



**TRAFFIC**



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# WILDLIFE MONEY TRAILS

BUILDING FINANCIAL INVESTIGATIONS FROM WILDLIFE  
AND TIMBER TRAFFICKING CASES IN THE EUROPEAN UNION

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# JOINT REPORT

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## UNITE PROJECT WEBPAGE

[www.uniteproject.eu](http://www.uniteproject.eu)

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# ACRONYMS AND ABBREVIATIONS



<b>AI</b>	Artificial Intelligence – refers to automated search algorithms for suspicious transaction reports
<b>AML</b>	Anti-Money Laundering
<b>ARIN</b>	Asset Recovery Inter-agency Network
<b>ARO</b>	Asset Recovery Office of EU Member States
<b>CARIN</b>	Camden Asset Recovery Inter-Agency Network
<b>CCP</b>	The UNODC-WCO container control programme
<b>CITES</b>	Convention on International Trade in Endangered Species of Wild Fauna and Flora
<b>CVC</b>	Convertible Virtual Currency
<b>ENU</b>	Europol National Unit
<b>EUTR</b>	EU Timber Regulation
<b>EUWTR</b>	European Union Wildlife Trade Regulations
<b>EMPACT</b>	European Multidisciplinary Platform Against Criminal Threat
<b>FATF</b>	Financial Action Task Force
<b>FinCEN</b>	Financial Crimes Enforcement Network under the US Treasury
<b>FIU</b>	Financial Intelligence Unit
<b>GI-TOC</b>	Global Initiative against Transnational Organised Crime
<b>INTERPOL</b>	International Criminal Police Organization
<b>IUCN</b>	International Union for Conservation of Nature
<b>IVTS</b>	Informal value transfer systems
<b>IWT</b>	Illegal Wildlife Trade
<b>MSB</b>	Money Services Business
<b>NEST</b>	National Environmental Security Task Force (an INTERPOL initiative)
<b>NCB</b>	National Central Bureau (Designated national police entity and formal liaison to INTERPOL)
<b>NGO</b>	Non-Governmental Organisation
<b>NVWA</b>	Netherlands Food and Consumer Product Safety Authority
<b>NVWA-IOD</b>	Intelligence and Investigation Service of the Netherlands Food and Consumer Product Safety Authority
<b>OTF</b>	Operational Taskforce (EUROPOL)
<b>RIACM</b>	Regional Investigative and Analytical Case Meeting (an INTERPOL initiative)
<b>RUSI</b>	The Royal United Services Institute
<b>STR</b>	Suspicious Transaction Report (also known as Suspicious Activity Report)
<b>TBML</b>	Trade-based Money Laundering
<b>UFED</b>	Universal Forensics Extraction Device
<b>UNEP</b>	United Nations Environment Programme
<b>UNODC</b>	United Nations Office on Drugs and Crime
<b>VPN</b>	Virtual Private Network
<b>WCO</b>	World Customs Organisation



## EXECUTIVE SUMMARY

**Within the European Union (EU), wildlife and timber trafficking range in scope from the keeping of exotic pets by individuals, to large-scale trafficking, serious transnational organised crime and laundering of significant criminal proceeds. Despite this range of unlawful activity, including in some cases serious crimes, a large share of wildlife and timber trafficking cases in the EU are enforced with administrative sanctions only, resulting in fines and seizures, with these serious transgressions of the law often left undetected.**

As part of the EU-funded UNITE project, this report was developed after extensive engagement with law enforcement agencies and subject matter experts across the EU and includes an analysis of 16 case studies, most from 2019-2022, on financial crime in wildlife and timber trafficking within the EU. This report aims to raise awareness among frontline officers in the EU of the appropriate investigative “follow the money” strategies to employ, especially at the early stages when wildlife or timber trafficking offences are first detected. This ensures investigators

can estimate the potential financial scale involved in the case, the suspected associate offenders, and determine whether dismissal, administrative sanctions, criminal charges, referral to the tax office, and/or anti-money laundering investigations and asset recovery proceedings are the most appropriate course of action. This report also aims to encourage financial institutions in the EU to develop suspicious transaction reports linked to wildlife and timber trafficking.

Cash payments are common in the wildlife trade, which allows for relatively easy laundering through cash-intensive businesses, such as restaurants, and pet shops, or concealment in other forms such as depositing small amounts in banks to avoid suspicion (so-called “smurfing”). In addition to cash and prepaid cards, a large part of wildlife and timber trafficking transactions pass through banks and financial institutions. The use of informal value transfer systems (IVTS), such as *Hawala*, or payment in convertible virtual currencies (CVCs), such as bitcoin, appear to be relatively low in the EU.

Company structures are commonly used to launder illicit proceeds generated from wildlife and timber trafficking or to facilitate the transfer of funds across multiple jurisdictions. These include the use of registered businesses such as private zoos, pet shops, restaurants, and import-export trading and logistics companies.

One important source of criminal intelligence, to understand the financial typology of wildlife and timber trafficking, could be the suspicious transactions reports (STRs) filed by financial institutions and other entities regulated under the EU anti-money laundering directives. Unfortunately, the number of STRs linked to wildlife or timber trafficking filed by financial institutions is very limited. None of the case studies included in this report were initiated because of an STR filed by a financial institution. Analysis conducted by the US Treasury, identified only 212 suspicious transaction reports associated with wildlife trafficking across the entire US Banking system between 2018 and 2021, an average of only 4.6 STRs filed per month.<sup>1</sup>

Illicit wildlife and timber markets vary considerably in size and scale depending on the various commodities involved. In the EU, illicit trade in CITES-listed wildlife, for example, tends to involve a large number of low-value transactions. The prices paid for individual wildlife specimens at the low end can be EUR10-70 (for some birds, amphibians, or reptiles), and at the high end up to EUR10,000 for rare reptiles and exotic mammals. The average amount paid for a single amphibian in the EU is EUR62, and for a single reptile specimen is EUR86.

The common use of cash, and the large number of low-value transactions linked to wildlife trafficking (high-volume/low-value transactions), in amounts similar to a typical household or small business transactions, adds to the difficulty in detecting suspicious transactions. Trafficking in high-value wildlife, or trade in large quantities, such as timber trafficking, involves much larger transactions (low-volume/high-value transactions), but these cases too receive little attention for money laundering and financial crimes.

One objective of this report is to encourage law enforcement to shift their focus from the sale of individual specimens to instead target those responsible for the ongoing trade, using “follow the money” principles. In this way, law enforcers are more likely to uncover serious, repeated, or transnational organised crimes. As can be seen from the wildlife and timber trafficking case studies compiled for this report, their combined value is estimated at EUR18.0 million, or an average value of EUR1.4 million per case.

Since the majority of financial transactions linked to wildlife or timber trafficking pass through banks and financial institutions, financial institutions must improve their capacity to detect unusual or suspicious behaviour or anomalies associated with wildlife and timber trafficking. The report provides advice to financial institutions on risks and characteristics of wildlife and timber trafficking relevant to detecting suspicious transactions.

The report proposes an investigation strategy to ensure that follow the money principles are applied to all wildlife and timber trafficking cases. In particular, a preliminary financial investigation should be considered at the earliest opportunity to develop an asset profile of the suspect and their associated companies or businesses. This requires, at the beginning of the investigation, collecting their financial and business records, and identifying assets or property, within the confines of justified proportionality, invasiveness and Human Rights. Suspicious transactions in these financial records can potentially identify other people who might also be involved and warrant further investigation. It also provides for an early assessment of the potential value and scale of the unlawful activity, which allows investigators to decide whether to proceed with an administrative sanction or consider criminal charges. Upgrading the case to a serious criminal offence gives access to special investigative techniques, including search warrants and communication intercepts, and ensures the investigation is given higher priority.

1. This compares to a total of over 208,000 suspicious activity reports filed each month across all sectors (based on average monthly statistics for 2020), according to the Financial Crimes Enforcement Network under the US Treasury (FinCEN). See <https://www.fincen.gov/reports/sar-stats?winst=1680247270260&of=0>

# PROCESSING WILDLIFE AND TIMBER CRIMES

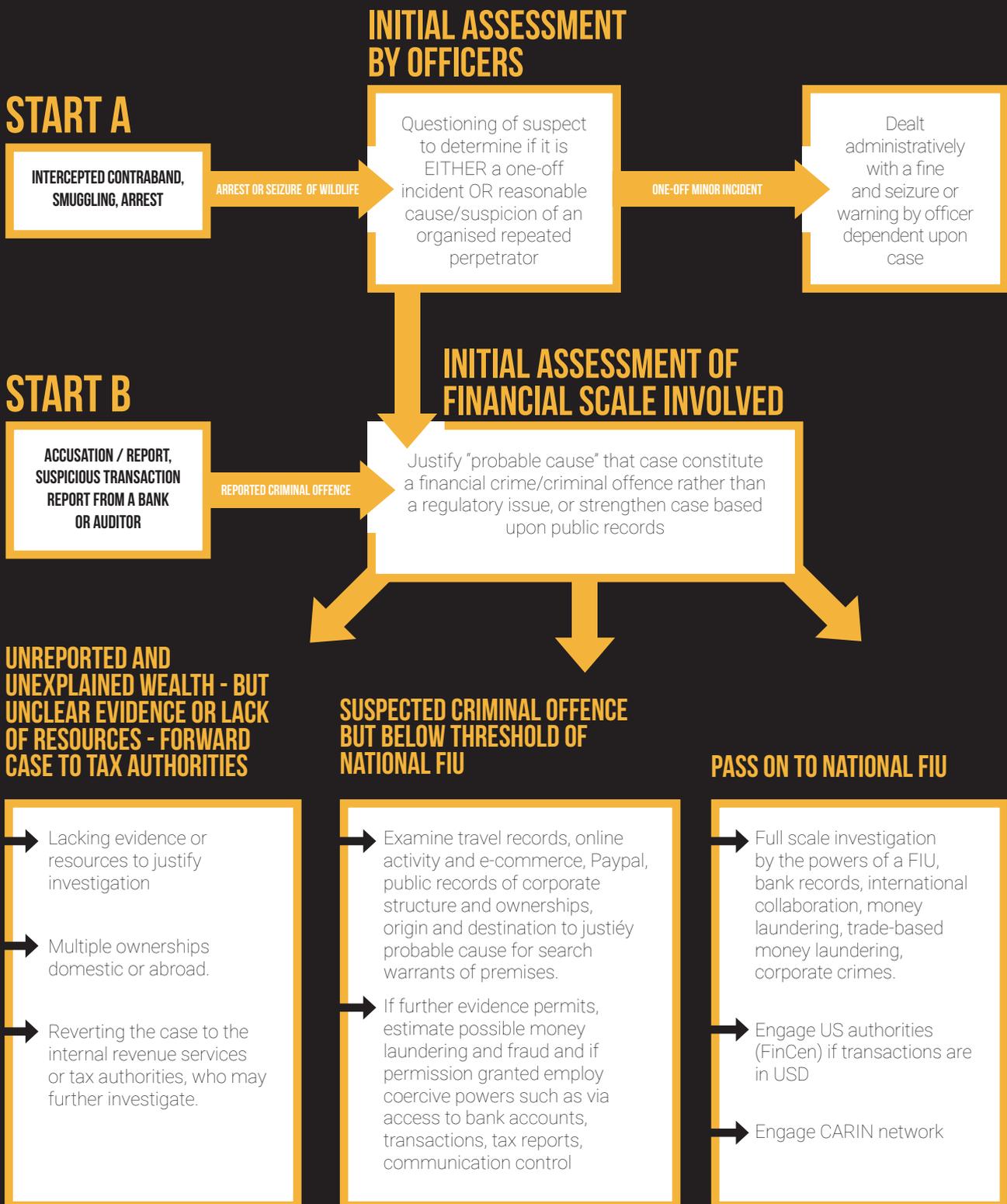


Fig. 1: An overview of the principles of initiating financial investigations of wildlife and timber crimes

The proposed investigation strategy also includes guidance on when to consider engaging tax authorities to support the investigation, or if transactions are made in US dollars, engaging the Financial Crimes Enforcement Network of the US Treasury (FinCEN).

Any financial investigation targeting money laundering offences or criminal assets will require a comprehensive investigation of all potential predicate offences. The report outlines the most relevant predicate offences that commonly converge with wildlife and timber trafficking, such as corruption, document fraud and tax evasion. The report also highlights different types of money laundering offences, including false accounting, trade-based money laundering, use of shell companies and layering through corporate structures.

The 16 case studies compiled for this report provide practical examples of investigative tools applied to financial investigations. These include checking tax records, company registries, land title records, travel records, and analysis of online activity. The case studies include cases of trafficking in timber and wild flora, poaching and smuggling of European eels, and the exotic pet trade. The analysis in this report confirms that financial investigations, and heightened awareness by the private financial sector, can expose serious crimes associated with wildlife and timber trafficking that would otherwise go undetected.

## RECOMMENDATIONS

### **TO LAW ENFORCEMENT AUTHORITIES:**

Following arrests or seizures associated with wildlife or timber trafficking, an initial assessment of the possibility of serious crimes, including financial crimes, should be conducted. This assessment will improve the basis upon which to determine administrative handling of the case or whether there is reasonable cause/suspicion or probable cause of a criminal offence concerning more serious crimes such as trafficking, organised crime or financial crimes. The lead investigators should seek immediate advice from National Financial Investigation Unit (FIU) and wildlife, forest or environment officers. An initial assessment of the likely profits of the unlawful activity should be conducted, as well as the possible involvement of organised crime, and whether serious crimes have been committed. Dependent upon this assessment, the steps outlined in this report can identify key areas for investigation and sources of information.

### **TO FINANCIAL INSTITUTIONS:**

To adequately assess the risks associated with wildlife and timber trafficking it is imperative that financial institutions acquire a thorough understanding of the patterns, transfer typologies and other relevant factors to identify suspicious transactions. Financial institutions should participate in and support public-private initiatives with law enforcement to improve their customer due diligence tools, and ability to identify suspicious transactions related to wildlife and timber trafficking. Finally, FIUs and the private financial sector should strengthen their dialogue and information exchange processes to increase the likelihood that serious crimes, in particular crimes that damage the environment, are detected.

# 1. INTRODUCTION

**Wildlife and timber trafficking often encompasses serious transnational crimes and generates significant illicit proceeds. Despite the seriousness of this criminal activity, anti-money laundering and asset recovery and confiscation legislation remain largely under-utilised, with investigations and prosecutions of illicit wildlife trafficking still relying primarily on charges for poaching or trafficking<sup>2</sup>.**

This report provides guidance to law enforcement within the European Union (EU) on how to develop their strategies when conducting financial and money laundering investigations linked to the trafficking of wild fauna and flora, including timber, and considering asset recovery and confiscation. The report also provides insights to financial institutions for identifying money laundering risks linked to wildlife and timber trafficking. The report is a deliverable under the UNITE project,<sup>3</sup> an EU-funded initiative aiming to disrupt criminals and organised crime networks trafficking in wildlife, timber, and waste in and via the EU, and to recover the assets generated from these illegal activities. This study builds on the TRAFFIC Case Digest report on *Financial Flows and Payment Mechanisms Behind Wildlife Crime*.<sup>4</sup> Through a step-by-step methodology, supported by actual case studies, a comprehensive overview is given of the challenges and opportunities involved in detecting financial crimes associated with wildlife and timber trafficking.

