are used to disrupt illicit financial flows linked to wildlife crime, and exactly what is known about these flows. Chapter II advances this analysis to consider the likely usefulness of a financial approach in tackling wildlife crime, were it more fully adopted. Chapter III assesses potential obstacles and opportunities for a fuller adoption of this approach.

In conclusion, the paper offers recommendations to facilitate the broader use of financial tools in disrupting this harmful industry. Notably, it stresses the need to reform legal frameworks and adapt enforcement regimes to exploit the financial footprints left by perpetrators. These footprints are inevitably present: wildlife traffickers, as other criminals, depend on their ability to move and use money in carrying out their crimes, and to disguise the proceeds as legitimate. With many wildlife populations in precipitous decline, more focused attention to the financial dimensions of this destructive trade is now essential.

I. Financial Responses to Wildlife Crime: The Current Picture

ACROSS SOURCE, TRANSIT and destination states, financial investigation tools are not used routinely to tackle wildlife crime. Along the supply chain, responses have broadly failed to address the financial motivations of wildlife traffickers or to systematically target their assets. This is despite recognition of financial investigation as a key financial crime-fighting tool by the Financial Action Task Force (FATF) – the global standard-setter for anti-money laundering and counterterrorist financing (AML/CTF).

FATF describes financial investigation as ‘an enquiry into the financial affairs related to criminal conduct’, with the goal of identifying ‘the movement of money during the course of criminal activity’.¹ It notes that ‘The link between the origins of the money, beneficiaries, when the money is received and where it is stored or deposited can provide information about and proof of criminal activity’.² In its Recommendation 30, FATF urges countries to ‘develop a pro-active parallel financial investigation when pursuing money laundering, associated predicate offences and terrorist financing’. This should ‘make use, when necessary, of permanent or temporary multi-disciplinary groups specialised in financial or asset investigations’.³

In part, the failure to adopt such techniques and arrangements in the case of wildlife crime is due to a critical delay in recognising its true nature as transnational organised crime. Indeed, before the current decade, wildlife crime was largely considered a niche regulatory issue of concern only to conservationists. During the elephant-poaching crisis of the 1980s, which saw population declines in many locations comparable with those witnessed today, the response came mainly in the form of regulatory measures (a global ban on ivory trade). Even in the early years of the current crisis, which began in the mid-2000s, the world continued to view wildlife crime as a technical issue for environmental agencies.⁴ In many locations, wildlife crime remained (and in some cases remains) lightly criminalised.

1. FATF, ‘Operational Issues Financial Investigations Guidance’, June 2012, p. 3.

2. *Ibid.*

3. FATF, ‘International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation: The FATF Recommendations’, updated June 2017, p. 24.

4. Tim Wittig, ‘Poaching, Wildlife Trafficking and Organised Crime’, in Cathy Haenlein and M L R Smith (eds), *Poaching, Wildlife Trafficking and Security in Africa: Myths and Realities*, RUSI Whitehall Paper 88 (London: Taylor and Francis, 2016), pp. 78–81.

Only in the past few years have concerted efforts been made to establish the status of wildlife crime as organised crime on an international scale.⁵ These efforts have contributed to a shift in the way wildlife crime is viewed and addressed. At the national level, many states have sought to establish the status of wildlife crime as transnational organised crime, initiating robust institutional responses.⁶ This shift has been mirrored at the global level: in May 2014, UNODC noted that wildlife crime ‘has transformed into one of the largest transnational organized criminal activities alongside drug trafficking, arms, and trafficking in human beings’.⁷ It observed that ‘Criminal groups are using the same routes and techniques for wildlife ... trafficking as for smuggling of other illicit commodities, exploiting gaps in national law enforcement’.⁸ In 2015, Resolution 69/314, the UN General Assembly’s first dedicated resolution, recognised wildlife crime as ‘an increasingly sophisticated form of transnational organized crime’.⁹

Recognition of wildlife crime as organised crime has at times brought with it acknowledgement of its financial dimensions. The 2014 London Conference on the Illegal Wildlife Trade called on states to address the ‘money-laundering facilitating wildlife trafficking and related offences by adopting or amending legislation’.¹⁰ In April 2015, the UN Congress on Crime Prevention and Criminal Justice called on states to counter wildlife crime ‘by strengthening legislation, international cooperation, capacity-building, [and] criminal justice responses ... aimed at ... dealing with transnational organized crime, corruption and money-laundering’.¹¹ UN General Assembly Resolution 69/314 called on states similarly to review and amend legislation ‘so that offences connected to the illegal wildlife trade are treated as predicate offences ... for the purposes of domestic money-laundering offences’.¹²

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5. The legislation and policy instruments that have grown up in the last few years are examined in more detail in Wittig, ‘Poaching, Wildlife Trafficking and Organised Crime’, pp. 78–81.
 6. See, for example, US Government, The White House, ‘National Strategy for Combating Wildlife Trafficking, February 2014, <<https://obamawhitehouse.archives.gov/sites/default/files/docs/nationalstrategywildlifetrafficking.pdf>>, accessed 7 July 2017.
 7. UNODC, ‘Wildlife and Forest Crime’, <<https://www.unodc.org/unodc/en/wildlife-and-forest-crime/global-programme.html>>, accessed 20 January 2017.
 8. UNODC, ‘Wildlife and Forest Crime: Overview’, <<https://www.unodc.org/unodc/en/wildlife-and-forest-crime/overview.html>>, accessed 20 January 2017.
 9. UN General Assembly, ‘Resolution Adopted by the General Assembly on 30 July 2015: Tackling Illicit Trafficking in Wildlife’, A/RES/69/314, 19 August 2015.
 10. ‘London Conference on the Illegal Wildlife Trade, 12–13 February 2014: Declaration’, para B, 16, IX.
 11. UN, ‘Draft Doha Declaration on Integrating Crime Prevention and Criminal Justice into the Wider United Nations Agenda to Address Social and Economic Challenges and to Promote the Rule of Law at the National and International Levels, and Public Participation’, Thirteenth UN Congress on Crime Prevention and Criminal Justice, 31 March 2015, A/CONF.222/L.6, para. 9(e), <http://www.unodc.org/documents/congress//Documentation/ACONF222_L6_e_V1502120.pdf>, accessed 7 July 2017.
 12. UN General Assembly, ‘Resolution Adopted by the General Assembly on 30 July 2015: Tackling Illicit Trafficking in Wildlife’. A predicate offence is a crime that is a component of another criminal offence. In the context of money laundering, the predicate offence is the offence the proceeds of which may become the subject of money-laundering offences. For example, if illegal income was gained from wildlife crime and the profit was subsequently laundered by being invested in legal businesses, wildlife crime would be a predicate offence.

A growing focus on corruption as an enabler has also helped to draw attention to the financial aspects of wildlife crime. The 2014 London and 2015 Kasane Conferences called on affected countries to adopt a 'zero tolerance policy on corruption associated with the illegal wildlife trade'.¹³ UN General Assembly Resolution 69/314 called on states 'to prohibit, prevent and counter any form of corruption that facilitates illicit trafficking in wildlife'.¹⁴ In 2016, CITES issued its first corruption-focused resolution, 'acknowledging the high degree of involvement of organized criminal groups ... and their frequent use of corrupt practices'.¹⁵ The same year, experts from the conservation, financial, anti-corruption and judicial sectors convened at the 17th International Anti-Corruption Conference in Panama to discuss the contributions each could make to tackling the issue.¹⁶

These moves, however, have not yet translated into implementation on the ground. In many jurisdictions, wildlife crime is not treated as a predicate offence to money laundering, impeding efforts to 'follow the money'. A clear illustration is provided by the Asia Pacific Group on Money Laundering (APG), which, in 2016 with UNODC, conducted a survey of its 41 member states, plus other countries, to understand how each approaches wildlife crime. Strikingly, only 22% of respondents said that they treated wildlife crime as a predicate offence for money laundering in their legislation.¹⁷ Only 35% recognised wildlife crime as a risk in National Money-Laundering and Terrorist-Financing Risk Assessments prepared in advance of FATF Mutual Evaluations.¹⁸

Accordingly, few practical efforts have been made to 'follow the money' generated by wildlife crime. Nor are measures systematically taken to identify, through financial intelligence gathering, the broader support networks of those who profit most from these activities.¹⁹ There are also few examples of successful moves to freeze or confiscate the proceeds of this crime. Although most states have systems to trace, freeze, seize and confiscate assets and the proceeds of crime, practitioners may lack the expertise to exploit such mechanisms. The situation in East Africa is reflective of this state of affairs. Here, as noted by the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG), 'despite arresting traffickers and seizing illegal

13. 'London Conference on the Illegal Wildlife Trade', para. B, 16, XII; HM Government, 'Kasane Conference on the Illegal Wildlife Trade, 25 March 2015: Statement', 2015, para. B.

14. UN General Assembly, 'Resolution Adopted by the General Assembly on 30 July 2015: Tackling Illicit Trafficking in Wildlife', p. 4.

15. CITES, 'Prohibiting, Preventing and Countering Corruption Facilitating Activities Conducted in Violation of the Convention', paper submitted to the Seventeenth Meeting of the Conference of the Parties, Johannesburg, South Africa, 24 September–5 October 2016, p. 4.

16. TRAFFIC, 'Wildlife Crime Makes Debut at International Anti-Corruption Conference', 6 December 2016.

17. Asia Pacific Group on Money Laundering and UNODC, 'Enhancing the Detection, Investigation and Disruption of Illicit Financial Flows from Wildlife Crime', research report, 2017, p. 21.