Since 2017, wildlife trafficking has been recognised as a priority under the EU's fight against transnational organised crime,<sup>5</sup> which subsequently led to more resources being devoted to combating it.<sup>6</sup> Although analysis suggests that while there has been an increase across Europe in the number of court cases and convictions, the levels appear to be low, with only about 10% of reported incidents of wildlife trafficking resulting in convictions, jail time, community service or fines,<sup>7</sup> with an even smaller number of these cases involving financial investigations to identify the illicit proceeds and money laundering offences.

A questionnaire on financial investigations linked to wildlife trafficking was developed by TRAFFIC and WWF under the UNITE Project<sup>8</sup> and issued to law enforcement, prosecutors and the judiciary in Europe in 2022. Among all responses received<sup>9</sup>, 34 were from wildlife crime experts from 19 countries, with 70.6% of these respondents indicating that they had none or only low levels of knowledge about financial crime, while financial investigations were included in basic law enforcement training in only 29.4% of the countries surveyed.



**Anti-money laundering and asset recovery legislation remain largely under-utilised in wildlife trafficking cases**

2. Wingard J., Pascual M., (2018). Following the Money: Wildlife crimes in anti-money laundering laws. Legal Atlas. Available at <https://www.legal-atlas.com/legal-atlas-publications.html>

3. <https://www.uniteproject.eu/>

4. Available at <https://www.traffic.org/publications/reports/case-digest-an-initial-analysis-of-the-financial-flows-and-payment-mechanisms-behind-wildlife-and-forest-crime/>

5. See the European Council conclusions (8654/17) on setting the EU's priorities for the fight against organised and serious international crime between 2018 and 2021. Available at: <pdf.europa.eu>

6. [Europe cracks down on wildlife crime - Oxpeckers](#)

7. Analysis conducted by the Wildlife Justice Commission via the #WildEye digital tool. See [Europe cracks down on wildlife crime - Oxpeckers](#)

8. <https://www.uniteproject.eu/>

9. 88 responses were received in total from 27 countries.

## IT IS INTENDED THAT THIS REPORT WILL:

1. Strengthen knowledge and encourage European law enforcement to develop, where appropriate, money laundering and follow the money investigations linked to wildlife and timber trafficking.
2. Highlight the risk sectors for larger corporate environmental crimes and transaction characteristics to improve awareness of suspicious activities by financial institutions and to help them prepare Suspicious Transaction Reports (STRs).

The report was developed after extensive engagement with law enforcement agencies and subject matter experts across the EU, open-source research, including media and press reports, and reports from environmental non-governmental organisations and the engagement of financial institutions through

private sector dialogue meetings hosted by the United Nations Office on Drugs and Crime. The report also includes analysis of EU case studies to extract valuable lessons and experience to help law enforcement develop their investigation strategies.



Sun parakeet, *Aratinga solstitialis*

# THE INVESTIGATION STRATEGY SUMMARISED

THIS SECTION SUMMARISES THE STEPS NEEDED FOR YOUR FINANCIAL INVESTIGATION STRATEGY, WHICH WILL BE FURTHER DEVELOPED IN THE REPORT.

## STEP ONE: PREPARE A PROPERTY PROFILE FOR EACH SUSPECT IN THE WILDLIFE OR TIMBER TRAFFICKING CASE

The property profile identifies assets, business dealings and financial transactions linked to the suspect. Building a property profile requires two steps.

### **Firstly, it is necessary to collect all relevant financial documents.**

- If a search warrant is executed at premises linked to the suspect, investigators should collect all financial records on the premises, including bank statements, book-keeping records and customer lists.
- Obtain tax records showing the suspect's declared income.
- Search the national company register, and share registry, to identify companies or businesses owned by or associated with the suspect.
- Collect land title records identifying real estate assets, and other government registries for vehicle ownership.
- Bank accounts, and customer information held by banks and other financial institutions.
- Records of online activity on eCommerce websites.
- Travel records.
- Suspicious transaction reports concerning the suspect or their associated companies, or other relevant financial analysis held by the Financial Intelligence Units (FIU).

### **Second, a preliminary analysis of this financial information should be conducted to:**

- Identify unexplained wealth with no legitimate source.
- Identify evidence of transactions linked to the sale of wildlife or timber.
- Identify previous occasions when the suspect may have also engaged in wildlife or timber trafficking.

## STEP TWO: IDENTIFY POTENTIAL CRIMINAL ASSETS

If necessary, investigators should consider engaging the FIU for support in freezing accounts and seizing assets before the suspects have the opportunity to transfer them outside the jurisdiction. If necessary, the FIU can engage CARIN to support the tracing and freezing of assets that are located outside the jurisdiction, with a view to their possible subsequent confiscation.

### **STEP THREE: INTERVIEWING THE SUSPECTS**

It is important to have prepared the property profile in advance of interviewing the suspect, to ensure that investigators have the opportunity to ask questions about both the wildlife or timber trafficking and any suspicious transactions or unexplained sources of income identified in their financial records.

### **STEP FOUR: CONDUCT AN INITIAL EVALUATION TO DETERMINE WHETHER TO PROCEED AS AN ADMINISTRATIVE OR CRIMINAL CASE, ACCORDING TO NATIONAL LAWS AND REGULATIONS**

Based on these preliminary investigative steps, an initial assessment should be made, together with the public prosecutor's office, of the possible value and scope of the unlawful activity to determine whether the case is regulatory/administrative or could involve criminal offences.

The property profile can help investigators to determine if the incident is a one-off or is likely organised and repeated trafficking, where serious criminal conduct is involved and potential criminal assets can be located and recovered. It also ensures investigators can expand the investigation to include other persons of interest, who may be collaborating or members of a larger criminal network.

### **STEP FIVE: ENGAGING THE TAX OFFICE**

Where the preliminary investigation shows the suspect has unexplained income that has not been declared to the tax authorities, investigators should consider preparing a brief for the Tax Office to pursue the unpaid taxes.

Particularly, if the investigators do not have the resources or expertise to conduct a comprehensive financial investigation, or there are weaknesses in proving the wildlife or timber crime or the source of the illicit profits.

### **STEP SIX: REQUESTING THE SUPPORT OF THE US TREASURY VIA NATIONAL FIU**

If the investigation reveals that some transactions linked to the wildlife or timber trafficking case were made in US dollars, EU investigators should also consider requesting support from the US Treasury and the Financial Crimes Enforcement Network, which has jurisdiction to investigate money laundering within the US banking system.



## STEP SEVEN: CONTINUE THE CRIMINAL INVESTIGATION INTO RELEVANT PREDICATE OFFENCES

If a criminal investigation is launched, and criminal proceeds have been identified, then investigators should also consider potential money laundering offences and asset recovery. Compared to other areas of traditional organised criminal activity, asset recovery and confiscation may be easier in the context of wildlife or timber trafficking, since offenders may not have taken the same steps to conceal their illicit proceeds.

**In this case, it is important to identify the criminal offences from which illicit proceeds or property is derived (that is, the predicate offence).**

These include:

- Offences within the category of “environmental crime”, including wildlife and timber trafficking offences.
- Corruption offences.
- Document fraud, including counterfeiting, and forgery.
- Tax crimes.

By considering each of these criminal activities, law enforcement agencies have greater flexibility in deciding how to allocate resources to the investigation to ensure it focuses on the appropriate criminal offences most directly linked to illicit proceeds generated within the EU. It is important that investigators do not focus solely on the poaching or logging incident, but consider other predicate offences, particularly those occurring further along the supply chain, including criminal offences that may have been committed within the EU.

## STEP EIGHT: CONSIDER ENGAGING THE FIU IN HIGH-VALUE CRIMINAL CASES

Investigators should consider engaging the national financial intelligence unit (FIU) to support the investigation, especially in high-value cases. Criminal financial streams (especially involving tax havens in multiple jurisdictions) are difficult to trace. Specialised financial intelligence units are crucial in these cases to support the environmental crime investigation.



## **STEP NINE: PURSUE MONEY LAUNDERING OFFENCES**

The investigation should pursue money laundering offences, including those most commonly associated with laundering illegally sourced wildlife or timber:

- False accounting.
- Layering and laundering through legal supply chains.
- Trade-based money laundering.

## **STEP TEN: PURSUE ASSET RECOVERY AND CONFISCATION**

Asset recovery and confiscation is an important tool in combatting wildlife and timber trafficking, as it reduces the risk of criminal proceeds being re-invested to pursue a further criminal activity, and removes the profit motive for the criminal behaviour.

If a criminal activity has been uncovered that has generated illicit proceeds, support can be sought from the FIU (and CARIN in the case of assets located in other jurisdictions) to freeze and manage the assets, and support subsequent asset confiscation proceedings.

## **STEP ELEVEN: AT THE CONCLUSION OF THE PROSECUTION CONSIDER ANOTHER REFERRAL TO THE TAX OFFICE**

Even after a successful asset recovery and confiscation order is obtained from the Court, investigators should review the case to decide whether to refer the matter to the tax office. This is particularly the case where there remains unexplained wealth and the asset forfeiture orders have recovered only a portion of the anticipated illegal profits.

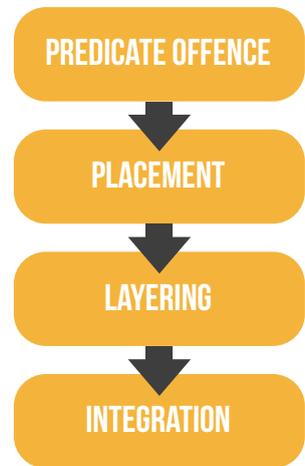
# 2. EU ANTI-MONEY LAUNDERING LEGISLATION

Money laundering is the process of concealing the origin of money or other assets, obtained from illicit activities (such as wildlife and timber trafficking), by converting

it to appear as if it has been derived from a legitimate source or otherwise obscuring its beneficial ownership.<sup>10</sup>

## MONEY LAUNDERING TYPICALLY INVOLVES FOUR SEPARATE STAGES:

- 1 Before any money laundering can take place, there must first be an initial criminal activity that generates illicit proceeds (referred to as a “predicate crime” or “predicate offence”).
- 2 Laundering of those illicit proceeds involves introducing the funds into the financial system by some means (“placement”).
- 3 The next step involves carrying out various financial transactions to camouflage the illegal source of the funds (“layering”).
- 4 Finally, acquiring wealth generated from the transactions of the illicit funds (“integration”).



Illicit proceeds can be laundered by many different methods varying in complexity and sophistication. Any person who assists in the conversion or transfer of these illicit proceeds, knowing that they are derived from criminal acts or because of a lack of due diligence, is committing the criminal offence of money laundering. Further, the laundering process may itself involve additional criminal offences, such as tax evasion, false accounting or document fraud.

The framework for the national anti-money laundering (AML) laws in each EU Member State is based on the EU’s anti-money laundering directive<sup>11</sup>. There may

be differences in the relevant anti-money laundering legislation enacted in each Member State, but each State must, as a minimum, comply with the provisions of the directive to ensure an EU-wide anti-money laundering regime with common obligations across the EU. The EU’s anti-money laundering directive also requires EU Member States to establish registries of “beneficial owners” that record the necessary information to identify who ultimately owns or controls each company operating within their jurisdiction.<sup>12</sup>

10. See Article 1 of the Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, [EUR-Lex - 32015L0849 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/dir/2015/849/oj)

11. The main legal instrument on anti-money laundering is Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, [EUR-Lex - 32015L0849 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/dir/2015/849/oj). Directive (EU) 2015/849 has been updated and amended by two subsequent EU Directives, Directive (EU) 2018/843 and Directive (EU) 2019/2177. The consolidated version of the EU’s AML Directive is available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02015L0849-20210630>.

12. In July 2021, the European Commission presented an ambitious package of legislative proposals to strengthen the EU’s anti-money laundering rules, including a new Directive to replace Directive (EU) 2015/849, as well as a proposed EU-wide regulation, and the creation of a new EU authority to fight money laundering. For further information see [https://finance.ec.europa.eu/publications/anti-money-laundering-and-counter-fing-financing-terrorism-legislative-package\\_en](https://finance.ec.europa.eu/publications/anti-money-laundering-and-counter-fing-financing-terrorism-legislative-package_en)

# 3. IDENTIFYING SUSPICIOUS TRANSACTIONS INDICATING MONEY LAUNDERING LINKED TO WILDLIFE OR TIMBER TRADE



**Financial institutions** should acquire a thorough understanding of illegal wildlife and timber markets to identify suspicious transactions

**The EU anti-money laundering directive places legal requirements on financial institutions and other regulated entities, including solicitors and other businesses that handle or facilitate significant financial transactions, to prevent and detect money laundering activities.<sup>13</sup> These legal requirements include requiring financial institutions to verify a customer's identity, establish risk-based controls, keep records and monitor transactions for unusual or suspicious behaviour or anomalies, which may indicate money laundering. All suspicious transactions or attempted transactions are to be reported to the Member State's Financial Intelligence Unit through Suspicious Transaction Reports (STRs).<sup>14</sup>**

For financial institutions seeking to develop these algorithms, and tools to identify suspicious transactions, it is crucial that they first acquire a thorough understanding of illegal wildlife and timber markets, including the modus operandi, the scale of the market in various commodities, the size of typical transactions, use of cash and number of likely perpetrators and enterprises potentially involved. Some useful overviews of environmental crimes and the illegal wildlife and timber trade have been provided by UNEP, UNODC, Europol and INTERPOL<sup>16</sup>, as well as numerous scientific studies.<sup>17</sup>

This report does not for obvious reasons have access to, nor can it disclose, any of the confidential and commercially sensitive processes applied by banks and financial institutions to identify and generate STRs.<sup>15</sup> They are, in principle, based on Artificial Intelligence (AI) algorithms and human monitoring, depending on bank size and resources, that assess risk sectors, patterns, transfer typologies, customer information and other factors.

13. A full list of the entities regulated by the EU anti-money laundering directive are set out in Article 2 of Directive (EU) 2015/849, available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02015L0849-20210630>.

14. [https://www.bankingsupervision.europa.eu/press/publications/newsletter/2018/html/ssm.nl180516\\_2\\_en.html](https://www.bankingsupervision.europa.eu/press/publications/newsletter/2018/html/ssm.nl180516_2_en.html)

15. Sometimes also referred to as a Suspicious Activity Report (SAR).

16. See for example: UNEP and INTERPOL. 2012. Green carbon, black trade. A UNEP rapid response assessment; UNEP and INTERPOL. 2014. The environmental crime crisis. Nellemann et al. (Eds). A UNEP rapid response assessment; UNEP and INTERPOL 2016. The rise of environmental crime. Nellemann et al. (Eds). A UNEP rapid response assessment; RHIPTO, INTERPOL and GI-TOC. World atlas of illicit flows. 2018; UNODC. 2016. World Wildlife Crime report. [https://www.unodc.org/documents/data-and-analysis/wildlife/World\\_Wildlife\\_Crime\\_Report\\_2016\\_final.pdf](https://www.unodc.org/documents/data-and-analysis/wildlife/World_Wildlife_Crime_Report_2016_final.pdf); UNODC. 2020. World Wildlife Crime report. [https://www.unodc.org/documents/data-and-analysis/wildlife/2020/World\\_Wildlife\\_Report\\_2020\\_9July.pdf](https://www.unodc.org/documents/data-and-analysis/wildlife/2020/World_Wildlife_Report_2020_9July.pdf); and Europol (2022), Environmental Crime in the Age of Climate Change - Threat assessment 2022, Publications Office of the European Union, Luxembourg.

17. See for example, James S. Sinclair, Oliver C. Stringham, Bradley Udell, Nicholas E. Mandrak, Brian Leung, Christina M. Romagosa, And Julie L. Lockwood. (2021). The International Vertebrate Pet Trade Network and Insights from US Imports of Exotic Pets. <https://academic.oup.com/bioscience> *BioScience* 71: 977–990. doi:10.1093/biosci/biab056. Watters, F., Stringham, O., Shepherd, C. R., & Cassey, P. (2022). The U.S. market for imported wildlife not listed in the CITES multilateral treaty. *Conservation Biology*, e13978. <https://doi.org/10.1111/cobi.13978>; and Sinclair et al. 2021. *BioScience* 71: 977-990

## COLLABORATIVE INITIATIVES SUPPORTING FINANCIAL INSTITUTIONS TO IDENTIFY SUSPICIOUS TRANSACTIONS

A number of public-private initiatives have been established to improve financial institutions' understanding of wildlife and timber trafficking and associated financial transactions. By exchanging information between law enforcement and financial institutions, these initiatives assist banks to develop their customer due diligence tools, and their ability to identify suspicious transactions. Identifying the larger scale transactions will be critical for gaining the interest of FIUs to support large and comprehensive financial investigations.

The United for Wildlife Financial Taskforce brings together financial institutions, with support from technical experts including TRAFFIC, WWF and the Royal United Services Institute (RUSI), to encourage information sharing to assist financial institutions in better identifying suspicious transactions linked to income generated by wildlife trafficking.<sup>18</sup>

In the Netherlands, a pilot project has recently been launched. The project targets money laundering offences linked to trade in illegally harvested timber or trade in timber species listed in the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). This project aims at a public-

private partnership between commercial banks in the Netherlands, the Dutch National Police Force, the Public Prosecutors Office, Financial Intelligence Unit and the Intelligence and Investigation Service of the Netherlands Food and Consumer Product Safety Authority (NVWA-IOD), in collaboration with the Netherlands Financial Expertise Centre. The objective is to share information to develop risk indicators and improve the banks' tools for identifying and reporting suspicious transactions linked to timber trafficking. The pilot project will focus on illegally harvested timber, with the objective of extending to other environmental crimes over time.<sup>19</sup>

A similar initiative has been established at the international level by the United Nations, focussed on timber trade. The *UNODC Private Sector Dialogue on disruption of financial crimes related to forestry crimes* brings together private sector and government representatives including from FIUs, as well as representatives from environmental and social governance authorities to mutually inform each other and share experiences on their work and challenges linked to combating forestry and related financial crimes.



**By exchanging information with law enforcement, banks can improve their ability to identify suspicious transactions**

## THE FINANCIAL TYPOLOGY OF WILDLIFE AND TIMBER TRAFFICKING

Illegally sourced wildlife and timber are often laundered through legitimate businesses, as well as shell and front companies. Therefore, in order to identify suspicious transactions among legitimate ones, it is imperative to understand the legal market, including the average size and scale of transactions that occur in the ordinary course of business. It is more difficult to identify suspicious transactions that occur in a commodities

market where the majority of business involves a large number of low-value transactions, especially if those transactions are conducted in cash. On the other hand, the larger the market transactions, and the fewer the number of traders, the higher the probability that AI algorithms will identify any unusual or suspicious behaviour or anomalies, which may indicate corporate financial crimes, money laundering, or tax fraud.

<sup>18</sup>. See <https://unitedforwildlife.org/taskforces/financial-taskforce/>

<sup>19</sup>. Information gathered during interviews conducted with the Netherlands Food and Consumer Product Safety Authority on 19 October 2022, the Dutch National Police on 8 November 2022 and ABN AMRO on 8 November 2022, and follow up information provided on 21 February 2023.

## The estimated value of select legal wildlife/timber markets in the EU are:

- In 2019,<sup>20</sup> EU Member States reported CITES-listed imports of flora and fauna (live specimens, parts and derivatives) valued at EUR1.25 billion (EUR990 million for CITES-listed animals and EUR258 million for plants).<sup>21</sup> There are an estimated 64 million exotic pet owners in Europe.<sup>22</sup>
- The estimated legal value of the forest and wood processing industry in 2020 was EUR136 billion in the EU<sup>23</sup>, with 393,000 enterprises operating in the EU wood manufacturing sector<sup>24</sup>.

Due to the scale and the average size of commercial transactions in the forest industry, funds derived from timber trafficking are generally transferred through banks and the private financial sector. In contrast, in the case of wildlife trafficking, cash, prepaid cards and mobile pay<sup>25</sup>, are the most common payment method in the source countries to pay poachers and mules<sup>26</sup>. Further along the supply chain, the networks still make use of cash, as well as bank transfers, as well as elaborate company structures to transfer funds across multiple jurisdictions.<sup>27</sup> Other international money transfer systems, including informal value transfer systems (IVTS),<sup>28</sup> such as *Hawala*, are commonly associated with international wildlife trafficking,<sup>29</sup> although appear to be less common within the EU.<sup>30</sup> The payments made by the end-consumers of wildlife, especially in the case of live trade in exotic pets, are generally in smaller amounts and often involve cash exchanges, internet

and mobile payments, or even but more rarely, payment in convertible virtual currencies<sup>31</sup> (CVCs).<sup>32</sup> Cash payments, in particular, associated with illegal wildlife trade allow for relatively easy laundering through cash-intensive businesses, or currency exchange vendors or may be concealed in other forms such as many small cash deposits in banks (known as “smurfing”).<sup>33</sup>

A recent financial threat analysis<sup>34</sup> of banking data between 1 January 2018 and 31 October 2021, conducted by the Financial Crimes Enforcement Network of the US Treasury (FinCEN), evaluated threat patterns linked to wildlife trafficking and its effect on the US financial sector. During this period a total of 212 STRs were identified by FinCEN as potentially associated with wildlife trafficking.<sup>35</sup> The use of IVTS or CVCs was mentioned in less than 1% of the STRs reviewed. On the other hand, funds transferred between banks

**In 2019**  
EU Member States reported EUR1.25 billion in CITES-listed imports of flora and fauna

20. Global trade patterns were significantly disrupted during the COVID-19 pandemic, making trade data from 2019, the best available to understand global trade patterns.

21. According to Official CITES trade data from 2019 available at UNEP-WCMC. 2021. EU Wildlife Trade 2019: Analysis of the European Union and candidate countries' annual reports to CITES 2019. Financial values were estimated for trade in 88% of all CITES-listed animal taxon, term and unit combinations imported into the EU during 2019 (1075 of a total 1228 taxon, term and unit combinations). This total excluded caviar extract, used in cosmetics, which is imported in very small quantities, as it is unclear whether the declared prices represented the actual price for the extract in its natural form or the luxury commodity containing the extract, both of which are traded. A single shipment of Russell's viper (*Daboia russelii*) specimens, weighing 2000kg was also excluded from this valuation. Since no description or purpose was provided for the shipment by the importing Member State, this was interpreted as a scientific specimen (purpose 'S'), which are excluded from valuation estimates as they are not considered to have a commercial market value.

22. There are an estimated 196 million household pets in the EU. Approximately two thirds are cats and dogs, with the remainder comprising ornamental birds, small mammals, aquaria (fish and water creatures) and terraria (amphibians and reptiles). Figures taken from the FEDIAF European Pet Food Industry Annual Report 2022, available at: <https://www.statista.com/topics/3890/pet-market-in-europe/#dossierKeyfigures> (adjusted to exclude UK from overall EU numbers). See also Copping, J. Reptiles now more popular pets than dogs. The Telegraph. <https://www.telegraph.co.uk/news/earth/3500882/Reptiles-now-more-popular-pets-than-dogs.html> (2018).

23. [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Wood\\_products\\_-\\_production\\_and\\_trade#Wood-based\\_industries](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Wood_products_-_production_and_trade#Wood-based_industries). Calculated using the economic productivity metric: Gross value added (GVA).

24. [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Wood\\_products\\_-\\_production\\_and\\_trade#Wood-based\\_industries](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Wood_products_-_production_and_trade#Wood-based_industries)

25. Whisker and Lokanan. (2019). Anti-money laundering and counter-terrorist financing threats posed by mobile money. Journal of Money laundering 22: 158-172.

26. A mule is someone who personally smuggles contraband across a border for a smuggling organization.

27. See Europol (2022), Environmental Crime in the Age of Climate Change - Threat assessment 2022. Publications Office of the European Union, Luxembourg and Egmont Group, ECOFEL, 'Financial Investigations into Wildlife Crime', 2020. The illegal trade of different wildlife commodities have their own specificities, which may affect the financial flows in each case. The description provided is intended as a general overview only.

28. IVTS refers to any system, mechanism, or network of people that receives money for the purpose of making the funds or an equivalent value payable to a third party in another geographic location. IVTS are called by a variety of names, such as "hawala" in the Middle East and "fei chien" in China. For more information see <https://www.fincen.gov/sites/default/files/advisory/advis33.pdf>

29. See Europol (2022), Environmental Crime in the Age of Climate Change - Threat assessment 2022, and Egmont Group, ECOFEL, 'Financial Investigations into Wildlife Crime', 2020.

30. No cases involving IVTS were identified in the case studies, while the use of IVTS occurred in less than 1% of the suspicious transactions identified in the threat analysis conducted by Financial Crimes Enforcement Network of the US Treasury, available at [https://www.fincen.gov/sites/default/files/2021-12/Financial\\_Threat\\_Analysis\\_IWT\\_FINAL%20508\\_122021.pdf](https://www.fincen.gov/sites/default/files/2021-12/Financial_Threat_Analysis_IWT_FINAL%20508_122021.pdf)

31. Convertible virtual currency describes unregulated digital currencies, such as Bitcoin and other cryptocurrencies, that can be used as a substitute for real and legally recognized currencies. Convertible digital currencies can be easily exchanged for fiat currencies such as dollars via cryptocurrency exchanges. See <https://www.investopedia.com/terms/c/convertible-virtual-currency.asp>

32. Egmont Group, ECOFEL, 'Financial Investigations into Wildlife Crime', 2020.

33. Smurfing is a colloquial term describing a particular money laundering technique of breaking up large transactions into a set of smaller transactions that are each below the reporting threshold. See <https://www.investopedia.com/terms/s/smurf.asp>.

34. Financial Crimes Enforcement Network, 2021, *Financial Threat Analysis: Illicit finance threat involving wildlife trafficking and related trends in Bank Secrecy Act data*, available at [https://www.fincen.gov/sites/default/files/2021-12/Financial\\_Threat\\_Analysis\\_IWT\\_FINAL%20508\\_122021.pdf](https://www.fincen.gov/sites/default/files/2021-12/Financial_Threat_Analysis_IWT_FINAL%20508_122021.pdf)

35. <https://www.fincen.gov>



were the most common potential wildlife-trafficking-related payment method, reported in 67% of the STRs in the dataset. FinCEN identified cash payments in 12% of the wildlife trafficking-related STRs.<sup>36</sup> It is assumed that an analysis of the EU financial sector would give similar results since the US and EU financial markets are of comparable size.

Transactions linked to the sale and purchase of illegally sourced wildlife are typically valued in the hundreds to a few thousand euros per transaction and comprise low-end individual trafficking and sales from small groups to individual buyers. In the case of exotic pets, according to one study published in 2020, the average market value per specimen in the EU ranges from EUR86 for reptiles,

EUR62 for amphibians and EUR1,000 for exotic mammals.<sup>37</sup> This means the majority of transactions related to the sale of wildlife specimens will encompass small volumes, many individuals and frequently one-off purchases made in cash or fund transfers of low value, and are therefore, likely to be classified by banks and financial institutions under the “low value-high volume transaction” category. With a high number of low-value transactions, transactions related to illicit wildlife sales will be difficult to identify by profiling the transaction size alone. Therefore, it is important financial institutions conduct their assessments using a comprehensive range of indicators to accurately profile customers involved in illegal wildlife trade.

36. See page 7 at [https://www.fincen.gov/sites/default/files/2021-12/Financial\\_Threat\\_Analysis\\_IWT\\_FINAL%20508\\_122021.pdf](https://www.fincen.gov/sites/default/files/2021-12/Financial_Threat_Analysis_IWT_FINAL%20508_122021.pdf)

37. Report prepared for the German Government, compiling price information across a range of animals (8 reptiles, 4 amphibians and 4 mammals) involved in the EU exotic pet trade. See Table 57 in the report, Strategies to reduce demand for reptiles, amphibians and small mammals kept as pets (S. Altherr, D. Freyer, K. Lamete (2020)), available (only in the German language) at : [https://www.bfn.de/sites/default/files/BfN/service/Dokumente/skripten/skript\\_545.pdf](https://www.bfn.de/sites/default/files/BfN/service/Dokumente/skripten/skript_545.pdf).

# 4. RISK INDICATORS FOR FINANCIAL INSTITUTIONS TO EVALUATE SUSPICIOUS TRANSACTIONS

**The following is a list of risk indicators, including those identified from the case studies in this report and the financial threat analysis of US banking data conducted by FinCEN. They**

**provide useful search criteria, to complement existing tools and mechanisms used by financial institutions, to evaluate threat patterns linked to wildlife and timber trafficking.**

- Banks and savings and loan associations are at the highest risk for money laundering (responsible for filing 66% of the wildlife trafficking-related STRs according to FinCEN analysis), followed by Money Services Businesses (MSBs), such as foreign currency exchange or money transfer businesses, that filed 24% of the STRs related to wildlife trafficking. Special vigilance should be exercised by these institutions to minimise the risk of engagement with wildlife traffickers.
- The involvement of casinos and the use of cryptocurrencies and informal value transfer systems, like *Hawala*, appear to be relatively minimal within the EU.
- Legal business structures are used by wildlife and timber traffickers to conceal their activities and launder illicit proceeds, facilitated by false declarations, document fraud, trade-based money laundering and false accounting.
- Transactions between multiple companies with the same law firms or solicitors based in off-shore locations is a common set-up for managing shell companies.
- Risk indicators include transactions made by people or entities with a known history or reputation of being associated with illegal logging, poaching or wildlife or timber trafficking. The financial institutions' due diligence procedures should also monitor shell or front companies operating on behalf of such people or entities.
- Risk indicators are also associated with the source country for any wildlife or timber imports, based on the organised crime index and prevalence of wildlife crime,<sup>38</sup> or those high risk for illegal logging.<sup>39</sup> The financial institutions' due diligence procedures should be capable of identifying the source country, noting that most wildlife and timber trafficking does not involve imports directly from the source country but usually via transit countries and free trade zones.
- Wildlife and timber traffickers seek to identify legislative and law enforcement weaknesses to determine the best trafficking routes and will shift trade routes and means of transport whenever needed.<sup>40</sup> Unusual trade routes, and transit points, to conceal the source country, may indicate illegally sourced commodities.
- Financial institutions engaged in import and export financing should monitor the paperwork accompanying a wildlife or timber shipment, since a risk indicator is when the paperwork is changed in transit, with the documents presented and declarations made at the port of import in the EU being different from those that were presented at the time of export.