18. *Ibid.*, p. 19. As a means of identifying weaknesses and driving up standards, FATF conducts evaluations of the compliance of countries with its Recommendations and the effectiveness with which these Recommendations are implemented ('Mutual Evaluations'). Recommendation 1 requires countries to identify, assess and understand their money-laundering and terrorist-financing risks. This is normally done via the preparation of a National Risk Assessment that in some cases, such as with the UK, is made public. Publication is not a FATF requirement.

19. UNODC, 'Wildlife and Forest Crime Analytic Toolkit', Revised Edition, 2012, p. 48.

wildlife products, law enforcement have failed to ... confiscate/forfeit illegally acquired assets by [those] ... wreaking havoc' on the region's wildlife.²⁰

A closer look at the situation in Kenya, Tanzania and Uganda reveals more about the general under-exploitation of financial information in wildlife crime cases. All three jurisdictions have laws against money laundering that criminalise the transfer, receipt, concealment or possession of proceeds of crime – laws which cover wildlife crime. Although wildlife crime is recognised as a predicate offence, however, financial investigation and evidence gathering have so far been insufficiently prioritised to enable prosecutions of major wildlife crime cases under financial crime legislation. In none of the three countries has a 'whole of law' approach to tackling wildlife crime yet been fully embraced.

The situation is similar across East and southern Africa. In Malawi, a 2015 review of wildlife crime undertaken for the Department of National Parks and Wildlife noted that 'there has been no successful attempt in Malawi to "follow the money trail" by freezing and ultimately confiscating the proceeds of wildlife crime, and identifying and criminalizing those who fund wildlife offences or profit from them'.²¹ The review noted that 'Malawi has domestic laws against money laundering that criminalize the transferring, receiving, concealing and possession of proceeds of a crime'. However, it observed further that 'until recently this law has been overlooked as a tool to prevent and suppress wildlife crime'.²²

In Namibia, a recent report by the Financial Intelligence Centre noted that '[i]n all [poaching and wildlife crime] cases prosecuted locally, there has [sic] not been money laundering convictions, let alone such charges laid against involved persons. The norm is that accused persons are ... charged for the predicate offences of poaching or/and with being in possession or dealing in protected resources'.²³ The report continues: 'law enforcement investigations, in Namibia and other southern African countries ... hardly considered investigating the illicit financial flows related to these crimes'.²⁴ At the other end of the supply chain, the situation appears to be little different. In 2016, NGO the Environmental Investigation Agency (EIA) noted of Vietnam that 'it does not appear that financial investigation of wildlife crime is taking place'.²⁵

One result is that sentencing is more lenient than it could be, since prosecutions under financial crime statutes often bring harsher penalties than those under wildlife acts. The situation in Kenya illustrates this clearly. The country has a comprehensive framework to address money laundering, with appropriate sanctions and legal mechanisms to freeze, seize and confiscate the

20. Southern African Anti-Money Laundering Group (ESAAMLG), 'A Special Typologies Project Report on Poaching, Illegal Trade in Wildlife and Wildlife Products and Associated Money Laundering in the ESAAMLG Region', June 2016, p. 6.

21. Shelley Waterland et al., 'Illegal Wildlife Trade Review Malawi', May 2015, para. 6.6.2.

22. *Ibid.*

23. Republic of Namibia Financial Intelligence Centre, 'Rhino and Elephant Poaching, Illegal Trade in Wildlife Products and Associated Money Laundering in Namibia', Trends and Typology Report No. 1 of 2017, January 2017, p. 10.

24. *Ibid.*, p. 15.

25. EIA, 'Time for Action: End the Criminality and Corruption Fuelling Wildlife Crime', November 2016.

proceeds of crime, as outlined in its 2009 Proceeds of Crime and Anti-Money Laundering Act.²⁶ However, the Act is reportedly rarely, if ever, used in connection to wildlife crime. For example, cases monitored in 2014–15 by NGO WildlifeDirect’s ‘Eyes in the Courtroom’ project, which seeks to observe wildlife crime cases in Kenyan courts, showed the use of financial evidence to be almost entirely absent.²⁷

Kenyan wildlife legislation is relatively robust in the penalties it offers. An enhanced Wildlife Conservation and Management Act (WCMA) was signed in 2013,²⁸ Section 92 of which allows sentences of life imprisonment and/or a minimum fine of KES 20 million (approximately \$195,000) for crimes against endangered or threatened species. However, Section 92 has since been adjudged ambiguous and thus invalid,²⁹ meaning that Section 95 of the WCMA is currently applied as a lesser alternative. This section caps sentencing at KES 1 million (around \$10,000) and/or a minimum of five years in jail.³⁰

The penalties handed out under the WCMA since 2013 contrast with those available under Kenya’s financial crime laws. Some of the latter include fines of KES 5 million (around \$50,000) and custodial sentences of up to fifteen years, and allow for asset freezing and forfeiture. Linking wildlife crime more consistently to financial crime legislation would significantly broaden the available tools for prosecutors.

This applies equally to other countries where penalties under wildlife legislation provide only a low deterrent or where loopholes exist. The Uganda Wildlife Act 1996, for example, offers penalties of seven years imprisonment, yet fails to criminalise *possession* of illegal wildlife products (an amendment to address this loophole and provide life sentences is under consideration by parliament).³¹ Across East and southern Africa more broadly, few countries prescribe severe penalties for wildlife crime offences,³² resulting in lost opportunities for maximum sentencing.

Also being missed are opportunities to garner evidence of additional suspects linked to wildlife crime. As just one example, EIA has highlighted a case in which a ‘follow-the-money’ approach might have led to a more successful investigation and, ultimately, prosecution than was

26. ‘Proceeds of Crime and Anti-Money Laundering Act, 2009 (Kenya)’; US Department of State, ‘Countries/Jurisdictions of Primary Concern: Kenya’, <<https://www.state.gov/j/inl/rls/nrcrpt/2015/vol2/239088.htm>>, accessed 21 January 2017.

27. Elizabeth Gitari et al., ‘Outcome of Court Trials in the First Two Years of Implementation of the Wildlife Conservation and Management Act, 2013’, Courtroom Monitoring Report, 2014 and 2015, WildlifeDirect, June 2016.

28. Robert Kaai et al., ‘A Guide to the Wildlife Act of Kenya (WCMA 2013)’, WildlifeDirect, 2015, pp. 24–25.

29. Gitari et al., ‘Outcome of Court Trials in the First Two Years of Implementation of the Wildlife Conservation and Management Act, 2013’, pp. 21–22.

30. *Ibid.*

31. Benjamin Jumbe, ‘Uganda: Government Okays Life Sentence for Wildlife Crime Offenders’, *Daily Monitor* (Kampala), 25 February 2017.

32. ESAAMLG, ‘A Special Typologies Project Report on Poaching, Illegal Trade in Wildlife and Wildlife Products and Associated Money Laundering in the ESAAMLG Region’, p. 47.

ultimately achieved.³³ In November 2013, three Chinese labourers were arrested in a house in Dar es Salaam where 706 elephant tusks for export were discovered (a further 1,023 pieces of ivory were intercepted in a container in the port of Zanzibar).³⁴ The case was applauded as an effective, intelligence-led disruption operation that resulted in the arrest of key players in the Tanzania–China ivory trafficking trade. Yet documents found at the location that provided details of corporate links and related money flows (in one instance, \$500,000 on one day alone) were not used to identify a much wider criminal syndicate extending to Hong Kong and mainland China.³⁵ This situation is not uncommon – in numerous cases, financial footprints are not fully picked up and followed.

In a small number of cases, such opportunities *have* been exploited. Tanzanian authorities reported using financial information to identify the accomplices of three men arrested at Zurich Airport in 2015 carrying nearly \$500,000 of ivory.³⁶ Further along the supply chain, in 2014 Thailand’s FIU – the Anti-Money Laundering Office (AMLO) – led an investigation into a syndicate trafficking tigers, pangolin and rosewood.³⁷ In this case, the AMLO helped to uncover a web of associates and multi-jurisdictional financial transfers by Kampanart Chaiyamart, a Thai-Vietnamese national at the heart of a major trafficking ring, and his sister Daoreung Chaimas, the owner of a tiger zoo in northeastern Thailand.³⁸ The investigation resulted in the seizure of assets worth more than 1 billion Thai baht (then around \$36 million) belonging to Kampanart and his network.³⁹

Another case concerned Chumlong Lemtongthai, who was sentenced to 40 years in 2012 for rhino poaching in South Africa. Chumlong had used regular white rhino trophy hunts as a front for trading rhino horns on the illegal Asian market.⁴⁰ Following his prosecution and conviction in South Africa, in January 2015 financial investigations into Chumlong’s assets in Thailand began. In 2016, a court ordered the seizure of his assets, including two bank accounts containing 1.4 million baht (about \$40,500) and a house worth 5 million baht (about \$142,000).⁴¹

In March 2016, meanwhile, the first wildlife crime-related AML extradition to the US took place. The case concerned Gregory Logan, a retired Royal Canadian Mounted Police officer

33. Julian Newman, ‘Targeting Wildlife Crime Bosses – It’s All About the Money’, EIA, 27 November 2015.

34. EIA, ‘Vanishing Point: Criminality, Corruption and the Devastation of Tanzania’s Elephants’, 6 November 2014, p. 19.

35. *Ibid.*

36. Authors’ interviews with state prosecutors, Dar es Salaam, 31 May 2016; *The Citizen*, ‘Sh800m TZ Ivory Seized in Switzerland’, 5 August 2015.

37. Nanchanok Wongsamuth, ‘Cat and Mouse: Accused Tiger Trafficker Slips Authorities’ Net’, *Bangkok Post*, 26 June 2016.

38. Save the Elephants, ‘Thailand’s Financial Intelligence Unit Hitting Wildlife Traffickers Where it Hurts’, 16 September 2014; EIA, ‘High Profit/Low Risk: Reversing the Wildlife Crime Equation’, Briefing for the Kasane Conference on Illegal Wildlife Trade, 25 March 2015, p. 8.

39. Save the Elephants, ‘Thailand’s Financial Intelligence Unit Hitting Wildlife Traffickers Where it Hurts’; Chaiyot Yongcharoenchai, ‘Rooting out the Rosewood Robbers’, *Bangkok Post*, 11 May 2014.

40. Hannah Osborne, ‘Poaching and Prostitutes: Thai Man Sentenced to 40 Years for Smuggling Rhino Horns in South Africa’, *International Business Times*, 9 November 2012.

41. UNODC, ‘Asset Recovery Inter-Agency Network Southern Africa (ARINSA), Annual Report 2016’.

already convicted, fined and handed an eight-month conditional prison stay in Canada for trafficking 250 narwhal tusks worth more than \$2 million into the US. The individual was subsequently extradited to the US to face money-laundering charges related to his activities – charges potentially allowing a maximum sentence of 20 years in prison and fines of up to \$500,000 for each count. Under the terms of his extradition, he pleaded guilty to ten counts of money laundering.⁴²

But such cases are few and far between. As noted, in the majority of wildlife crime investigations, financial leads go unfollowed, financiers and supporters unidentified and assets unfrozen and unconfiscated. In large part, this is because of a delay in recognising wildlife crime as financial crime, as discussed in greater detail above. But it is also due to a lack of understanding of exactly how money linked to wildlife crime moves – and what signs to look for.

Indeed, few efforts have been made to document the methods used to channel funds to poachers and traffickers, or to identify broader trends in the laundering of wildlife crime proceeds. The most concerted effort to date is a June 2016 study by ESAAMLG,⁴³ which aimed to furnish practitioners and policymakers with a typology report on wildlife crime and associated money laundering in East and southern Africa. In the report, however, ESAAMLG noted a number of blockages to providing a clear picture of wildlife-linked money laundering. In surveying member states, it reported tellingly that, '[M]ost jurisdictions could not indicate methods used to channel funds to poachers and other financial flows relating to the proceeds of wildlife crimes'.⁴⁴

ESAAMLG noted further that it 'could not obtain data and information related to methods used to pay for the wildlife and wildlife products by end users and/or kingpins ... in the consumer countries'.⁴⁵ Indeed, a dearth of knowledge applies at every stage of the supply chain, from source to transit and destination states. This applies to the money used to finance wildlife crime, the funding channelled to retailers by consumers, and the methods used to launder proceeds into the legitimate economy. ESAAMLG notes that such information on financial flows on both the supply and demand side 'is not available, or accessible, or understood'.⁴⁶

In Namibia, another attempt to create a typology report on wildlife crime and associated money laundering resulted in few further conclusions. The authors, Namibia's FIU, noted that the 'study could not find sufficient information on financial trends to demonstrate [H]ow the finances used to fund poaching activities or those involved at the lower-end ... are moved'. Nor, it acknowledges, could it clarify '[h]ow the proceeds from such criminal activities ... are laundered into the financial system'.⁴⁷ Even in Europe, a recent European Parliament study noted

42. *Associated Press*, 'Retired RCMP Officer Accused of Smuggling Narwhal Tusk Pleads Guilty in U.S.', 28 September 2016.

43. ESAAMLG, 'A Special Typologies Project Report on Poaching, Illegal Trade in Wildlife and Wildlife Products and Associated Money Laundering in the ESAAMLG Region'.

44. *Ibid.*, p. 66.

45. *Ibid.*, p. 8.

46. *Ibid.*, p. 10.

47. Republic of Namibia Financial Intelligence Centre, 'Rhino and Elephant Poaching, Illegal Trade in Related Wildlife Products and Associated Money Laundering in Namibia', p. 40.

that ‘there is a very limited evidence base on the links between money laundering and wildlife crime within the EU’.⁴⁸

Researchers have concluded simply that funds linked to wildlife crime are poorly understood and may move in many different ways, whether via cash couriers, financial transfers, informal money-transfer systems, mobile-money transfers, prepaid cards or payments in kind. This low level of awareness limits the ability of law enforcement agencies to develop intelligence-led approaches to tracking these flows. Yet the lack of data is in fact a direct consequence of the failure to deploy financial investigation tools to disrupt wildlife crime in the first place. Only once such tools are used systematically will knowledge about the methods used to move funds – and thus the ability to target them – begin to improve.⁴⁹

48. Stephan Sina et al., ‘Wildlife Crime: Study for the ENVI Committee’, IP/A/ENVI/2015-10, European Parliament, March 2016, p. 51.

49. Keatinge and Haenlein, ‘Wildlife Crime is Financial Crime: The Response Needs to Reflect This’.

II. Financial Investigation: A New Front Against Wildlife Crime?

THE BLEAK PICTURE surrounding the use of AML tools to tackle wildlife crime raises the question of how their more comprehensive adoption might impact current responses. In considering this question, it is useful to examine the reasons a ‘follow-the-money’ approach is championed for disrupting organised crime more broadly – and the likely effectiveness of this approach in relation to wildlife crime. Such an analysis will frame the paper’s assessment of the barriers and opportunities to adopting such an approach in this case, as explored further in Chapter III.

The value of financial investigation as an evidence-gathering tool is well established. The approach is used as a matter of course in response to a range of organised crime types, as well as to terrorist activity. As then Chancellor of the Exchequer Gordon Brown noted in 2006: ‘What the use of fingerprints was to the 19th century, and DNA analysis was to the 20th century, so financial information and forensic accounting has come to be one of today’s most powerful investigative and intelligence tools available in the fight against crime and terrorism’.¹ Box 1, on the next page, offers clear examples of the effective use of financial investigation in relation to drug trafficking and human trafficking.

With regard to organised criminality of all types, proponents of the ‘follow-the-money’ approach highlight the valuable role financial investigation can play in a range of areas. These include proactive data mining and financial analysis conducted to develop risk analysis and formulate policy; the identification of cases; and the development of evidence to support prosecutions. Most tangibly, financial investigation can lead to the identification of the proceeds of crime and reveal further investigative opportunities related to the underlying crime.² Identifying the proceeds of crime allows investigators to target the suspected criminal, permitting the seizure and confiscation of their assets. In revealing details about the underlying crime, meanwhile, it can grant law enforcement agencies a greater understanding of the supporters, facilitators and beneficiaries of criminals held in custody.

Each of these elements is vital. Together, they allow investigators to target both those involved on the operational side, and those who benefit most from the crimes under investigation, but

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1. *The Guardian*, ‘Full Text of Gordon Brown’s Speech on Terrorism’, 10 October 2006; Tom Keatinge, ‘Tackling Terrorist Finance Starts at Home’, *RUSI Newsbrief*, 22 January 2016.
 2. UK College of Policing, ‘Effective Financial Investigation’, <<https://www.app.college.police.uk/app-content/investigations/investigative-strategies/financial-investigation-2/effective-financial-investigation/>>, accessed 4 September 2017.

Box 1: Financial Investigation in Action*Case 1: Trafficking of Afghan Heroin to Russia*

This case began when the Russian FIU (Rosfinmonitoring) was asked for financial information related to individuals allegedly involved in drug trafficking in St Petersburg. The suspects' financial activity was investigated, revealing transfers to the foreign-domiciled accounts of the gang leaders and their relatives. The purchase of expensive vehicles and property was also uncovered. The proceeds of the crime had also been partially exchanged from roubles into foreign currency and transferred to other countries. They had also been transported out of Russia by cash couriers.

Beyond identifying the proceeds of crime, by comparing the money flows with domestic and international flights made by suspected gang members, FIU analysts uncovered previously unknown members of the scheme and further details of the trafficking routes used. The financial links also revealed the position of each group member in the overall hierarchy. Information was also exchanged with foreign FIUs, allowing the identification of related bank accounts that may have been used for money laundering purposes. Finally, the financial investigation identified both the 'finance manager' located in a country outside Russia, and the individual coordinating the drug deliveries through cross-border transportation and the purchase of vehicles for distribution.¹

Case 2: Human Trafficking in the UK

This case began when law enforcement information on individuals involved in human trafficking and sexual exploitation was passed to a financial institution through a public-private sector information-sharing initiative. The financial institution found that it had no current banking relationships with the individuals, but was able to identify one as the owner of website domains advertising escort, adult and massage services.

Additional analysis identified a historic connection between one of the subjects of interest and a former customer who had previously been identified as a potential victim of human trafficking. This former customer had been the subject of an internal alert that had led to their accounts being closed over concerns that they were under the control of others. Link analysis conducted on the former customer's accounts identified payments to another former customer, now serving a six-year sentence for conspiracy to control prostitution for gain, and in turn to two current customers, one of whom operated an escort agency.