38. See the Global Organised Crime index, developed by GI-TOC at <https://ocindex.net/>, which can be filtered according to Fauna and/or flora related crimes

39. See Global Forest Watch, <https://www.globalforestwatch.org/>

40. Europol, 'Serious and Organised Crime Threat Assessment', 2021, accessible at [https://www.europol.europa.eu/sites/default/files/documents/socata2021\\_1.pdf](https://www.europol.europa.eu/sites/default/files/documents/socata2021_1.pdf)

### Specific risk indicators for wildlife trafficking

- The involvement of Import-Export and Logistics Companies in transactions linked to wildlife or pet trade is a risk indicator, especially in the case of shell companies. The obligation of financial institutions to verify their customers' identity, will determine whether these corporate clients are active companies or merely shell or front companies.
- Transactions involving wildlife-associated entities, such as private zoos, registered breeders, animal importers (especially in CITES-listed species), pet shops, exotic parks, exotic pet trade fairs, circuses, safari parks, and hunting-related businesses.
- Transactions with overt or covert references to wildlife, or wildlife products, or are wildlife-associated, such as references to pet care or animal equipment. These references may be made in chats or messages on platforms that support both communication and financial transactions, or in the information field of a funds transfer, including the use of images, symbols, or icons (often linked to the animal or animal part).
- Other risk indicators are wildlife-related transactions that suggest wildlife has been used as payment for gold, diamonds, jewellery, precious metals or antiquities.
- Breaking up large transactions into a set of smaller transactions that are each below the EUR10,000 reporting threshold (commonly referred to as *smurfing*) is a widely recognised indicator of money laundering. This technique is also associated with wildlife trafficking,<sup>41</sup> usually involving a series of cash deposits typically in the range of EUR1,000-5,000 or smaller.
- Cash payments are frequently laundered through cash-intensive businesses, including cafeterias, restaurants, pet shops, or through currency exchange vendors.
- The dates of transactions around the dates of the major EU animal and reptile trade fairs. If a relatively large number of low-value transactions (in the tens or hundreds of euros) are made into an account around these dates, it may indicate transactions associated with wildlife trade that may be illegal.

### Specific risk indicators for timber trafficking

- Illegally logging activities are often facilitated by fraudulent mining, plantation, agricultural or logging permits.
- Transfers of funds through corporate structures with the same ownership, and locations including multiple postal addresses, when linked to the timber trade, may be a risk indicator for trade-based money laundering.
- Another risk indicator is when the timber imports into the EU are carried out by high-risk or suspicious vessels, or using multiple shipping companies or vessels to facilitate a single shipment. The Lloyds intelligence database,<sup>42</sup> and similar services, can identify vessels with a high frequency of notifications and remarks, that are likely to be associated with illegal logging practices.
- Ownership or payments to vessels, especially Handymax vessels with cranes that can load timber at remote ports where there is no government oversight.

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41. Transactions from wood-based industries, on the other hand, are much higher and very rarely in cash.

42. See <https://www.lloydsintelligence.com/>

# 5. EU DIRECTIVE ON ASSET RECOVERY AND CONFISCATION

One of the most effective strategies to combat wildlife and timber trafficking is to go after the criminals' money by identifying and locating assets that can be recovered and seized. Especially in cases where the amounts transacted are significant, asset recovery can cripple the criminal organisation

and reduces the risk of criminal proceeds being re-invested to pursue further criminal activity. The proceeds of crime can include money or other items of value, such as real estate or other investments or assets that have been purchased with illicit proceeds.

## THE ASSET RECOVERY PROCESS INVOLVES SEVERAL PHASES:

- 1 Identifying criminal activity that generates illicit proceeds (the "predicate offence");
- 2 Tracing and identification of the illegally acquired assets;
- 3 Freezing of the assets with a view to their possible subsequent confiscation;<sup>43</sup>
- 4 Management of frozen assets to preserve their value;
- 5 Confiscation of the illegally acquired assets; and
- 6 Disposal of confiscated assets, which could include their reuse for public or social purposes.<sup>44</sup>

Confiscation of criminal proceeds is a strategic priority in both the EU's fight against organised crime for 2021 to 2025,<sup>45</sup> and the revised EU action plan against wildlife trafficking.<sup>46</sup> A proposed new EU Directive on asset recovery and confiscation<sup>47</sup> is currently before the European Parliament and Council for adoption and entry into force. This proposed EU Directive seeks to strengthen the capabilities of EU competent authorities to identify, freeze and manage assets, and

reinforce and extend confiscation capabilities to all relevant criminal activities carried out by organised crime groups.<sup>48</sup> The Directive will also harmonise the definitions of the criminal offences used as the basis for assets forfeiture orders. The objective is to include offences that give rise to substantial economic profits, as well as a number of crimes typically carried out by organised crime groups, including environmental crimes.<sup>49</sup>

43. Initial freezing orders usually require only reasonable cause/suspicion, subject to national legislation.

44. For further information, see World Bank (2011), *Asset Recovery Handbook: A Guide for Practitioners*, available at [https://www.unodc.org/documents/corruption/Publications/StAR/StAR\\_Publication\\_-\\_Asset\\_Recovery\\_Handbook.pdf](https://www.unodc.org/documents/corruption/Publications/StAR/StAR_Publication_-_Asset_Recovery_Handbook.pdf).

45. Highlighted in the [EU Strategy to Tackle Organised Crime](#)

46. The revised EU Action Plan against wildlife trafficking (released November 2022), expressly recognises asset recovery as an indispensable tool in combatting wildlife trafficking, especially when dealing with organised crime. See <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=COM:2022:581:FIN>

47. Adopted by the EU Commission on 25 May 2022 as a proposal for a Council Decision. Available at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0245&qid=1653986198511>.

48. See paragraph 4 of the Preamble to the proposed new EU Directive on asset recovery and confiscation at <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0245&qid=1653986198511>

49. See Article 2 of the proposed new EU Directive on asset recovery and confiscation.

# 6. OVERVIEW OF THE FINANCIAL INVESTIGATION STRATEGY TO IDENTIFY MONEY LAUNDERING OFFENCES AND ILLICIT PROCEEDS LINKED TO WILDLIFE AND TIMBER TRAFFICKING

As soon as a potential wildlife or timber trafficking case is identified, once it is determined that probable cause exists about unlawful activity in the EU, a financial investigation strategy should be considered, to assess whether the case may be suitable for a full-scale financial investigation and, even if not, to ensure that financial

intelligence and financial evidence is fully exploited for the benefit of the investigation. The following step by step approach provides guidance and insights to law enforcement in developing their financial investigation strategy:

- A preliminary financial investigation is considered as quickly as possible to develop a property profile of the suspect and associated companies or businesses.
- A preliminary assessment is then made to identify the potential financial value of the criminal activity and the size of the criminal enterprise.
- Based on this initial assessment, and available law enforcement resources, a decision is made on the most effective way to proceed, including engaging tax authorities and continuing the investigation to focus on money laundering offences and identifying illicit proceeds.
- When a decision is made to launch a comprehensive financial investigation, all potential predicate offences should be identified, and relevant avenues of inquiry pursued.

**The following flow chart provides a summary of this step-by-step process that law enforcement can use to build a financial investigation linked to wildlife or timber trafficking in the EU.**

The following sections provide further information on each of the above steps and will be illustrated by specific European case studies to demonstrate the usefulness of financial investigations.

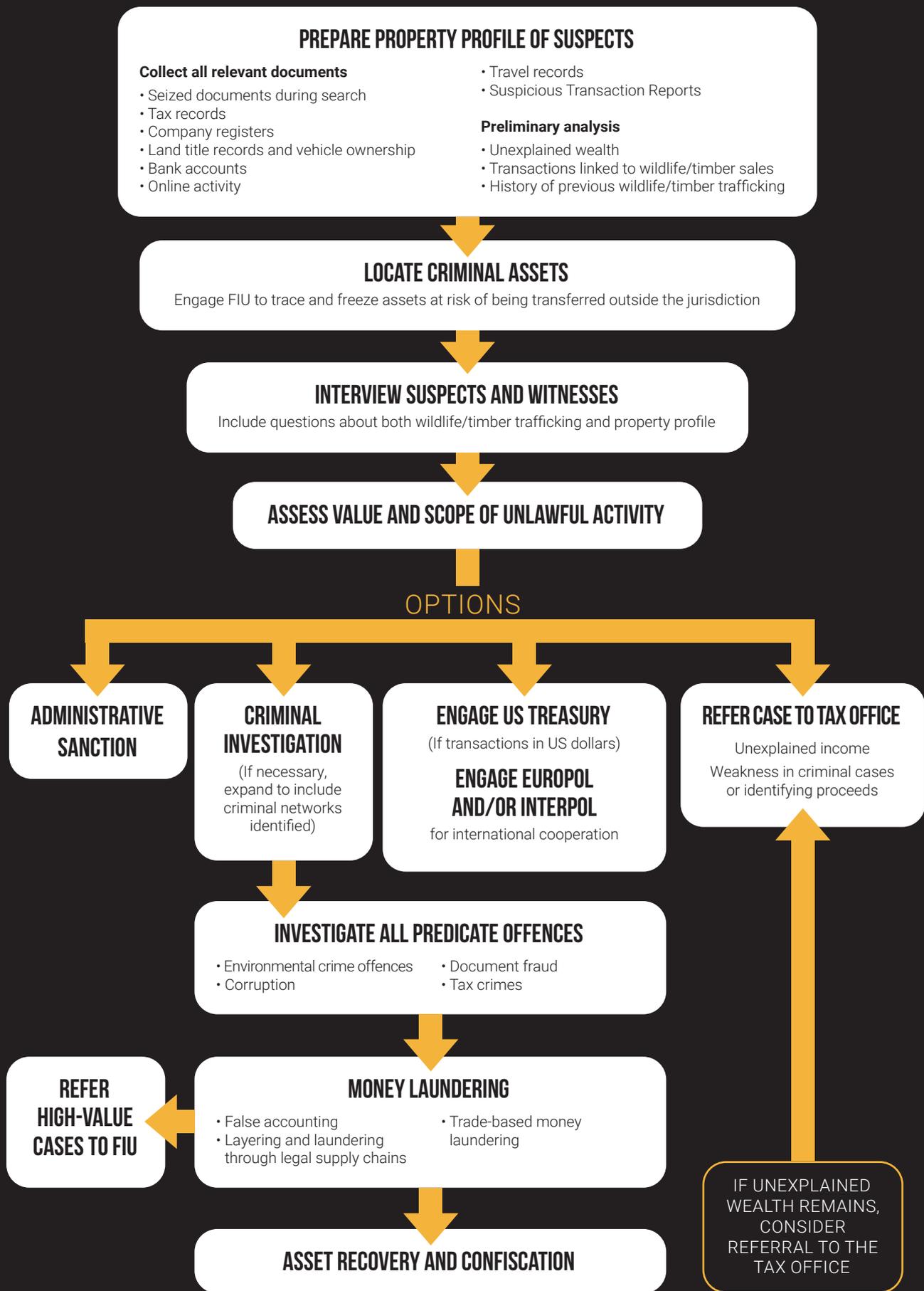


Fig.2 Step-by-step process for building a financial investigation linked to wildlife or timber trafficking in the EU.



Teak logs, *Tectona grandis*

## 7. THE PRELIMINARY FINANCIAL INVESTIGATION

**By adopting follow the money principles at an early stage of the wildlife or timber investigation, law enforcement officers will be able to:**

- Ensure financial records are obtained at the earliest opportunity, to identify bank accounts, companies and other businesses, and assets linked to the suspect;
- Pursue opportunities to identify other members of the criminal enterprises by following payments and transactions;
- Identify avenues for enquiry, additional sources of information/intelligence/evidence, and whether other law enforcement agencies or any overseas jurisdictions need to be approached;
- Ensure criminal assets are located for potential seizure and confiscation; and
- An initial assessment can be made of the potential value and scale of the criminal activity.

The law enforcement officers leading the wildlife or forest crime investigation should identify and seize all relevant financial records as part of their investigation. For example, if a search warrant is executed at premises where protected species are being kept, in addition to searching for evidence related to wildlife or timber offences, investigators should also search for financial records and otherwise

gather any information concerning likely bank accounts, businesses owned and operated by the suspect, collect book-keeping records, receipts and invoices, insurance policies, and customer lists. During the search, investigators should also identify large amounts of cash and any other high-value goods, such as jewellery, precious stones and metals, vehicles and art or other cultural goods.

**In addition to documents located during any search warrant, law enforcement officers should also develop a property profile of the suspects (and any associated companies)<sup>50</sup> by collecting the following information:**

- Searches should be conducted of the national company register and share registry to identify any companies or businesses associated with the suspect, including where they are shareholders and/or hold officer positions in a company.

<sup>50</sup>. Recommendations made during interviews conducted with the Department for Detection of Hazardous Substances and Environmental Crime, National Police Force of Slovakia on 22 September 2022 and with the Swedish Police on 13 October 2022.

- Land title records that identify any proprietary interests that the suspect (or associated companies) have in any real estate assets, and other government registries for vehicle ownership.
- Tax and social security records show the suspect's declared income.
- Requests should be made to banks and other financial institutions to access any bank accounts, including foreign accounts, customer information and other financial information, such as declared safe-deposit boxes, linked to the suspect or their associated companies.
- Requests should be made to insurance companies, to identify any insured assets belonging to the suspect.
- When the case involves online activity, records should also be requested from the relevant eCommerce websites.
- Request any information held by the FIU, such as suspicious transaction reports, and financial profiles concerning the suspect or their associated companies.

Collection of these records may also reveal additional addresses, vehicles, or locations linked to the suspect, which may justify further search warrants to build additional knowledge about the suspects. It is important to have this financial information available when interviewing the suspect, as it provides the opportunity to ask questions about any suspicious transactions or unexplained sources of income identified in the financial records.<sup>51</sup> It is also important to use the property profile to locate assets, as this provides law enforcement with the opportunity to freeze bank accounts, prevent the sale and/or seize moveable assets before the criminals can transfer them outside the jurisdiction.

The preliminary financial investigation will likely identify only those assets where the suspects, or eventually family members, are the legal or registered owners of the asset. There may, however, be other assets where the legal title is held in the name of another person or entity, such as a company or trust, but those interests

are held for the benefit of the suspect(s), who is the real or true owner of the asset (referred to as the *beneficial owner*).

The identity of the beneficial owners of shell companies may be available if a national company register exists.<sup>52</sup> However, identifying beneficial ownership can still be difficult, especially in the case of criminal networks that have established complex ownership structures specifically for the purpose of obscuring the true ownership of companies or assets. Interception of telecommunications or surveillance may reveal that the suspects ultimately own or control assets or companies, even where they are not the owners on the record. Similarly, access to the content of the suspect's email account may provide useful information and context to the official financial data.<sup>53</sup> Therefore, it is important, during any investigation, to continually review the evidence to identify any other assets or income with legal title held in the name of another person or entity, but where the suspect is the beneficial owner.

## CASE EXAMPLE

See Case Digest section, case study 3 which concerns trafficking in Myanmar Teak into the EU through front companies based in the Czech Republic. Email and telephone intercepts were needed to establish the identity of the persons who owned the companies and who were responsible for its illegal activities.