The analysis provided a strong indication of suspected perpetrators or controllers of human-trafficking-related activity. In liaison with law enforcement agencies, the financial institution established a much wider network of criminal links than those of which authorities had previously been aware. In 2016, four individuals linked to the case were jailed.²

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1. For more details, see the Egmont Group of Financial Intelligence Units, 'Egmont Cases: Financial Analysis Cases 2011–2013', 2014, pp. 29–34.
 2. For more details, see Tom Keatinge and Anne-Marie Barry, 'Disrupting Human Trafficking: The Role of Financial Institutions', *Whitehall Report*, 1-17 (March 2017).

who do not usually commit the crimes themselves. The latter can most effectively be exposed through the financial transactions that connect them to those perpetrating crimes on their behalf, or to the commodities trafficked for their financial gain.³

As mentioned earlier, financial investigation is recognised as a key financial crime-fighting tool by FATF, which urges countries to ‘develop a pro-active parallel financial investigation when pursuing money laundering, associated predicate offences and terrorist financing’. In their efforts to do so, it is useful to consider the tools countries have available to them. At the heart of the architecture of most national efforts to tackle financial crime lies the FIU – the authority charged with receiving suspicious transaction reports (STRs) from the ‘regulated sector’, which includes banks, remittance companies and other actors, such as lawyers and accountants that either handle or facilitate the movement of finance. STRs may, in themselves, trigger a law enforcement investigation. Alternatively, they may be kept as a source of information that law enforcement agencies can query in support of cases that begin with the investigation of other crimes.

When a suspect is identified, either through an arrest connected with a particular crime or as the subject of an STR, a financial investigation can begin. The objective of any financial investigation is to identify movements of funds linked to criminal activity, whether in the execution of the crime, or in the exploitation or obfuscation of the related financial gain. Analysing the financial footprints of a suspect or group of suspects by gathering bank account details or requiring remittance companies to provide transaction records can quickly create a detailed picture of a suspect’s activities. These might include the use of services such as transport and communications, or purchases made in support of, or funded by, the suspected criminality.

In this way, financial investigations can create links between those who send, receive, store and use money linked to criminal activity, significantly widening a criminal investigation. This is particularly useful where the cross-border connections associated with transnational organised crime are established, or where links can be drawn with pre-existing investigations or closed cases. This contribution to investigations should be seen in the same light as that made by communications data. An example of the latter regarding wildlife crime is presented by the case of Feisal Mohammed Ali, who was accused of ivory smuggling in Kenya. Mobile phone data was reportedly used to link the accused to a ring of additional suspects, including through 84 calls to the alleged manager of the business where the ivory was found.⁴

The objective of law enforcement is often, primarily, to investigate and convict the suspect. Yet establishing parallel investigations ensures that all those related to that suspect are identified, and that all elements of the suspected criminality are uncovered. Of particular note is the fact that parallel investigations, supported by financial analysis, can lead to the identification of assets that can be frozen, and to potential forfeiture and recovery. As the UK’s National Crime

3. Cathy Haenlein and Tom Keatinge, ‘Follow the Money: How Financial Investigation Can Combat Poaching in Kenya’, *Newsweek*, 2 July 2016.

4. Joackim Bwana, ‘Witness: Suspects Made Hundreds of Calls in Days’, *Standard Digital*, 15 February 2016.

Agency (NCA) notes, ‘Many of those involved in ... organised crime see prison as an occupational hazard. Their motivation is almost always financial’.⁵ It seems that stripping them of the benefits of their criminality, whether money, property or other assets, can be a much more powerful deterrent than prison.

Indeed, financial investigation can pave the way for the use of economic crimes legislation, carrying weighty penalties and allowing for asset seizure and confiscation. This is particularly useful where legislation related to the predicate crime is weak, or where evidence is insufficient to prosecute for the predicate crime. Here, a further benefit is the potential to reinvest seized financial assets in measures aimed at preventing and protecting against the predicate crime. Simultaneously, therefore, financial investigation can offer a wealth of knowledge to law enforcement; investigative support through the provision of further evidence streams; tougher penalties for prosecutions; and seized funds for investment in crime prevention.

Reflecting on how this plays out in practice, in 2012, the Home Office undertook a study of 60 organised crime cases to determine the support financial investigation had offered law enforcement.⁶ While evidence suggested that financial investigations were rarely used to identify organised criminality initially, financial investigation techniques were applied in more than 50% of sample cases both before and after arrest, and during the case-building phase. The study clearly demonstrated the extent to which financial investigation can contribute to the practical disruption and prosecution of criminality. As part of the analysis, the study identified the main benefits of financial investigation to be:

- Identifying the extent of an organised crime group.
- Locating assets owned or used by organised crime group members.
- Identifying ownership and use of properties.
- Uncovering evidence of the lifestyle led by those targeted.
- Tracking movements of individuals.
- Placing people at particular places at particular times, thereby linking them to criminality or particular criminal groups.⁷

Such contributions can be valuable in the investigation of a range of crime types. It must be noted, however, that financial investigation tools do not offer a silver bullet. Financial investigations, just like other forms of inquiry, are complex and can be difficult to execute. In the case of transnational organised crime, they often require sustained international cooperation – which may not always be forthcoming. While financial tools have helped to disrupt a range of crimes, they have not succeeded in comprehensively dismantling established drug-trafficking syndicates, nor in defunding terrorist organisations.⁸

5. NCA, ‘Plane and Car Among £500k Assets Seized from “Biggles” Crime Group’, 22 December 2016.

6. Rick Brown et al., *The Contribution of Financial Investigation to Tackling Organised Crime: A Qualitative Study*, Home Office Research Report 65 (London: The Stationery Office, 2012).

7. *Ibid.*, p. iii.

8. See Vanda Felbab-Brown, ‘Human Security and Crime in Latin America: The Political Capital and Political Impact of Criminal Groups and Belligerents Involved in Illicit Economies’, Western

Yet it is also difficult to dismiss the usefulness of financial investigation tools, or their value in providing additional forms of intelligence. Particularly when used alongside other intelligence streams, financial intelligence has been shown in practice to provide many of the benefits outlined above. Of greatest relevance to this paper is the question of whether such benefits might apply to wildlife crime as the predicate offence for money laundering – a topic to which this chapter now turns.

If financial investigation tools were to be employed more systematically, the authors argue that these benefits could extend to the investigation of wildlife crime. The principal reason for this is that wildlife traffickers are primarily motivated by financial gain. In the same way as many other criminals, actors at various stages of the wildlife crime supply chain look to transform the proceeds of their activities into clean money. Their actions leave financial footprints, which constitute evidence for investigators to track.

There are also practical options for conducting successful financial investigations into wildlife crime networks, although they may perhaps appear daunting. As noted, little is known about the precise dynamics of the financial flows generated by this crime, but the likelihood that formal – alongside informal – channels are used presents opportunities for law enforcement. This use of formal channels is largely overlooked – instead the highly cash-based nature of many of the economies involved is commonly emphasised. On this basis, it may be tempting to dismiss the chances for successful financial investigation, yet this picture does not tell the full story.

To be sure, many source areas in Africa are rural regions of cash-dependent economies, where formal financial systems have limited penetration. At the sourcing stage of the supply chain, it is indeed likely that cash payments predominate and the usefulness of financial investigation tools may be limited. Namibia's Financial Intelligence Centre, for example, notes the likelihood of 'cash being the preferred method of payment ... in the domestic setting of the countries of procurement'.⁹ Yet, even in rural parts of cash-based economies such as those in East Africa, the increasing use of mobile money systems for small payments that were previously made in cash increasingly offers fruitful leads. In parts of East Africa, mobile money is known to have facilitated wildlife crime-related transactions at the lower ends of the chain. Meanwhile, even where criminals do not reveal themselves through their financial transactions, the cash they earn needs to be spent, with spending habits and often newly more sophisticated lifestyles often able to give them away.

This applies even further at the next levels of the supply chain after the sourcing of wildlife. Here, the profits to be made are greater, with conspicuous spending more likely to involve expensive houses and luxury cars. At this stage of the chain, actors are occupied with consolidation and international transportation, with larger sums of money and the use of formal channels becoming more necessary. At these levels, it is clear from the volumes involved and the transnational nature of the supply chain that the formal financial system is used. The multijurisdictional bases

Hemisphere Security Analysis Center, September 2011, p. 40.

9. Republic of Namibia Financial Intelligence Centre, 'Rhino and Elephant Poaching, Illegal Trade in Wildlife Products and Associated Money Laundering in Namibia', p. 37.

and operations of larger-scale perpetrators reinforce the need to channel funds through formal financial institutions. EIA describes it as inconceivable that the amounts of money involved at this level can be moved in cash, rather than through the banking system.¹⁰

In this scenario, as with other crime types, following financial tracks can enhance the ability of law enforcement to identify, disrupt and prosecute those involved. It can also help to identify the broader network of supporters and facilitators, and indeed the greatest beneficiaries of wildlife crime activities. Here, the structural characteristics of the groups involved and the susceptibility of key nodes of the supply chain to disruption through financial investigation are relevant. Again, however, the current knowledge base around these characteristics in the case of wildlife crime remains limited, with a range of differing views put forth in this respect.

Some accounts suggest a criminal industry comprised of vertically integrated ‘mafia’-style groups. Such analyses often rest on well-publicised arrests of alleged ‘kingpins’ accused of coordinating entire networks,¹¹ but some researchers question the evidence behind such characterisations. Tim Wittig, for example, points to ‘a more complex reality in which smaller organised crime networks and individual facilitators work together within a diversified, horizontally integrated value chain’.¹² Whether vertically or horizontally integrated, however, financial tools can target the intersecting nodes of these structures. Whether part of the same crime group or not, financial links can connect constituent parts of the supply chain, assisting in its disruption.

Finally, the prospect of delivering weighty sentences through the use of economic crimes legislation offers significant value in the case wildlife crime. In many jurisdictions, ambiguities and loopholes in Wildlife Acts can prevent heavy sentencing: the Kenyan Wildlife Act considered in Chapter I provides a telling example. Supplementing such Acts with stronger legislation – if consistently applied – has the potential to alter the risk–reward calculus of perpetrators. Yet, there are numerous obstacles to achieving these ends, including, not least, the failure of many jurisdictions to designate wildlife crime as a predicate offence to money laundering. Such impediments to effectively using financial investigation tools are considered in Chapter III, along with potential opportunities to overcome them.

10. Newman, ‘Targeting Wildlife Crime Bosses’.

11. See, for example, *BBC News*, ‘Togo Arrests “Ivory Trade Kingpin”’, 7 August 2013; Elkana Jacob and Mkamburi Mwawasi, ‘Ivory Kingpin Feisal Mohammed Jailed 20 Years, Fined Sh20m’, *The Star*, 22 July 2016.

12. Wittig, ‘Poaching, Wildlife Trafficking and Organised Crime’, p. 94.

III. Following the Money: Challenges and Opportunities

AS HAS BEEN shown, the use of financial investigation tools against wildlife crime, its perpetrators and facilitators remains an underexploited opportunity. This chapter considers the blockages that have prevented progress to date and potential impediments to a more concerted scaling up of financial approaches in future. In doing so, it identifies options and opportunities to overcome such challenges, which are included in a series of recommendations in the paper's Executive Summary.

Legal Frameworks

One of the core challenges to adopting financial approaches to counter wildlife crime lies in the inconsistency of legal frameworks across affected jurisdictions. Over the past fifteen years, most states have improved their AML laws in order to criminalise the transferral, receipt, concealment and possession of the proceeds of crime.¹ In many states, these laws apply explicitly to wildlife crime: in Australia, Canada, South Africa and Kenya, for example, poaching and wildlife crime offences are treated as predicate offences.² In the US, following concerted lobbying, the House of Representatives approved legislative changes in 2016 to similarly recognise wildlife crime as a predicate offence.³

In other jurisdictions, AML laws do not *expressly* identify wildlife crime as a predicate offence, but offences are drafted in such a broad manner as to encompass almost all money-laundering activity, regardless of the underlying crime. This situation applies in the Philippines and Malawi, among other affected states.⁴ Yet in numerous other countries, AML legislation does not cover poaching or wildlife crime offences – many of these are key source, transit and destination states along the wildlife trafficking supply chain.⁵ As just one example, Botswana's AML legislation,

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1. For details on specific countries, see FATF country analysis at <<http://www.fatf-gafi.org/countries/>>, accessed 12 March 2017.
 2. 'Hanoi Conference on Illegal Wildlife Trade: Review of Progress', Hanoi Conference on Illegal Wildlife Trade 17–18 November 2016, <<http://iwthanai.vn/documents2/>>, accessed 8 March 2017.
 3. Wildlife Conservation Society (WCS), 'WCS Applauds Passage of END Wildlife Crime Act by U.S. Congress', press release, 21 September 2016; Robert Dreher, Associate Director of US Fish and Wildlife Services, Department of the Interior, 'On Poaching and Terrorism: Testimony Before the US House of Representatives, Committee on Foreign Affairs, Subcommittee on Terrorism, Nonproliferation, and Trade', 22 April 2015.
 4. On the Philippines, see D L A Piper, 'Empty Threat: Does the Law Combat Illegal Wildlife Trade? An Eleven-Country Review of Legislative and Judicial Approaches', p. 174; on Malawi, see Waterland et al., 'Illegal Wildlife Trade Review, Malawi'.
 5. UNODC, 'Wildlife and Forest Crime Analytic Toolkit', p. 48.

the Proceeds of Serious Crime Act 1990, does not include environmental crime as a predicate offence, posing a major impediment to the use of financial tools.⁶

Even where wildlife crime *is* covered by AML legislation, using this law may not be straightforward. In prosecuting cases of money laundering, many jurisdictions explicitly require evidence of the ‘parallel offence’,⁷ enforcing the often-substantial burden of proving the link between the funds in question and the original criminal offence. This poses further challenges at the international level: where countries require proof of the parallel offence and this occurs in another jurisdiction, for example, the ‘dual criminality’ principle comes into play. This principle requires that the predicate offence – in this case, wildlife crime – be criminalised as such in all countries concerned.⁸ In many EU countries, meanwhile, investigations will cover money laundering *and* the predicate crime only if these took place within a single state.⁹

Such inconsistencies in domestic legislation limit the options for exploiting financial investigation tools and laws.¹⁰ The result is that moves to identify and freeze the proceeds of wildlife crime have to date only been made within a single country, and not internationally.¹¹ As a result, NGOs, international and regional organisations are pushing to make wildlife crime a predicate crime in a range of jurisdictions.¹² The EU Action Plan Against Wildlife Crime, for instance, identifies a key action for member states as that of ‘review[ing] ... legislation on money laundering to ensure that offences connected to wildlife trafficking can be treated as predicate offences and are actionable under domestic proceeds of crime legislation’.¹³ In support of this, in December 2016, the European Commission issued a proposal for a directive on money laundering instructing that member states should consider all offences set out in Environmental Crime Directive 2008/99/EC as predicate offences.¹⁴ At the time of writing, this proposal was still being discussed by the European Council and Parliament.

6. DLA Piper, ‘Empty Threat 2015: Does the Law Combat Illegal Wildlife Trade?’, p. 30; EIA, ‘Time for Action: End the Criminality and Corruption Fuelling Wildlife Crime’, November 2016.

7. Sina et al., ‘Wildlife Crime: Study for the ENVI Committee’.

8. *Ibid.*

9. *Ibid.*

10. Jade Saunders and Jens Hein, ‘EUTR CITES and Money Laundering: A Case Study on the Challenges to Coordinated Enforcement in Tackling Illegal Logging’, A Study for the EFFACE Project, Chatham House, January 2015.

11. Sina et al., ‘Wildlife Crime: Study for the ENVI Committee’; UNODC, ‘Wildlife and Forest Crime Analytic Toolkit’.

12. HM Government, ‘Kasane Conference on the Illegal Wildlife Trade, 25 March 2015: Statement’, pp. 6, 37; WWF, ‘WWF’s Ginette Hemley Testifies Before US Senate on Global Poaching Crisis’, 16 July 2015; Delfina Rossi Silvano, ‘It Is Time for Congress to Take Action Against Wildlife Crime’, University of Texas at Austin, 1 May 2015; EIA, ‘In Cold Blood: Combating Organised Wildlife Crime’, February 2014.

13. European Commission, *EU Action Plan against Wildlife Trafficking*, (COM(2016) 87 final), 26 February 2016, action 23, p. 21.

14. European Commission, ‘EU Action Plan Against Wildlife Trafficking: One Year After – Overview of Actions and Initiatives Taken by the EU Member States and the European Commission’, February 2017, p. 13; European Commission, ‘Proposal for a Directive of the European Parliament and of the Council on Countering Money Laundering by Criminal Law’, (COM(2016) 862 final), 21 December 2016.

In some places, such moves are having an impact. In 2016, Sweden reported in response to the APG/UNODC survey that it is considering legislative changes to allow the use of alternative offences to prosecute wildlife crime.¹⁵ In the US, as previously noted, lobbying efforts have already contributed to legislative change, making wildlife crime a predicate offence.¹⁶ Such moves are promising: lobbying efforts should now be broadened and other states persuaded to follow suit.

Certainly, amending legislation can be a lengthy process, frequently with long timelines required to obtain the necessary parliamentary approvals. While amendments are pending, however, financial investigation can potentially help to bring criminals to justice through other ancillary legislation. Depending on the jurisdiction, this can include anti-corruption, fraud or tax-evasion laws; as with AML legislation, these laws may offer stronger penalties than those governing the underlying offence.¹⁷

In each case, however, investigators and prosecutors must be aware of the options available, as well as the points to prove to exploit the legislation in question. This points to an additional challenge in adopting financial approaches: the capacity to use legislation in practice. In Kenya, for example, DLA Piper notes: 'Although Kenya's Government permits prosecution of crimes associated with ... the illegal wildlife trade under ancillary legislation (such as ... anti-money laundering laws), it seems the judiciary has been reluctant to prosecute under such ancillary legislation'.¹⁸ Where this situation arises, many of the reasons lie in gaps in capacity and awareness – gaps worth examining in detail.

Capacity Gaps

A key factor underlying the limited use of ancillary legislation in response to wildlife crime is a lack of capacity on the part of investigators to collect financial evidence that can stand up in court. Investigating officers are unlikely to be specialist financial investigators, and often lack training on the value of 'following the money'.¹⁹ In the APG/UNODC's 2016 survey, only 11% of responding countries reported conducting further investigations after seizure and arrest.²⁰ In line with this, the authors' research revealed an overwhelming focus by law enforcement on the commodity in question, whether ivory, rhino horn or pangolin.²¹ Seizing these commodities is commonly viewed as the end of a case – the successful conclusion of an investigation.