51. Recommendation based on interview conducted on 13 October 2022 with the Swedish Police.

52. The EU's anti-money laundering directive requires EU Member States to establish registries of "beneficial owners" that record the necessary information to identify who ultimately owns or controls each company operating within their jurisdiction.

53. Information provided during correspondence with Guardia Civil, Spain, on 10 March 2023.



Cactus, *Cactaceae*

## 8. ESTIMATING THE FINANCIAL VALUE OF THE WILDLIFE/TIMBER TRAFFICKING CASE

**The information gathered during the preliminary investigation allows law enforcement to estimate the possible total value of the criminal proceeds linked to the wildlife or timber trafficking case. Law enforcement managers can then use this estimate when deciding whether to continue the financial investigation and pursue possible money laundering offences and/or initiate assets forfeiture proceedings against the criminal proceeds.**

An estimate of the likely criminal proceeds also ensures that Prosecutors can recommend to

the Court appropriate fines or other economic penalties issued that should exceed the illegal profits calculated.<sup>54</sup>

This preliminary investigation is also essential in determining whether an offence was an isolated incident or part of an ongoing larger-scale crime committed for financial gain. This information can be particularly useful to describe in court the scale and seriousness of the offences, as resource allocation may be a challenge as the harm to an individual victim is frequently absent or hard to determine.

**The total potential criminal proceeds of a wildlife or timber trafficking case can be estimated by:**

- Identifying the modus operandi involved in the trafficking activities and then retrospectively identifying similar patterns of behaviour in the past, to identify possible previous incidents of wildlife or timber trafficking;
- Identifying each financial transaction linked to the trade of illicitly sourced wildlife or timber, and collating their value; and
- Identifying transactions in the bank accounts of the suspects (or their associated companies) or assets acquired that appear to be from unexplained sources

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54. Interview conducted on 19 October 2022 with the Netherlands Food and Consumer Product Safety Authority.

# IDENTIFYING PREVIOUS INCIDENTS OF ILLICIT WILDLIFE OR TIMBER TRADE

**Following the initial seizure or detection of illegally sourced wildlife or timber, it is recommended law enforcement conduct an investigation to determine:**

- If the evidence suggests that this was a one-off incident or instead part of an ongoing trafficking enterprise.
- Review historical records to identify past dealings by the suspects involving similar modus operandi.
- Examine previous shipping documents and import/export declarations<sup>55</sup> of the same persons or trading companies to determine their involvement in similar trade patterns.

## CASE EXAMPLE

See Case Digest section, case study 2 which concerns seizure of furniture imported into Belgium made from Indian rosewood.

Historical shipping records showed the timber import company was responsible for previous international shipments, with similar trade patterns and relying upon similar import and export documents, suggesting repeated timber trafficking.

- Review the declared values of the commodities, compared to other known legal transactions, to assess if values may be understated, as this is one of the common practices in trade-based money laundering and tax fraud.
- Examine travel records.

## CASE EXAMPLE

See Case Digest section, case study 4 which concerns trafficking of cacti from Mexico to Hungary. The suspects were trafficking wild flora into the EU, concealed inside their luggage. Their travel records revealed regular travel between the EU and the source country (Mexico) that provided a line of inquiry to investigate previous incidents.

This investigative strategy may provide an initial estimate of the potential value of the case based on previous suspected trade. By using the value of the seizure as the sample, this can be multiplied by the number of previous incidents identified in the historical records.

The objective of this preliminary financial investigation is simply to estimate the possible criminal proceeds and the historical records are reviewed at this stage only to show incidents that investigators suspect may

have been illegal. Only later, if it is decided to conduct a more comprehensive investigation will it be necessary to investigate each of these incidents in detail and gather the additional evidence needed to prove that those shipments were illegal and/or involved the commission of other criminal activity, such as fraud.

<sup>55</sup> This information is usually available from Customs and/or the national CITES authority or the Competent Authority responsible for the implementation and enforcement of the EU Timber Regulations (EUTR).

# IDENTIFYING ILLICIT PROFITS BY COLLATING THE VALUE OF EACH SALE

**In cases where an investigation is built on an incident involving the sale of wild fauna or flora, a financial investigation should identify:**

- The bank accounts of the buyer and seller to identify the payment.
- Any financial records available from online payment platforms (including PayPal, eBay, Alibaba, etc.) related to online wildlife trade conducted through online marketplaces or e-commerce websites.

These transactions provide a direct record of the proceeds received from the trade in wildlife, and provide a basis for calculating an estimated value of the wildlife trade based on the total turnover passing through the accounts of the suspects. When a comprehensive investigation

is conducted to prove the illicit profits, it will be necessary at that time to investigate each transaction individually to gather evidence linking that transaction to a particular sale of wild fauna or flora.

## CASE EXAMPLES

See Case Digest section, case study 4 which concerns the trafficking of cacti from Mexico to Hungary. The suspects were responsible for the online sale of illegally sourced wild flora. Transactions through eBay identified each sale and the total value of sales.

See Case Digest section, case study 11 which concerns the trafficking birds of prey into Belgium. The Court ordered asset confiscation by calculating the criminal proceeds by matching the sale of each bird, with the proceeds from that sale.



Bonelli's eagle, *Hieraetus fasciatus*

## IDENTIFYING DEPOSITS OR ASSETS ACQUIRED THAT CANNOT BE EXPLAINED BY ANY LEGITIMATE SOURCE OF INCOME.

### As part of the preliminary financial investigation, investigators should:

- Examine the finances of any business or company linked to the suspects to identify possible unexplained revenue or turnover.
- Request access to the suspect's tax records to verify any declared income.

A failure to declare income to the tax authorities will support the law enforcement case that the income is illegal.

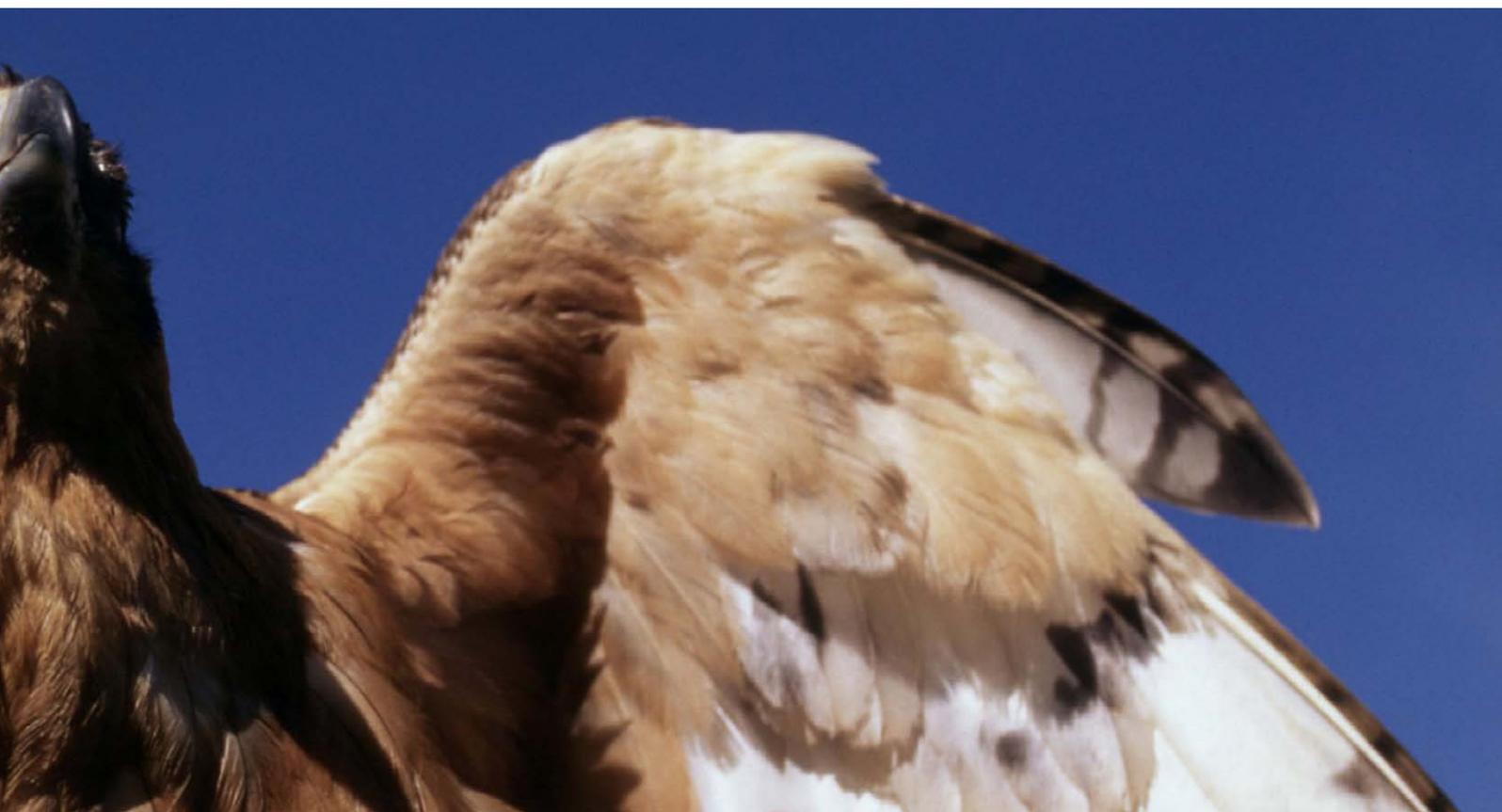
### CASE EXAMPLES

See Case Digest section, case study 10 which concerns the trafficking of parrots from the Caribbean to Slovakia. The suspect had declared no source of income to their national tax authority. However, bank records revealed income passing through their accounts and the transfer of those funds into a business owned by the suspect.

See Case Digest section, case study 11 which concerns the private zoo laundering birds of prey in Belgium. Investigators identified unexplained bank transfers passing through the business accounts of companies linked to the suspects and the purchase of real estate with funds from unexplained sources.

It is useful to identify unexplained income or transactions passing through the accounts of the suspect, as this provides a useful indicator of potential criminal proceeds. However, a full

investigation into the likely source of the funds, including any explanation given by the suspect, will be necessary if asset recovery proceedings are commenced targeting the illicit profits.



## 9. REFERRING CASES TO THE TAX AUTHORITIES

**The preliminary investigation allows senior management within the relevant law enforcement agencies to assess whether or not a full financial investigation is justified. One alternative option available is to engage the Internal Revenue or Tax Office, particularly where the investigation shows the suspect has unexplained income that has not been declared to the tax authorities. In these cases, the Tax Office can pursue unpaid taxes.<sup>56</sup>**

The tax office may be in a position to issue tax assessments that are higher than any fine or penalty issued by the Court following a conviction on wildlife or timber trafficking offences. The tax assessment may, therefore, be a useful alternative or additional tool to target the criminal proceeds and deprive the criminals of the finances needed to pursue further criminal activity.

### CASE EXAMPLE

See Case Digest section, case study 14 which concerns bird trafficking in the Netherlands. The defendant was convicted and fined EUR10,000. The Tax Office issued an assessment for EUR900,000 in unpaid tax.

See Case Digest section, case study 15 which concerns wildlife trafficking in the Netherlands. Investigators were only able to confirm transactions totalling EUR150,000 that could be shown directly linked to the sale of an illegally sourced specimen. The tax office was able to recover an additional EUR600,000 in unpaid taxes.

<sup>56</sup>. Interview conducted on 19 October 2022 with the Netherlands Food and Consumer Product Safety Authority.



**The case studies demonstrate a number of examples where it is advantageous to refer a wildlife or timber trafficking case to the tax office. In particular, these are:**

- the investigators do not have the resources or expertise to conduct a comprehensive financial investigation;
- there are difficulties in proving all the elements of the wildlife or timber crime offence, even though significant unexplained wealth is identified; or
- there are difficulties in proving the source of the illicit profits, even though significant unexplained wealth is identified.

## USING THE RESOURCES OF THE TAX OFFICE TO CONDUCT FINANCIAL INVESTIGATIONS

It is important to be mindful of the considerable resources needed by law enforcement to conduct financial investigations into wildlife or timber trafficking cases, especially when the trade is transnational and the identified suspects are located across various jurisdictions. Unless the investigators have the resources available to conduct a comprehensive investigation, with the support of the national FIU, then the investigators should consider collaborating with their national Internal Revenue or Tax Office. In these cases, the relevant law enforcement

agency can continue its investigation into the wildlife or timber trafficking case, while the tax office conducts the financial investigation in parallel to assess unpaid tax.<sup>57</sup>

At any point during the investigation targeting the criminal proceeds linked to wildlife or timber trafficking, senior management should also consider if it is more effective and efficient to refer the case to the tax office and share whatever relevant information has been gathered up to that point.<sup>58</sup>

57. Interview conducted with Guardia Civil, Spain, on 24 October 2022.

58. Interview conducted on 19 October 2022 with the Netherlands Food and Consumer Product Safety Authority.

## WEAKNESSES IN THE WILDLIFE OR TIMBER CASE, BUT SIGNIFICANT UNEXPLAINED WEALTH EXISTS

In some cases, there may be evidence of a person's involvement in the trafficking of wild fauna or flora, however, it may be difficult to collect sufficient evidence to prove the case beyond a reasonable doubt. If there are difficulties in obtaining a criminal conviction or identifying the criminal assets, the tax office may be better placed to pursue a tax assessment on any unexplained wealth.

In one of the case studies, the suspect was engaged in the trade of a protected species of parrot. There were difficulties, however, for investigators to determine if the specimens in the suspect's possession were illegally captured or born in captivity. The suspect had made considerable profits from this trade but had not declared that income to the tax authorities.

### CASE EXAMPLE

See Case Digest section, case study 15 which concerns a Dutch trader in Macaws, who had failed to declare revenue to the tax office.

## DIFFICULTIES IN PROVING THE LINK BETWEEN THE ILLICIT PROFITS AND THE PREDICATE OFFENCE

In one of the case studies, the suspect was involved in the illegal sale of protected species, however, the proceeds were laundered through his business. Given the mixing of funds

through multiple transactions in the business accounts, it was difficult for investigators to match the transactions to the sale of a particular animal.

### CASE EXAMPLE

See Case Digest section, case study 12 which concerns the illegal trade in protected species of spiders, with the proceeds laundered through a business selling non-CITES protected animals, as well as feed and animal fodder.

In another case, following the preliminary financial investigation, law enforcement made an initial assessment of the possible criminal profits being as high as EUR500,000. A more comprehensive financial investigation was conducted to examine the business records of the wildlife trader to link the sale of each wildlife specimen to a particular financial transaction. However, given the complexity

of the financial transactions passing through the business accounts, investigators were able to gather sufficient evidence in relation to only a limited number of the transactions totalling EUR150,000. After a successful assets forfeiture case with the recovery of EUR150,000, the case was referred to the tax office to recover additional revenue in unpaid taxes.

### CASE EXAMPLE

See Case Digest section, case study 15 which concerns the illegal trafficking of wildlife into the Netherlands.

# 10. ENGAGING EUROPEAN, INTERNATIONAL AND US AGENCIES

## ENGAGING US AUTHORITIES WHEN TRANSACTIONS ARE CONDUCTED IN US DOLLARS

When EU law enforcement identifies cases involving international money transfers, linked to wildlife or timber trafficking, consideration should also be given to exploring the option of engaging US authorities to assist in the investigation due to their far-reaching and powerful legislation.