15. APG and UNODC, 'Enhancing the Detection, Investigation and Disruption of Illicit Financial Flows from Wildlife Crime', p. 28.

16. WCS, 'WCS Applauds Passage of END Wildlife Crime Act by U.S. Congress'.

17. DLA Piper, 'Empty Threat 2015'.

18. DLA Piper, 'Empty Threat 2015', p. 100.

19. Authors' interviews with representatives of Kenyan, Tanzanian and Ugandan wildlife agencies, prosecution services and international organisations, Nairobi, Dar es Salaam and Kampala, 23 May–8 June 2016.

20. APG and UNODC, 'Enhancing the Detection, Investigation and Disruption of Illicit Financial Flows from Wildlife Crime', p. 6.

21. *Ibid.*

Even where wildlife crime investigators appreciate the *value* of financial intelligence, they may lack the skills and training to acquire it. In particular, they are likely to lack awareness of the techniques required to obtain financial information lawfully – via production or account-monitoring orders²² – from public and private sector entities bound by a duty of confidentiality or secrecy. Wildlife crime investigators may also lack the fundamentals in conducting financial analysis on information gathered. AML agencies, for their part, generally have little experience of dealing with offences such as wildlife crime.

This points to a further obstacle to conducting effective financial investigations in wildlife crime cases: that of ensuring concerted inter-agency cooperation. In numerous jurisdictions, financial investigation powers are restricted to authorised officers (either legally or administratively), who may not sit within wildlife agencies. In Uganda, for example, the 2013 Anti-Money Laundering Act restricts authorised officers to ‘the director general or deputy director general of the [Financial Intelligence] Authority, a prosecutor of the Director of Public Prosecutions, or a police officer of the rank of assistant inspector of police or higher’.²³ This situation points to the vital need, in conducting financial investigations, for cooperation between wildlife agencies, police, prosecutors, FIUs and authorised officers in other agencies.

A country’s FIU is particularly crucial in this process. As the recipient of suspicious transaction reports (STRs) from the regulated sector,²⁴ the FIU is typically the hub within government for financial investigations. Some FIUs merely gather information for onward dissemination to law enforcement; others actively analyse and investigate financial crime. Either way, close relationships between FIUs and the range of other agencies investigating and prosecuting wildlife crime are crucial, allowing the latter to react to FIUs’ intelligence and orchestrate a coordinated response.

Yet such close relationships are not always present. Tellingly, ESAAMLG’s research noted among wildlife agencies ‘a lack of understanding of the role that FIUs could play in combating poaching and the illicit trade in wildlife products’.²⁵ The authors’ research supports this analysis, highlighting communication gaps particularly between FIUs and wildlife agencies. In Kenya and Uganda, for example, Memorandums of Understanding (MoUs) between the two authorities are not yet in place.²⁶ Malawi’s FIU and wildlife agency similarly do not share an MoU, impeding information exchange in both directions.²⁷

22. These are legal orders that instruct financial institutions to provide bank account-related information to law enforcement agencies as part of their investigations.

23. ‘Anti-Money Laundering Act, 2013’ (Uganda), Part I – Preliminary.

24. The regulated sector typically includes banks, remittance companies and any other businesses handling or facilitating the movement of funds.

25. ESAAMLG, ‘A Special Typologies Project Report on Poaching, Illegal Trade in Wildlife and Wildlife Products and Associated Money Laundering in the ESAAMLG Region’.

26. Authors’ findings during research and training courses delivered in Nairobi, 27 January–3 February 2017 and Kampala, 20–29 February 2017.

27. Waterland et al., ‘Illegal Wildlife Trade Review, Malawi’.

As demonstrated in the responses to numerous crime types as well as terrorist activity,²⁸ a failure by agencies to share information leads to suboptimal outcomes. Information sharing on wildlife crime *could*, for example, see wildlife agencies share poacher watchlists with FIUs to allow their financial activity to be monitored for suspicious activity.²⁹ Yet in East and southern Africa, ESAAMLG notes that, 'Apart from [in] South Africa, ... environmental authorities do not have engagements through formal MoUs with the resident FIUs, let alone foreign FIUs'.³⁰ It observes further that 'FIUs in member countries are hardly involved in investigative operations (tactically or strategically) concerning wildlife crimes'.³¹ On a global level, similarly, the APG and UNODC, in their 2016 survey, noted that only 16% of countries reported consulting or including FIUs in wildlife crime investigations.³²

FIUs may themselves fail to treat wildlife crime as a priority and may lack expertise on this crime type. The same applies to the regulated sector: ESAAMLG observes that 'local FIUs hardly reported having received any STRs ... relating to wildlife crimes'.³³ The authors' research similarly revealed knowledge gaps and a strong demand among financial institutions for in-depth analysis on both local and global wildlife crime trends.³⁴ This may be because clear red flags and typologies on wildlife crime are largely absent. As noted by ESAAMLG, 'No country reported to have used data from illegal trade in ... wildlife to develop trends and typologies to help combat related ML/TF in their jurisdiction and internationally'.³⁵

Indeed, while banks, particularly those operating internationally, may have considerable financial investigation capabilities and staff dedicated to identifying suspicious clients and transactions, they are not experts on all crime types. Expertise in relation to wildlife crime in particular is often lacking. In light of this, law enforcement agencies and NGOs could offer insights to assist banks to more effectively identify wildlife-linked financial activity. However, this does not yet happen in a significant way; the result is that financial information sitting in the private sector may go undetected.

At the other end of the chain, prosecutors and the judiciary may be unaware of the potential to use ancillary legislation to prosecute wildlife traffickers. In Malawi, a 2015 study for the

28. See, for example, National Commission on Terrorist Attacks, 'The 9/11 Commission Report: Final Report of the National Commission on Terrorist Attacks upon the United States', October 2004, pp. 416–19.

29. Authors' interviews with international organisations, law enforcement agencies, Nairobi, 23–27 May 2016.

30. ESAAMLG, 'A Special Typologies Project Report on Poaching, Illegal Trade in Wildlife and Wildlife Products and Associated Money Laundering in the ESAAMLG Region', p. 8.

31. *Ibid.*

32. APG and UNODC, 'Enhancing the Detection, Investigation and Disruption of Illicit Financial Flows from Wildlife Crime', p. 22.

33. ESAAMLG, 'A Special Typologies Project Report on Poaching, Illegal Trade in Wildlife and Wildlife Products and Associated Money Laundering in the ESAAMLG Region', p. 10.

34. Authors' interviews with representatives of financial institutions, Nairobi and Dar es Salaam, 23 May–3 June 2016.

35. ESAAMLG, 'A Special Typologies Project Report on Poaching, Illegal Trade in Wildlife and Wildlife Products and Associated Money Laundering in the ESAAMLG Region', p. 66.

Department of National Parks and Wildlife noted that ‘many members of the prosecution services and many judiciary officers were not aware of ... the relevance of many wildlife crimes to listed offences which are expressed outside the remit of the NPWA [National Parks and Wildlife Act] e.g. money laundering’.³⁶ It observed further a lack of awareness among these officers of ‘the availability and relevance of existing domestic legislation outside of the NPWA that can be used ... to prosecute wildlife crimes e.g. the Money Laundering and Proceeds of Serious Crime and Terrorist Financing Act, 2006’.³⁷ Unsurprisingly, at the time of the report’s publication, no domestic statute other than the NPWA had been used to try wildlife crime cases in the country.³⁸

In this context, the prospects for successfully pursuing financial approaches to wildlife crime may appear disheartening. Yet opportunities to improve outcomes exist. Capacity building on the use of financial tools to counter wildlife crime has not taken place on a significant scale along the supply chain. In delivering such training in East Africa, the authors noted significant appetite for greater capacity to ‘follow the money’. There is great potential to expand such capacity building across the full supply chain.

To understand the value such initiatives can have, it is worth examining in further detail the authors’ experience in East Africa. The training in each country took place over eight days, involving wildlife agencies, FIUs, asset-recovery agencies, revenue authorities, prosecutors, anti-corruption agencies and the judiciary, among others. The courses covered financial investigation procedures, asset confiscation and ancillary legislation, among other topics. On concluding the training, pre- and post-surveys revealed an expanded appreciation particularly of the potential use of ancillary legislation to prosecute wildlife traffickers. Trainers also recorded a growth in awareness of the appropriate avenues for using this legislation, and the toolkit available to conduct financial investigations.

The courses also explored the cooperative arrangements required to effectively use financial tools. Pre- and post-surveys revealed, first and foremost, a greater comprehension of the functions of the other agencies present. This applied particularly to the role of the FIU: wildlife and other agencies’ understanding of the FIU’s role and relevance – including as a source of information to be queried in support of investigations – was shown to have increased. More practically, participants showed a clear desire to exploit the cooperative avenues available, from establishing MoUs to building informal networks.

Indeed, a key conclusion by participants was that a lack of technical expertise or a mandate to use financial tools on the part of wildlife agencies could be compensated through cooperation with asset-recovery authorities, anti-corruption commissions, revenue authorities and FIUs. Notably, an expressed intention by participants from wildlife agencies and FIUs was to set up formal channels of communication via MoUs. Informal channels for communication were also initiated, in the form of social media groups and mailing exchanges. Finally, the training saw

36. Waterland et al., ‘Illegal Wildlife Trade Review, Malawi’, para. 6.6.1.

37. *Ibid.*

38. *Ibid.*

‘champions’ elected in each agency to act as focal points for inter-agency contact on financial approaches to combating wildlife crime.

RUSI’s training in East Africa also involved senior risk and compliance professionals from both domestic and international banks. The aim was to explore the needs and obligations of each sector, facilitate mutual understanding and enhance public–private cooperation on wildlife crime cases. The public sector expressed a need for greater clarity on ways to access information on banks’ customers, their transactions and assets, to assist them in following the money. The private sector expressed a need, among others, for enhanced understanding from law enforcement of the threats and vulnerabilities presented by wildlife crime. Both sectors expressed a desire to continue to discuss obstacles and opportunities through regular cross-sector meetings.

Here, broader efforts to enhance public–private partnerships offer a useful platform on which to build. Over the past few years, considerable time has been invested in efforts to engender closer collaboration between law enforcement and the financial sector. In the UK, the recently established Joint Money Laundering Intelligence Taskforce uses provisions in law to allow public and private sectors to share information on criminal activity.³⁹ In Kenya, a monthly roundtable is held, at which government agencies and financial institutions discuss financial crime trends.⁴⁰ Where established, such forums provide considerable opportunity for financial responses to wildlife crime to be discussed.

At the same time, greater finance-related action is planned through a range of other platforms. The International Consortium on Combating Wildlife Crime, which brings together CITES, Interpol, UNODC, the World Bank and the World Customs Organization, has developed a wildlife crime and AML training course, which it began implementing in 2017. The US government has committed funding to develop financial investigation and prosecution skills in selected countries; UNODC has delivered training on the use of AML techniques to combat wildlife crime, as well as the recovery of the proceeds of wildlife crime.⁴¹ In 2017–18, RUSI plans to expand its own training programme to three further countries in southern Africa.

Also promising is the fact that clear starting points exist, in both the public and private sectors, to enact the techniques covered in such trainings. In the public sector, in many locations, investigators proactively use mobile phone data for developing links and networks, as demonstrated in the Feisal Mohammed Ali case cited previously.⁴² This represents a useful step towards a fuller adoption of financial investigation: mobile phone data analysis is very similar in nature to financial activity analysis as a tool for developing broader networks. With mobile

39. NCA, ‘Joint Money Laundering Intelligence Taskforce (JMLIT)’, <<http://www.nationalcrimeagency.gov.uk/about-us/what-we-do/economic-crime/joint-money-laundering-intelligence-taskforce-jmlit>>, accessed 12 March 2017.

40. Authors’ interviews with representatives of financial institutions, international organisations, Nairobi, 23–27 May 2016.

41. Authors’ interviews with representatives of international organisations, Nairobi and Dar es Salaam, 23 May–1 June 2016.

42. Bwana, ‘Witness: Suspects Made Hundreds of Calls in Days’.

money also widely used across East Africa, mobile data analysis can be directly extended for the purposes of financial investigation.

Here, cooperation with telecommunications companies can offer fruitful outcomes. Companies such as Safaricom have developed sophisticated in-house intelligence functions to support their mobile-money businesses, using call log meta-data and screening software to monitor for high-risk users.⁴³ In Kenya, Safaricom is a reporting institution and must file STRs connected with their M-PESA business to the FIU.⁴⁴ Of note is the fact that Safaricom has joined an information-sharing taskforce established by the Kenya Wildlife Service (KWS) that allows the company to refine its monitoring based on KWS priorities.⁴⁵

Beyond communications data, other immediate leads are identifiable. These lie particularly in the financial support often provided by accomplices to individuals once arrested. The financing of bail payments and the ease with which convicted individuals seem able to pay fines to avoid custodial sentences are obvious areas for financial investigation. The assets (both cash and property) to which suspects have access to post bail and, on conviction, to pay fines are often inconsistent with these individuals' apparent means. Question marks also exist around how relatively low-level defendants can afford high-quality legal defence in a range of cases.

In the private sector, grounds for optimism for a greater role for finance to disrupt wildlife crime also exist. Placed on the front line of financial crime prevention by regulators and law enforcement, financial institutions have developed considerable investigative capabilities, which are most advanced in globally operating financial institutions – and of greatest use where these institutions span source, transit and destination countries. Such capabilities can be harnessed to assist in identifying illicit financial activity connected with criminal activity, including wildlife crime, particularly where NGOs and law enforcement stand ready to assist by sharing threat and trend information.

Meanwhile, where global banks act as links to the international financial system for local and regional banks, they increasingly seek to raise standards at these partner banks. For example, Standard Chartered Bank (SC) runs a Correspondent Banking Academy Initiative, which 'focuses on reducing [the] financial crime risk arising from SC's dealings with its respondent banks'. It does so 'by educating them on international best practices in financial crime compliance and helping them to strengthen their AML/CTF controls'.⁴⁶

Of particular note here is the fact that as international standards continue to be enhanced and enforced, international banks are growing more alert to the risks in banking jurisdictions where

43. Authors' interviews with representatives of mobile-money companies and AML consultants, Nairobi, 25–26 May 2016.

44. M-PESA is a mobile phone-based money transfer, financing and microfinancing service.

45. Authors' interviews with representatives of mobile-money companies and AML consultants, Nairobi, 25–26 May 2016.

46. Standard Chartered Bank, 'De-risking Through Education: Introduction to Standard Chartered Correspondent Banking Academy Initiative', <https://www.sc.com/fightingfinancialcrime/av/De-risking_through_education.pdf>, accessed 12 March 2017.

wildlife crime is prevalent. As they do, domestic banking systems that fail to treat wildlife crime as financial crime may find their access to international finance restricted. Given the strategic importance of such access for countries that typically act as sources of illegal wildlife products, this raises the question of political will – in both public and private sectors.

Political Will

Underpinning the prospects for legislative change and capacity enhancement lies the issue of political will. Indeed, a major challenge to conducting financial investigations and applying AML law is the low priority accorded to wildlife crime relative to other crimes. In all jurisdictions, the majority of resources are devoted to crimes to which governments assign higher importance, often including crimes such as drug trafficking. As such, even in states that consider all crimes as predicate offences, as noted by Sina et al., in practice ‘law enforcement agencies and Financial Intelligence Units will focus on a set of predicate offences that does not include wildlife crime’.⁴⁷

In this context, an impediment to *prioritising* wildlife crime is posed by the common separation of authorities charged with environmental management from better-equipped policing agencies. This siloed way of working results from a legacy of viewing environmental crime as a niche issue for conservationists, rather than a matter of organised crime.⁴⁸ In turn, such separation can hinder any move towards more formal institutional recognition of wildlife crime as serious and organised crime. Such separation and the low prioritisation that comes with it are ill-suited to responding to the transnational nature of today’s wildlife-crime crisis.

In several countries, this situation is changing with the establishment of government-wide strategies and multiagency enforcement units.⁴⁹ For example, the 2013 US Presidential Task Force on Wildlife Crime and associated Implementation Plan bring together the US Fish and Wildlife Service, Departments of State, Justice, the Interior and numerous other federal departments and agencies. Under this framework, the multiagency law enforcement initiative *Operation Crash* has resulted in numerous successful prosecutions of wildlife traffickers and the forfeiture and restitution of \$5.5 million, as of February 2017.⁵⁰

In Tanzania, the creation in 2014 of the multiagency National and Transnational Serious Crimes Investigation Unit, with a mandate covering wildlife and drug trafficking, among other crimes, has seen an intelligence-led approach to wildlife crime bear fruit.⁵¹ Since 2014, the unit has arrested more than 1,390 poachers and wildlife traffickers, resulting in a series of successful prosecutions and prison terms in excess of 20 years.⁵² Nepal’s Wildlife Crime Control Bureau has

47. Sina et al., ‘Wildlife Crime: Study for the ENVI Committee’, p. 69; James G Tillen and Laura Billings (eds), ‘Anti-Money Laundering in 23 Jurisdictions Worldwide’, Getting the Deal Through, 2015.

48. See Haenlein and Smith (eds), *Poaching, Wildlife Trafficking and Security in Africa*.

49. EIA, ‘Time for Action’, p. 10.

50. US Fish and Wildlife Service, ‘Operation Crash’, 21 February 2017.

51. PAMS Foundation Tanzania, ‘Elephant Poaching Declines in Tanzania due to Intelligence-Led Approach’, 10 October 2015.

52. PAMS Foundation Tanzania, ‘The Emergence of Intelligence-led Law Enforcement in Wildlife Protection’, 13 February 2017.

also achieved positive results as a multiagency body led by the Department of National Parks and Wildlife Conservation and comprising the police, army, National Investigation Department, customs and forestry departments.⁵³ In other cases, however, such units are not full-time bodies and do not enjoy participation from key agencies.⁵⁴ EIA cites Laos' multiagency enforcement mechanism, Lao-WEN, in which levels of engagement by agencies such as the Environmental Police, customs and prosecutors, which are critical to investigating and prosecuting organised crime, are unclear.⁵⁵

Supporting the treatment of wildlife crime as serious crime in such units is the emergence of overlaps with other crime types. Recent research points to a range of areas in which wildlife crime appears to be becoming interlinked with other types of organised crime.⁵⁶ These overlaps appear to pertain particularly to drug trafficking. As noted by Wittig, in East Africa, crossovers are emerging between ivory trafficking routes and networks moving heroin from Afghanistan and Pakistan.⁵⁷ The operations of the Akasha brothers in Kenya are a case in point, with evidence pointing to involvement in both heroin and ivory trafficking.⁵⁸

In South Africa, Chinese Triad gangs now active in trafficking the sea snail abalone to Asia have longstanding drug- and human-trafficking operations. As the price of abalone spiralled in the early 2000s, they leveraged their connections in Hong Kong and China to enter the transnational abalone market. Simultaneously, they brokered arrangements with local gangs over the manufacture and distribution of the methamphetamine-based drug, Mandrax.⁵⁹ This saw abalone trafficking become intertwined with other forms of organised crime.