While bank transfers conducted within the EU are most likely to take place entirely in euros, financial transactions in other currencies, or funds transferred to banks outside the EU may be exchanged into US dollars, according to the internal processes of the financial institutions involved in facilitating the transfer. Globally, the majority of financial transactions are made in either euros or US dollars. The share of the euro in global payments amounts to around 37% and the US dollar, by comparison, accounts for about 39% of total payments.<sup>59</sup>

When transactions are conducted in US dollars, it is possible to engage FinCEN, which allows

US authorities to investigate potential money laundering offences.<sup>60</sup> Under FinCEN, the US Treasury is empowered to regulate any “significant business transaction”, which is defined as any “*business transaction or series of transactions that, during any one fiscal year, exceeds the lesser of USD25,000 [EUR23,189] or 5 per cent of the total operating expense of a provider*”. Under the US Bank Secrecy Act, financial institutions are required to assist US government agencies in detecting and preventing money laundering and keep records of cash purchases of negotiable instruments and file reports of cash transactions exceeding USD10,000 [EUR9,276] (daily aggregated amount).<sup>61</sup> Consistent failure to report such activities can ultimately result in invoking the bank’s licence to operate.<sup>62</sup> FinCEN has also specifically highlighted the threat from illicit wildlife trade (IWT) in a statement that “FinCEN is calling attention to this threat because of its strong association with corruption and transnational criminal organisations”.<sup>63</sup>

## ENGAGING EUROPOL TO SUPPORT EU LAW ENFORCEMENT AGENCIES

When investigating wildlife or timber trafficking cases, EU law enforcement agencies may need to gather evidence from those countries where the poaching or illegal logging took place. Such cross-border investigations will depend upon effective cooperation between origin, transit,

and destination countries and the effective and efficient collaboration of different enforcement agencies in each affected jurisdiction.

Information exchange and law enforcement coordination between countries are supported

59. [https://economy-finance.ec.europa.eu/euro/international-role-euro\\_en#the-current-international-role-of-the-euro](https://economy-finance.ec.europa.eu/euro/international-role-euro_en#the-current-international-role-of-the-euro). Figures calculated for the year 2020.

60. <https://www.occ.treas.gov/topics/supervision-and-examination/bank-operations/financial-crime/suspicious-activity-reports/index-suspicious-activity-reports.html>

61. Amounts in euros are shown based on the monthly average exchange rate for January 2023. Rates obtained from [www.x-rates.com](http://www.x-rates.com).

62. The European Central Bank (ECB) does not have the mandate to conduct its own investigations into anti-money laundering compliance. Instead, the ECB must rely on facts as investigated by the other competent authorities in order to decide on a licence withdrawal. See [https://www.bankingsupervision.europa.eu/press/publications/newsletter/2018/html/ssm.nl180516\\_2\\_en.html](https://www.bankingsupervision.europa.eu/press/publications/newsletter/2018/html/ssm.nl180516_2_en.html)

63. See Financial Crimes Enforcement Network, 2021, *Financial Threat Analysis: Illicit finance threat involving wildlife trafficking and related trends in Bank Secrecy Act data*, available at [https://www.fincen.gov/sites/default/files/2021-12/Financial\\_Threat\\_Analysis\\_IWT\\_FINAL%20508\\_122021.pdf](https://www.fincen.gov/sites/default/files/2021-12/Financial_Threat_Analysis_IWT_FINAL%20508_122021.pdf)

by Europol. Each EU Member State has a designated Europol National Unit (ENU) that serves as the liaison between the authorities in that country and Europol.

Europol maintains a secure telecommunications infrastructure,<sup>64</sup> which connects law enforcement agencies in all

Member States, as well as a growing number of non-EU countries and third parties with which Europol has cooperation agreements.<sup>65</sup>

Europol also supports EU Member States with operational coordination, especially in large-scale operations involving several countries.

## CASE EXAMPLE

See Case Digest section, case study 7 which concerns the Europol Operation Lake.

Each year, since 2016, Europol has facilitated a series of enforcement actions targeting the trafficking of European eels.

### Europol provides the following suite of operational-coordination services:

- facilitating international cooperation and the exchange of criminal intelligence;
- identification of criminal trends and modus operandi;
- identifying organised crime groups;
- targeting the key perpetrators behind criminal networks;
- providing on-the-spot support, including access to criminal databases and analytical tools, to law enforcement;
- offering operational analysis and elaboration of intelligence available for the release of new investigations;
- providing forensic and technical expertise, including access to Universal Forensics Extraction Devices (UFED) for the extraction and analysis of information contained on electronic devices;
- establishing operational taskforces (OTFs) to connect Europol staff with investigators from EU Member States and third countries to enable a coordinated investigative response for individuals that constitute the highest risk of serious and organised crime in the EU;
- facilitating training and capacity building;
- offering mobile offices; and
- making financial support available for operational support, as specified by EU Member States, in the framework of the European Multidisciplinary Platform Against Criminal Threat (EMPACT), OTF grants, as well as other EU projects.

More than 100 analysts are employed at Europol, who perform operational and strategic analysis to support investigations by law enforcement in Member States.

## ENGAGING INTERPOL TO CONNECT WITH LAW ENFORCEMENT GLOBALLY

The International Criminal Police Organization (INTERPOL) provides support to law enforcement agencies to connect and exchange information across its network of 195 member countries. In each country, an INTERPOL

National Central Bureau (NCB) run by a country's law enforcement institution provides the central point of contact for INTERPOL and other NCBs.<sup>66</sup> Information exchange and law enforcement coordination between

64. Further information concerning Europol's secure information platform, known as SIENA (the Secure Information Exchange Network Application), is available at <https://www.europol.europa.eu/operations-services-and-innovation/services-support/information-exchange/secure-information-exchange-network-application-siena>.

65. The list of non-EU countries and other organisations that have agreements and working arrangements with Europol are set out at <https://www.europol.europa.eu/partners-collaboration/agreements>

66. For more information see <https://www.interpol.int/en/Who-we-are/What-is-INTERPOL>

countries are supported by INTERPOL's General Secretariat based in Lyon, France, a global complex for innovation in Singapore, and several Regional Bureaus. INTERPOL also maintains a range of global databases of information related to criminals and crimes, which can be accessed through each country's NCB.<sup>67</sup>

### **INTERPOL Notices**

At the request of an NCB, INTERPOL publishes colour-coded Notices to enable countries to request information and cooperation and share alerts worldwide, allowing police in member countries to share critical crime-related information.<sup>68</sup>

### **National Environmental Security Taskforce**

INTERPOL supports member countries to establish National Environmental Security Task Forces (NESTs). These are multi-disciplinary law enforcement task forces, made up of experts from different national agencies such as the police, customs, environmental authorities, financial crime units, anti-corruption units, and the prosecutor's office. By bringing these agencies together, a NEST ensures communication, cooperation and collaboration

to facilitate coordinated and effective multi-agency actions against environmental crime, utilizing the different mandates of each agency, including investigations into financial and tax affairs linked to wildlife and timber trafficking. The INTERPOL NCB supports the task force with information exchange and tactical support between national agencies in different countries.

### **Operational Support Teams**

At the request of a member country, a team of specialised experts from INTERPOL and/or from any INTERPOL member country can be deployed to support local law enforcement authorities in their investigations.

### **Regional Investigative and Analytical Case Meetings**

INTERPOL can facilitate Regional Investigative and Analytical Case Meetings (RIACMs) that bring investigators together from different countries to meet face-to-face to review case files and share intelligence to further their investigations. RIACMs can be arranged at the request of member countries and can be supported by INTERPOL law enforcement officers with expertise in relevant crime areas, as needed.

## **ENGAGING CARIN TO IDENTIFY, FREEZE AND CONFISCATE ILLEGALLY ACQUIRED ASSETS IN OTHER JURISDICTIONS**

Tracing and identifying profits that have been illegally acquired from wildlife and timber trafficking will likely involve multi-jurisdictional investigations, requiring evidence to be gathered along the wildlife and timber supply chain, as well as from different jurisdictions where the illicit proceeds may be located, where the suspects reside and where relevant bank accounts and companies may be registered.

The Council Decision on asset recovery offices (2007)<sup>69</sup> requires EU Member States to set up National Asset Recovery Offices (AROs) to facilitate the tracing and identification of proceeds of crime within their territory and provide cross-border cooperation and information sharing

when assets are located in other jurisdictions.<sup>70</sup> In addition, any official from an ARO can also request assistance from the Camden Asset Recovery Inter-Agency Network (CARIN).<sup>71</sup>

CARIN is an inter-governmental organisation that supports law enforcement cooperation between European Union Member States in the field of criminal asset identification and recovery. CARIN is also linked to five other regional asset recovery inter-agency networks (ARINs) across the globe. CARIN supports the complete asset recovery process, from the investigation involving the tracing of assets to freezing and seizure, management and finally the forfeiture and confiscation, including any necessary asset sharing between jurisdictions.

67. For more information see <https://www.interpol.int/en/How-we-work/Databases>

68. For more information see <https://www.interpol.int/en/How-we-work/Notices/About-Notices>

69. Council Decision 2007/845/JHA of 6 December 2007 concerning cooperation between asset recovery offices of the Member States in the field of tracing and identification of proceeds from, or other property related to, crime, OJ L 332, 18.12.2007, p. 103.

70. See also Article 5 of the proposed new EU Directive on asset recovery and confiscation.

71. See <https://www.carin.network/>

# 11. REASONS FOR PROCEEDING WITH A COMPREHENSIVE FINANCIAL INVESTIGATION

After the preliminary financial investigation and review of available resources, it may be considered appropriate to continue with a comprehensive financial investigation. With the more casual collectors/sellers, whose involvement in wildlife trade appears to be more of a hobby than a business, these cases are often dealt with under the appropriate administrative procedure, or if a criminal investigation is launched, it is rarely supported

by further financial investigations. However, when dealing with professional traders/traffickers in timber, exceptionally rare and valuable species or large quantities of wildlife, who are involved in regular and systematic illegal trade, often as part of a larger criminal network, these cases should receive a more comprehensive investigation to follow the money to identify potential money laundering offences and recover illicit proceeds.

## **The benefits of continuing the financial investigation in parallel to the wildlife and timber trafficking investigation are that it:**

- Provides corroborating evidence in support of the prosecution for the wildlife or timber trafficking offences.
- Assists in identifying if the trafficking is a one-off incident and otherwise limited in scope, or part of a systematic and organised trade network.
- Ensures other criminal offences are included in the investigation, strengthening the coercive powers of the law enforcement authorities, and ensuring the prosecution of more serious criminal activity.
- Identifies a wider range of serious criminal activity that would constitute a predicate offence to build a money laundering case or recover criminal proceeds.
- Identifies the location of criminal proceeds and illegally acquired property, providing an opportunity to recover and confiscate those assets, and remove the profit motive behind wildlife and timber trafficking.

## **IDENTIFYING CORROBORATING EVIDENCE OF WILDLIFE AND TIMBER TRAFFICKING**

One advantage of conducting a financial investigation is that it may reveal evidence that corroborates the wildlife or timber trafficking offences. For example, a person found in possession of CITES-protected wild fauna or flora may be merely a collector or hobbyist. However, if the financial investigation uncovers evidence of bank transfers between that person and other buyers and sellers of wildlife, it may suggest the

person's ongoing involvement in wildlife trade. In a number of the case studies, there was evidence that financial transactions were passing through the bank accounts of the suspect around the dates of major reptile trade fairs,<sup>72</sup> providing further corroborating evidence of the person's likely involvement in trade at or linked to those fairs.

72. Animal/plant trade fairs are held throughout the year across multiple EU Member States. These trade fairs provide a venue for the sale of large variety of species, including both domestic and wild species. These trade fairs are also meeting points, where sellers and buyers can engage in the illegal trade of wildlife. See, for example, conclusions on p.32 of Stolen Wildlife III report, available at <https://www.prowildlife.de/wp-content/uploads/2022/01/stolen-wildlife-iii.pdf>. For example, the largest animal trade fair in the EU is held four times a year, in Hamm, Germany. See <https://www.tradefairdates.com/Terraristika-M1165/Hamm.html>. The second largest fair is held in Houten, Netherlands.

## CASE EXAMPLES

See Case Digest section, case study 8 which concerns an owner of a pet shop involved in the trade of protected reptiles. Investigations showed several large deposits into the suspect's accounts around the dates of reptile trade fairs in the Netherlands and Germany.

See Case Digest section, case study 12 which concerns illegal trade in spiders. Evidence showing the suspect involved in the trade of protected species of spiders, included sales transactions through the suspect's bank accounts occurring on the dates of recent animal trade fairs.

## INVESTIGATING WILDLIFE AND TIMBER TRAFFICKING INVOLVING ORGANISED CRIME GROUPS

**The criminal activity associated with wildlife and timber trafficking ranges from localised illegal harvest and trade to more serious transnational organised crime, involving serious criminal offences. The financial investigation is a useful strategy to confirm if the trafficking incident is:**

- A one-off incident,
- An opportunistic illegal trade intermixed with legal or unregulated trade, and/or
- Part of a systematic and organised criminal network.

In the case of large-scale international illicit trade in wild fauna and flora, the trafficking is usually carried out as part of an organised criminal network that coordinates the criminal activity from poaching and illegal harvesting, trafficking to supply foreign markets, processing and manufacture, to retail. Intermediaries may also act within that network as brokers at various stages along the supply chain. Studies have noted, for example, that the exotic pet trade involves from four to nine nodes along the supply chain from harvest, ranching, export, re-export, distributors and dealers.<sup>73</sup>

A financial investigation that follows the money can identify the transfer of funds between the accounts of buyers, sellers and other traders along the supply chain, and, where relevant, support the expansion of the investigation's scope to include additional persons of interest. A wildlife or timber trafficking investigation typically focuses on the physical movement of the goods along the supply chain. Such an

investigation, however, will fail to identify those people or companies involved in laundering the criminal proceeds but who are never in physical possession of the goods. The financial investigation provides an opportunity to identify the senior members of the crime group (rather than focusing only on the junior members involved in the poaching and smuggling).

The EU Directive on combating money laundering<sup>74</sup> and the proposed EU Directive on asset recovery and confiscation<sup>75</sup> both include participation in a criminal organisation as a relevant predicate offence.<sup>76</sup>

Therefore, if the investigation confirms that the wildlife or timber trafficking involved two or more persons acting in concert for financial gain, this may be sufficient to show their participation in a criminal organisation, and become the basis for pursuing money laundering offences or asset confiscation.

73. James S. Sinclair, Oliver C. Stringham, Bradley Udell, Nicholas E. Mandrak, Brian Leung, Christina M. Romagosa, And Julie L. Lockwood. (2021). The International Vertebrate Pet Trade Network and Insights from US Imports of Exotic Pets. <https://academic.oup.com/bioscience/BioScience/71/9/977-990>. doi:10.1093/biosci/biab056

74. See Article 2 of the EU Directive 2018/1673 on combating money laundering by criminal law. EUR-Lex - 32018L1673 - EN - EUR-Lex ([europa.eu](http://europa.eu))

75. Article 2 of the proposed EU Directive on asset recovery and confiscation. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0245&qid=1653986198511#footnoteref51>.

76. A "criminal organisation" is defined in Council Framework Decision 2008/841/JHA of 24 October 2008 on the fight against organised crime, as "a structured association, established over a period of time, of more than two persons acting in concert with a view to committing offences which are punishable by deprivation of liberty or a detention order of a maximum of at least four years or a more serious penalty, to obtain, directly or indirectly, a financial or other material benefit".

# ENSURING WILDLIFE AND TIMBER TRAFFICKING IS TREATED AS A SERIOUS CRIMINAL ACTIVITY

Enforcement of wildlife or timber trafficking violations is frequently treated as an administrative issue, resulting in fines and seizures only. In some cases, administrative sanctions are the most appropriate way to combat a particular wildlife or timber trafficking case, particularly in the case of small-scale wildlife or timber trade. In other cases, administrative sanctions may be the only option available, if the particular conduct involved does not meet the criminal standard set out in the national legislation.

Under the EU Wildlife Trade Regulations and EU Timber Regulation (EUTR), the enforcement provisions must be transferred into national legislation, and supplemented with national laws. Directive 2008/99/EC on the protection of the environment (hereafter the “EU Environmental Crime Directive”, currently under revision),<sup>77</sup> provides that EU Member States shall ensure that unlawful trade in protected wild fauna or flora is a criminal offence within their jurisdiction when committed intentionally or with at least serious negligence. However, such criminal laws do not need to apply when the conduct concerns only a negligible quantity of specimens and has a negligible impact on the conservation status of the species.<sup>78</sup> At present, the EU Environmental Crime Directive does not cover the EUTR.

Similarly the nature of the penalties applicable under the EUTR varies across the EU, with certain Member States implementing regimes relying mainly on administrative penalties for infringements, with others providing for a combination of administrative and criminal penalties.<sup>79</sup>

Even in cases where applicable criminal laws exist, the reality is that most wildlife and timber trafficking cases within the EU are enforced and prosecuted administratively.<sup>80</sup> This has resulted in many wildlife and timber traffickers operating with a degree of impunity,<sup>81</sup> as they can treat any administrative fine as the cost of doing business.<sup>82</sup>

Since the burden of proof is easier to establish with an administrative offence, this means the relevant investigation is unlikely to obtain all the evidence required to prove a predicate offence to the necessary criminal standard to confiscate the criminal proceeds or prosecute a money laundering offence. This significantly limits the options available to target the criminal proceeds and dismantle the criminal networks responsible for wildlife or timber trafficking.

By expanding the investigation beyond the wildlife or timber offences, law enforcement can identify other serious criminal activity committed in parallel to the trafficking offences, such as document fraud, tax crimes, false accounting or money laundering. Instead of relying on the wildlife or timber offences alone, the advantage of investigating other relevant criminal activities is that law enforcement authorities are likely to treat the investigation as more serious and be more familiar with prosecuting these offences, increasing the resources available and encouraging the use of coercive powers,<sup>83</sup> while the Courts are also more likely to increase the punishment imposed.



**Most wildlife and timber trafficking cases** in the EU are enforced and prosecuted administratively

77. Directive 2008/99/EC of the European Parliament and of the Council of 19 November 2008 on the protection of the environment through criminal law. EUR-Lex - 32008L0099 - EN - EUR-Lex ([europa.eu](http://eur-lex.europa.eu)). Directive 2008/99/EC is being revised at time of writing this report.

78. See Article 3 of Directive 2008/99/EC.

79. In a study conducted by WWF only 50% of the EU Member States, surveyed between October 2018 and March 2019, had included criminal sanctions for EUTR infringements in their national legislation. See [https://www.wwf.eu/assets/panda.org/downloads/wwf\\_eutr\\_implementation\\_eu\\_synthesis\\_report\\_2019.pdf](https://www.wwf.eu/assets/panda.org/downloads/wwf_eutr_implementation_eu_synthesis_report_2019.pdf)

80. See the Presentation to World Border Security Congress (17-19 May 2022, Lisbon), “Endangered Species and wildlife trafficking: A Global and Portuguese Overview”, discussed in the interview with the National Police (Public Security Police), Portugal on 17 October 2022. This position was also referred to in the interview with the Swedish Police on 13 October 2022.

81. One example is the large scale illegal capture of between 11 to 36 million migratory birds each year across southern Europe and the Mediterranean. This conduct could be investigated and prosecuted as a criminal offence under the EU Environmental Crime Directive, which covers the conservation of wild birds under Article 4(2) of Council Directive 79/409/EEC (2 April 1979). However, in most cases perpetrators receive only modest fines, in spite of alleged involvement of organised crime. See Bird Conservation International (2016) 26:1–28. Preliminary assessment of the scope and scale of illegal killing and taking of birds in the Mediterranean. Bird Conservation International / Volume 26 / Issue 01 / March 2016, pp 1 – 28. [http://journals.cambridge.org/abstract\\_S0959270915000416](http://journals.cambridge.org/abstract_S0959270915000416) DOI: 10.1017/S0959270915000416, Published online: 03 March 2016) <https://aos-aib.org/wp-content/uploads/2020/02/Illegal-Killing-of-Birds-in-the-Mediterranean.pdf>.

82. According to interview with National Police (Public Security Police), Portugal conducted on 17 October 2022.

83. According to an interview with Guardia Civil, Spain, on 24 October 2022.



Blue-crowned parakeet, *Thectocercus acuticaudatus*

### **Strengthen law enforcement's resources and coercive investigative powers**

When wildlife or timber traffickers can be shown to have committed other crimes, this tends to elevate the priority of the law enforcement response.<sup>84</sup> By focusing on these additional serious crimes, law enforcement will likely have more resources and greater access to special investigative techniques to support and assist their investigation, including telephone and email intercepts, communications intelligence, GPS tracking and search warrants.<sup>85</sup>

The use of coercive investigative powers is an extremely valuable technique but very intrusive and therefore only approved in the most serious cases. While certain coercive powers may be available to wildlife or forestry enforcement officers in some cases and some jurisdictions, in other cases it may take additional investigative effort to demonstrate that the case meets the criteria of a serious crime before obtaining authorisation to use these coercive or intrusive powers.<sup>86</sup>

### **Courts and the seriousness of the criminal activity**

The cumulative effect of charging the defendant with multiple offences (both environmental and financial or corporate crimes), is that the Courts are likely to deliver harsher punishments.<sup>87</sup> Criminal penalties are usually determined based on the seriousness of the criminal activity, considering the damage, violation or danger that the crime entails and whether there are any mitigating or aggravating circumstances.<sup>88</sup>

By identifying all criminal offences committed in parallel to, or to facilitate, the illicit trafficking offences, the Courts are more likely to see the conduct of the defendant as not only causing environmental harm but also that this was done systematically, as part of an ongoing criminal business, with a profit motive.

84. This point was made by a number of different law enforcement experts, including in interviews conducted with Guardia Civil, Spain, on 24 October 2022, and information provided by the French Gendarmerie on 19 February 2023.

85. According to an interview with Guardia Civil, Spain, on 24 October 2022.

86. According to information provided by the French Gendarmerie on 19 February 2023.

87. Interview conducted with Guardia Civil, Spain, on 24 October 2022, and supported in information provided by the French Gendarmerie on 19 February 2023.

88. See for example Swedish Court of Appeal Case number: AM-67110-19 (at pages 34-35) (outline in Case Study 8-Pet shop owner in Sweden) and Helsingborg District Court Case number AM-163259-20 (at pages 8-9), Case Study 12 concerning illegal trade in spiders.

# 12. THE PREDICATE OFFENCE: WILDLIFE AND TIMBER TRAFFICKING

The first step in either a money laundering investigation or an asset recovery and confiscation process is to identify and investigate the criminal offence from which illicit proceeds or property is derived (that is, the predicate offence). The EU has adopted a standard set of predicate offences to be included in the anti-money laundering legislation across all Member States.<sup>89</sup> The new proposed EU directive on asset recovery

and confiscation also provides a standard set of criminal offences, such that a conviction can provide the basis for an assets confiscation order.<sup>90</sup> In both cases, these include offences within the category of “environmental crime”, including offences set out in the EU Environmental Crime Directive,<sup>91</sup> Directive 2009/123/EC on ship-source pollution,<sup>92</sup> and any other offence included in legal acts of the EU concerning environmental crime.

**According to the current EU Environmental Crime Directive, Member States are to ensure that certain conduct shall constitute a predicate offence for the anti-money laundering directive or the asset recovery and confiscation directive, when unlawful and committed intentionally, or at least with serious negligence. These offences include:**

- the killing, destruction, possession or taking of specimens of protected wild fauna or flora species, except for cases where the conduct concerns a negligible quantity of such specimens and has a negligible impact on the conservation status of the species;
- trading in specimens of protected wild fauna or flora species or parts or derivatives thereof, except for cases where the conduct concerns a negligible quantity of such specimens and has a negligible impact on the conservation status of the species;
- any conduct which causes the significant deterioration of habitat within a protected site; and
- inciting, aiding and abetting any of the above conduct.

Therefore, under these EU laws, anyone profiting from the poaching or trafficking of wild fauna or flora could be investigated and

prosecuted for money laundering offences and their criminal assets confiscated.

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89. The EU Directive 2018/1673 on combating money laundering by criminal law. EUR-Lex - 32018L1673 - EN - EUR-Lex ([europa.eu](https://eur-lex.europa.eu))

90. Article 2 of the proposed EU Directive on asset recovery and confiscation. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0245&qid=1653986198511#footnoteref51>.

91. Directive 2008/99/EC of the European Parliament and of the Council of 19 November 2008 on the protection of the environment through criminal law. EUR-Lex - 32008L0099 - EN - EUR-Lex ([europa.eu](https://eur-lex.europa.eu)). Directive 2008/99/EC is being revised at time of writing this report.

92. Directive 2009/123/EC of the European Parliament and of the Council of 21 October 2009 amending Directive 2005/35/EC on ship-source pollution and on the introduction of penalties for infringements. EUR-Lex - 32009L0123 - EN - EUR-Lex ([europa.eu](https://eur-lex.europa.eu))

# 13. THE MOST COMMON SERIOUS CRIMINAL OFFENCES ASSOCIATED WITH WILDLIFE AND TIMBER TRAFFICKING (OTHER PREDICATE OFFENCES)

To increase the likelihood of a successful money laundering investigation or asset recovery and confiscation process, it is recommended that investigators consider all relevant criminal offences, in addition to wildlife or timber trafficking offences. In particular,

as wildlife and timber move along the supply chain, there are a series of transactions and criminal behaviour that occur in parallel, which could themselves constitute the elements of separate serious crimes.<sup>93</sup>

**The most common criminal offences committed along the supply chain of illicit wildlife and timber include:**

- Corruption;
- Document fraud; and
- Tax crime.

**In addition to these serious criminal offences, the illicit proceeds are most commonly laundered through the following methods, which themselves constitute serious criminal offences:**

- Money laundering through the transfer of illicit proceeds between criminals along the supply chain;
- Corporate fraud, including:
  - False accounting/book-keeping,
  - Using shell companies to conceal beneficial ownership,
  - Falsifying company records/laundering illegally sourced products through legal supply chains, and
  - Trade-based money laundering.

By considering each of these criminal activities, the greater flexibility law enforcement agencies have in deciding how to allocate resources to ensure the investigation focuses on the

appropriate criminal offences that can be most directly linked to any illicit proceeds generated within the EU.

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<sup>93</sup> For a useful overview of environmental crime within the EU, and its links to other serious criminal activity along the supply chain see Europol (2022), Environmental Crime in the Age of Climate Change - Threat assessment 2022, Publications Office of the European Union, Luxembourg.

## SUPPLY CHAIN FOR TRAFFICKING IN WILD FAUNA AND FLORA

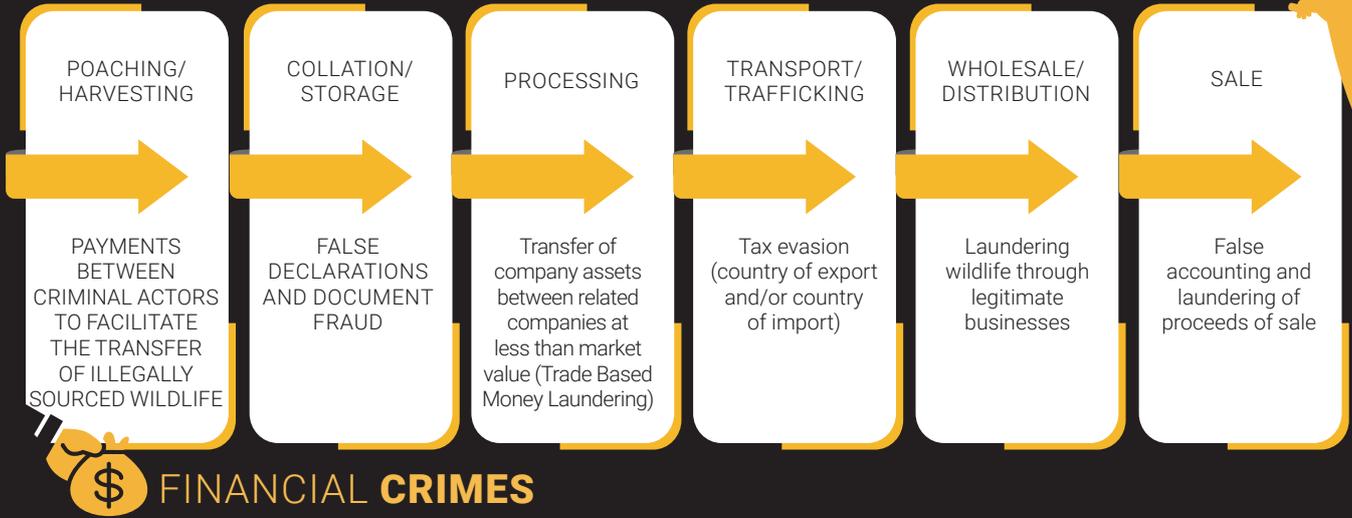
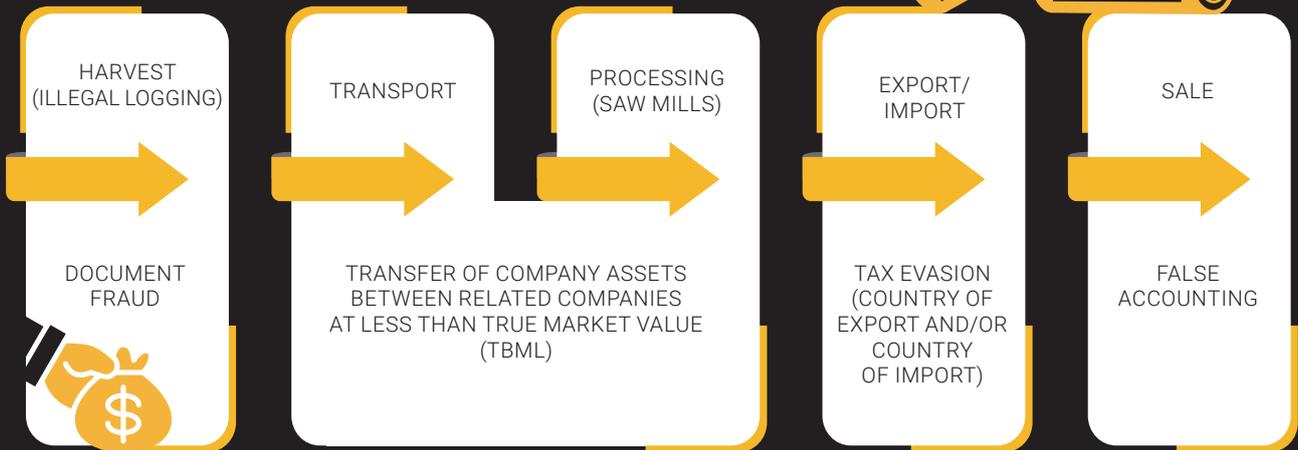


Fig. 3: The illegal wildlife trafficking supply chain.