Although such overlaps by no means affect all wildlife crime activities, their existence supports the prioritisation of wildlife crime alongside other serious crimes. Their existence also raises possibilities for the larger-scale adoption of financial approaches to disruption: as noted, such approaches are employed much more frequently in relation to other serious crimes. The adoption of whole-of-government national strategies also favours the uptake of the kind of financial tools used to tackle other crimes. In the US, for example, the Implementation Plan associated with the National Strategy for Combating Wildlife Crime cites the need to '[I]dentify and target assets and proceeds related to wildlife crime for seizure and forfeiture'.⁶⁰

53. WWF, 'How Nepal Got to Zero Poaching', 3 February 2015; EIA, 'Time for Action'.

54. EIA, 'Time for Action', p. 10.

55. *Ibid.*

56. Wittig, 'Poaching, Wildlife Trafficking and Organised Crime'.

57. WCS, 'Ivory Trafficking from Southern Tanzania: A Carcass-to-Port Study', confidential final report to the Elephant Crisis Fund, 2016.

58. *The Economist*, 'Do Dope-Smugglers Also Peddle Ivory?', 9 February 2017; Kevin J Kelley, 'Investigators: Akasha Drugs Ring Smuggled Ivory', *Daily Nation*, 12 February 2017.

59. Sam Kiley, 'Rare Shellfish Bartered for Drugs', *The Guardian*, 23 September 2007; *Mongabay*, 'Abalone Poaching Drives Meth Drug Trade in South Africa', 20 May 2007.

60. US Department of Justice, 'National Strategy for Combating Wildlife Crime: Implementation Plan', p. 20.

Meanwhile, the priority assigned to tackling corruption in a range of states is building awareness of the value of economic crime-related tools, which may benefit their uptake in wildlife crime cases. In Tanzania, a drive under President John Magufuli to stamp out corruption has resulted in an invigorated Prevention and Combating of Corruption Bureau (PCCB), which recently established a unit dedicated to investigating corruption as an enabler of wildlife crime.⁶¹ This is in line with a *global* push to address corruption as a facilitator of wildlife crime. This was exemplified at the London and Kasane Conferences on the Illegal Wildlife Trade by calls for states to adopt a ‘zero tolerance policy on corruption associated with the illegal wildlife trade’,⁶² and further in 2016 in CITES’ corruption-focused resolution.⁶³

At the same time, consistent pressure on states to comply with international AML standards may help to elevate the priority accorded to financial approaches to wildlife crime. For example, the placement of numerous jurisdictions in East Africa on FATF’s grey list of underperforming nations has forced these countries to address the strategic deficiencies identified. In Kenya and Tanzania, the establishment of legal and regulatory frameworks to address deficiencies resulted in both countries being removed from the list in 2014. Forced to take their financial crime responsibilities seriously, both countries have prioritised efforts to tackle money laundering linked to predicate crimes. With both playing a key role in the wildlife crime supply chain, this trend can and should strengthen efforts to disrupt financial flows linked to wildlife crime, as a predicate offence under domestic laws.

A new round of evaluations could further strengthen these efforts. These evaluations will focus not only on technical compliance with FATF’s Recommendations, but also on effective implementation. A key element of the new evaluation process is a requirement to ‘identify, assess, and understand the money laundering and terrorist financing risks for [their] country’.⁶⁴ Most countries have chosen to evidence this awareness by producing a National Risk Assessment (NRA); countries in which wildlife crime is a key money-laundering risk will be expected to provide evidence that a domestic regime for tackling this risk is in place. In the coming two to three years, most countries in key source and demand countries will face this challenge, posing a key test to their commitment to tackle the finances linked to wildlife crime.

Current and future action by FATF thus has significant potential to help to elevate the priority accorded to wildlife crime by AML authorities at the domestic level. Increasingly, this is being recognised, and efforts made to engage FATF on the topic. At the 2016 Hanoi Conference on Illegal Wildlife Trade, UNODC committed to ‘work with ... FATF ... and FATF-Style Regional Bodies to ensure that wildlife crime is on their agenda’.⁶⁵ Such efforts should be supported as a key component in broader moves to bring financial and wildlife crime communities closer.

61. Authors’ interviews with representatives of Tanzanian government agencies, Dar es Salaam, 3 June 2016.

62. ‘London Conference on the Illegal Wildlife Trade, 12–13 February 2014’, para. XII; HM Government, ‘Kasane Conference on the Illegal Wildlife Trade, 25 March 2015: Statement’, para. B.

63. CITES, ‘Prohibiting, Preventing and Countering Corruption Facilitating Activities Conducted in Violation of the Convention’, p. 4.

64. The FATF Recommendations (2012), p. 11, Recommendation 1.

65. ‘Hanoi Statement on Illegal Wildlife Trade’, p. 19.

In sum, it is clear that collaboration between those tackling wildlife crime and financial crime remains limited – and that numerous challenges impede those looking to address this situation. Yet it is also apparent that domestic and international engagement in this area, while only nascent, offers significant opportunities for progress. With wildlife crime currently receiving unprecedented global policy attention, the time to exploit these opportunities is now. The international community has recognised that effectively addressing transnational organised wildlife crime requires a coordinated response that draws on a range of investigative and criminal justice instruments. In this context, all options for using financial tools and laws as powerful components in a holistic criminal justice approach to wildlife crime must be exploited.

Conclusions

WILDLIFE CRIME IS a form of organised crime conducted primarily for financial gain. It spans countries and international borders, and exists for the enrichment of those who perpetrate the business. Wildlife products generate vast profits that need to be laundered to disguise their illegal origin. Financial investigation tools can contribute significantly to the disruption of wildlife crime by enhancing the ability of law enforcement agencies to identify, arrest and prosecute those involved.

Following the financial tracks left by those who traffic wildlife can support the prosecution of the suspect and the freezing and seizing of assets. It can also assist in identifying the broader network of supporters and facilitators and, indeed, the greatest beneficiaries of wildlife crime activities. Financial investigation tools can be used further to deprive perpetrators of the proceeds of crime, helping to rebalance the risk–reward equation and deter new players. Asset forfeiture can further reduce the likelihood of proceeds being reinvested into future wildlife crime operations.

At present, however, the use of financial investigation tools to disrupt wildlife traffickers and take back their criminal proceeds is limited. Little is known about the dynamics of the illicit financial flows linked to this crime type, impeding moves to identify specific risk factors. Numerous challenges affect efforts to use financial investigation tools and ancillary legislation, including a lack of capacity and inconsistent legislative frameworks. A further challenge relates to a lack of political will to prioritise wildlife crime relative to other forms of illegal activity in key jurisdictions along the supply chain.

Yet opportunities to address these challenges exist. Action to lobby for stronger legislation and to build capacity to exploit financial tools and laws is already underway. Numerous immediate leads exist for investigators to begin to ‘follow the money’, from those found in communications data to those relating to the financial support provided to the accused. Meanwhile, further trends – from pressure to comply with international AML standards to the current global spotlight on the wildlife crime crisis – suggest that the will to pursue such approaches is growing.

It must be acknowledged that tracking the finance of low-level poachers can be challenging in rural, cash-based source locations. Yet those who orchestrate wildlife crime at the higher levels rely on the formal financial sector to support their network of (often transnational) operations. The industrial scale of transnational wildlife crime and its supporting logistics means that cash payments and couriers with anonymous suitcases of money are no longer adequate. As such, the financial transactions that accompany transnational wildlife crime activities present rich opportunities for investigators.

Both public and private sectors can help to ensure that the financial footprints left by these activities are followed. This paper, the outcome of research and training involving both sectors, has sought to demonstrate the constructive roles both can play. Key to this is cooperation – between and within both sectors and with NGOs, domestically and transnationally. Financial institutions, particularly those operating at an international level between source and demand countries, are gradually elevating their focus on wildlife crime. The public sector and NGOs must assist them in developing a greater understanding of the threat landscape as they seek to use their capabilities to respond to this crime.¹

Ultimately, this paper calls for both sectors to engage to address the absence of financial investigation and analysis employed systematically to disrupt wildlife crime. It makes a number of recommendations to guide this process, the full list of which can be found in the Executive Summary on pages vii–ix. Beyond those outlined in other reports on combating wildlife crime more broadly, the recommendations made here focus on the changes required to respond to the *financial* motivations of these crimes.

1. Authors' interviews with government agencies, international organisations and NGOs, Nairobi, Dar es Salaam and Kampala, as well as by phone from London, June–August 2016.

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Tom Keatinge is the Director of the Centre for Financial Crime and Security Studies at RUSI, where his research focuses on matters at the intersection of finance and security, including the use of finance as a tool of intelligence and disruption. He has a Master's in Intelligence and International Security from King's College London where his research focused on the effectiveness of the global counterterror finance regime. Prior to joining RUSI in 2014, he was an investment banker for 20 years.