## SUPPLY CHAIN FOR TIMBER TRAFFICKING



### FINANCIAL CRIMES



Fig. 4: The illegal timber trafficking supply chain.

# CORRUPTION TO FACILITATE SAFE PASSAGE

Criminal networks rely on corruption and bribing of public officials in origin, transit and destination countries to facilitate the trafficking of illegally sourced wild fauna and flora. The payment of bribes is done to either obtain falsified documents or avoid monitoring and inspections to allow the safe passage of wildlife or timber through checkpoints and across borders. This can take place in exporting, transit and importing countries.

Criminals responsible for wildlife and timber trafficking have been known to establish contacts with local CITES authorities and other relevant authorities to obtain falsified permits or to falsify the origin of the wildlife.<sup>94</sup> Mules have been known to pay bribes to customs and law enforcement officers to avoid inspections of their luggage.<sup>95</sup>

In 2016, INTERPOL estimated the global cost of corruption in the forestry sector to be in the order of EUR26.9 billion (USD29 billion) annually.<sup>96</sup> Analysis conducted by INTERPOL identified corruption as occurring most commonly at the point of harvest (50% of cases), followed by road transport (23.1% of cases) and at the processing plants (26.9% of cases).<sup>97</sup> The majority of these examples are committed in the source country.

Bribery<sup>98</sup> was identified as the most common form of forestry corruption, followed by

fraud, abuse of office, extortion, cronyism, and nepotism.<sup>99</sup> Examples identified by law enforcement officials in the source countries included giving bribes to public officials for timber concessions, bribing Forest Agency officers to allow illegal timber to pass through checkpoints, and paying customs officials to allow the export of illegal timber.<sup>100</sup>

The proportion of this global cost of corruption in the forestry sector that affects the EU is unclear, although it is likely to be significant since the EU is the largest global market for timber imports.<sup>101</sup> Across all sectors in the EU, between 2016 and 2021, the estimated total cost of corruption risk in public procurement was estimated at EUR29.6 billion, while the total cost of corruption risk in contracts involving EU funds was EUR4.3 billion.<sup>102</sup>

The EU Directive on combating money laundering<sup>103</sup> and the proposed EU Directive on asset recovery and confiscation<sup>104</sup> both include as a relevant predicate offence, any offences within the category of “corruption”, including any offence set out in the EU Convention on the fight against corruption involving government officials<sup>105</sup> and in Council Framework Decision on combating corruption in the private sector.<sup>106</sup> This EU Convention, and the Council Decision, give EU Member States the power to pass legislation to establish jurisdiction over their nationals, or one of their government

94. See Europol (2022), Environmental Crime in the Age of Climate Change - Threat assessment 2022, Publications Office of the European Union, Luxembourg

95. See Europol (2022), Environmental Crime in the Age of Climate Change - Threat assessment 2022, Publications Office of the European Union, Luxembourg

96. INTERPOL (2016), *Uncovering the risks of corruption in the forestry sector*, available at: [https://globaltimbertrackingnetwork.org/wp-content/uploads/2017/12/INTERPOL\\_2016\\_Uncovering-the-Risks-of-Corruption-in-the-Forestry-Sector.pdf](https://globaltimbertrackingnetwork.org/wp-content/uploads/2017/12/INTERPOL_2016_Uncovering-the-Risks-of-Corruption-in-the-Forestry-Sector.pdf). Amounts in euros are shown based on the monthly average exchange rate for January 2023. Rates obtained from [www.x-rates.com](http://www.x-rates.com).

97. Results based on a 13-country survey conducted by INTERPOL in collaboration with the TREES project (Timber Regulation Enforcement to protect European Wood Sector from criminal infiltrations), that analysed an average of 250 cases of corruption in each country related to the forestry sector every year between 2009 and 2014.

98. Bribery is defined as offering, soliciting or receiving money or items of pecuniary value in exchange for goods or services by a public official.

99. Analysis based on an average of 250 cases of corruption identified each year between 2009 and 2014. Case studies were identified during a 13-country survey conducted by INTERPOL in collaboration with the TREES project (Timber Regulation Enforcement to protect European Wood Sector from criminal infiltrations), and outlined in the INTERPOL report *Uncovering the risks of corruption in the forestry sector* (December 2016) available at: [https://globaltimbertrackingnetwork.org/wp-content/uploads/2017/12/INTERPOL\\_2016\\_Uncovering-the-Risks-of-Corruption-in-the-Forestry-Sector.pdf](https://globaltimbertrackingnetwork.org/wp-content/uploads/2017/12/INTERPOL_2016_Uncovering-the-Risks-of-Corruption-in-the-Forestry-Sector.pdf)

100. INTERPOL (December 2016), *Uncovering the risks of corruption in the forestry sector*

101. Followed by China (which is the largest single country market) and then United States. See [Top Imported Timber Countries \(worldsrichest-countries.com\)](https://www.intracen.org/marketanalysis). Data source: Trade Map, International Trade Centre, [www.intracen.org/marketanalysis](http://www.intracen.org/marketanalysis)

102. See M. Fernandes and L. Jancova, *Stepping up EU efforts to tackle corruption – a Cost of non-Europe report*, EPRS, European Parliament, referenced in [https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/739241/EPRS\\_BRI\(2022\)29739241\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/739241/EPRS_BRI(2022)29739241_EN.pdf).

103. See Article 2 of the EU Directive 2018/1673 on combating money laundering by criminal law. [EUR-Lex - 32018L1673 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/lexUri-CELEX-3A52022PC0245&qid=1653986198511#footnoteref51)

104. Article 2 of the proposed EU Directive on asset recovery and confiscation. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:3A52022PC0245&qid=1653986198511#footnoteref51>.

105. The EU Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:3A41997A0625%2801%29>).

106. Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector ([https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:3AOJ.L\\_2003.192.01.0054.01.ENG&toc=OJ%3A%3A2003%3A192%3AATOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:3AOJ.L_2003.192.01.0054.01.ENG&toc=OJ%3A%3A2003%3A192%3AATOC)).

officials<sup>107</sup> if they engage in corrupt conduct anywhere in the world. However, it is a matter for each Member State to decide whether or not and the extent to which they will extend their jurisdiction outside their territory.<sup>108</sup>

Companies and other legal entities can also be liable for the corrupt activities of any employee or person representing the company, or where it has failed to adequately supervise or control its staff or representatives.<sup>109</sup>

## DOCUMENT FRAUD

Document fraud is key for the perpetration of the illegal trade of wild fauna and flora. Criminals might obtain fake documents either through forgery, making false declarations or obtaining them from corrupt officials. The EU Directive on combating money laundering<sup>110</sup> and the proposed EU Directive on asset recovery and confiscation<sup>111</sup> both include as relevant predicate offences, fraud, counterfeiting, and forgery.

The EU wildlife trade regulations require specific permits, certificates or notifications<sup>112</sup> to trade in the wild fauna and flora species (or parts or derivatives made thereof) contained in its Annexes. These documents must be presented to Customs before a shipment is allowed to enter or leave the EU. For some species, a specific certificate may also be required for internal EU trade, while certain species listed in the Annexes must also be uniquely marked, including, for example, certain specimens bred in captivity, crocodilian skins and African elephant ivory of a certain length or weight.<sup>113</sup> In the case of CITES-listed species, traffickers may use forged CITES documents or falsely declare the trade of different non-CITES species.

Couriers who have become known to law enforcement for past criminal behaviour might use fraudulent travel and identity documents, to avoid being searched at border checkpoints.<sup>114</sup>

There is a wide array of methods employed by traffickers using shipping containers. Goods may be transferred accompanied by falsified shipping documents and consignee statements or permits fabricated by criminals.<sup>115</sup> A common modus operandi is to reuse documents that were previously used for a legal import to then import additional wild fauna or flora that had been poached or illegally harvested.<sup>116</sup> Often illegally sourced timber is falsely labelled as having been sourced from timber plantations.<sup>117</sup> UNODC and World Customs Organization (WCO) have a designated global training programme, the UNODC-WCO Container Control Programme, to support and assist customs officers in identifying suspicious containers.<sup>118</sup>

Falsified documents used with the intent to conceal illegally sourced wild fauna or flora constitutes document fraud, and therefore a potential predicate offence for a money laundering prosecution or assets recovery proceedings.

107. This includes persons not holding any office, yet exercising a public service function in relation to EU funds (for instance, contractors involved in the management of such funds) See Article 1 of the EU Convention (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A41997A0625%2801%29>).

108. See Article 7 of the EU Convention (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A41997A0625%2801%29>) and Article 7 of the Council Framework Decision ([https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L\\_.2003.192.01.0054.01.ENG&toc=OJ%3A%3A2003%3A192%3ATOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2003.192.01.0054.01.ENG&toc=OJ%3A%3A2003%3A192%3ATOC)).

109. See Article 5 of the Council Framework Decision ([https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L\\_.2003.192.01.0054.01.ENG&toc=OJ%3A%3A2003%3A192%3ATOC](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2003.192.01.0054.01.ENG&toc=OJ%3A%3A2003%3A192%3ATOC)).

110. See Article 2 of the EU Directive 2018/1673 on combating money laundering by criminal law. [EUR-Lex - 32018L1673 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2018.1673.01.0001.01.ENG&toc=OJ%3A%3A2018%3A1673%3ATOC)

111. Article 2 of the proposed EU Directive on asset recovery and confiscation. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0245&qid=1653986198511#footnoteref51>.

112. The European Commission Implementing Regulation (EU) No 792/2012 of 23 August 2012 sets out the rules for the design of permits, certificates and other documents regulating the trade of wildlife (the Permit Regulation).

113. More information is accessible at [https://ec.europa.eu/environment/cites/pdf/trade\\_regulations/short\\_ref\\_guide.pdf](https://ec.europa.eu/environment/cites/pdf/trade_regulations/short_ref_guide.pdf)

114. See Europol (2022), Environmental Crime in the Age of Climate Change - Threat assessment 2022, Publications Office of the European Union, Luxembourg

115. See Europol (2022), Environmental Crime in the Age of Climate Change - Threat assessment 2022, Publications Office of the European Union, Luxembourg

116. Europol, 'Serious and Organised Crime Threat Assessment', 2021, accessible at [https://www.europol.europa.eu/sites/default/files/documents/socta2021\\_1.pdf](https://www.europol.europa.eu/sites/default/files/documents/socta2021_1.pdf)

117. See timber trafficking examples in INTERPOL (December 2016), *Uncovering the risks of corruption in the forestry sector*

118. <https://www.unodc.org/unodc/en/ccp/index.html>



These logs are uncertified.

### **False claims of fauna being bred in captivity**

One of the most common methods of disguising the illegal poaching, trafficking, and sale of exotic animals in the EU pet trade is through the fraudulent claim that the animal was bred in captivity.<sup>119</sup>

Europol analysis has identified the false labelling of animals as captive-bred as an important trend requiring further monitoring by EU Law enforcement.<sup>120</sup> These false claims may be facilitated by fraudulent documents. In the case of bird trafficking,

there are also increasing reports of sellers attaching counterfeit rings to the birds' legs to falsely claim the birds are sourced from legal breeders, when in fact the birds were captured in the wild and illegally trafficked in the EU.<sup>121</sup>

### **CASE EXAMPLE**

See Case Digest section, case study 11 which concerns false claims of captive breeding by a private zoo in Belgium.

### **False claims of flora being artificially propagated**

Similarly, exotic plants are collected illegally from the wild and trafficked into the EU and then sold to collectors, following false declarations that the plants were artificially propagated by horticulturists or growers within the EU.<sup>122</sup>

### **CASE EXAMPLE**

See Case Digest section, case study 4 which concerns false claims of artificial propagation of cacti by horticulturalists in Hungary.

119. See, for example, analysis conducted by TRAFFIC on the online trade in reptiles and birds in Belgium and the Netherlands. TRAFFIC, 'Stop wildlife cybercrime, Online trade in reptiles and birds in Belgium and the Netherlands', 2020, accessible at <https://www.traffic.org/site/assets/files/12970/stop-wildlife-cybercrime-en.pdf>. Another study conducted for the German Environment Ministry found almost two thirds of all reptiles, amphibians, and exotic mammals in the online trade in Europe contained no information on the source of the animal (whether bred in captivity or otherwise). See: [https://www.bfn.de/sites/default/files/BfN/service/Dokumente/skripten/skript\\_545.pdf](https://www.bfn.de/sites/default/files/BfN/service/Dokumente/skripten/skript_545.pdf).

120. Europol, 'Serious and Organised Crime Threat Assessment', 2021, accessible at [https://www.europol.europa.eu/sites/default/files/documents/socata2021\\_1.pdf](https://www.europol.europa.eu/sites/default/files/documents/socata2021_1.pdf)

121. Europol, 'Serious and Organised Crime Threat Assessment', 2021, accessible at [https://www.europol.europa.eu/sites/default/files/documents/socata2021\\_1.pdf](https://www.europol.europa.eu/sites/default/files/documents/socata2021_1.pdf)

122. According to an interview conducted on 19 September 2022 with the Environmental Crime Unit, National Police of Hungary.



# LAUNDERING CRIMINAL PROCEEDS THROUGH CORPORATE STRUCTURES

## **False accounting to launder proceeds of the sale of wild fauna and flora**

The co-mingling of legal and illegally sourced wildlife or timber necessarily results in the co-mingling of the proceeds of the sale.

False bookkeeping is often used to launder these illicit proceeds, by falsely accounting for that revenue in the turnover of registered businesses and companies.

## **CASE EXAMPLES**

See Case Digest section, case study 8 which concerns a pet shop owner in Sweden who falsified his business accounts to launder proceeds from trading in protected reptiles.

See Case Digest section, case study 12 which concerns a trader in protected species of spiders was convicted of failure to maintain proper business accounts or comply with book-keeping obligations.

Proceeds may be laundered through the issue of false loans and false accounting between these company networks. These various financial transactions are intended to camouflage the illegal source of the funds, and

otherwise obscure its beneficial ownership. In the larger criminal networks, illicit proceeds may be transferred through a network of front companies, across multiple jurisdictions.

## **CASE EXAMPLE**

See Case Digest section, case study 1 which concerns the laundering of illicit proceeds through the issue of false invoices between timber companies operating in Slovakia.

## **Using shell companies to conceal beneficial ownership**

Shell companies and front companies are used to conceal assets and/or the true beneficial owners of the assets or to conceal the identity of the persons responsible for illegal business activity. Particularly when those corporate structures are established in other jurisdictions it can be difficult for law enforcement to obtain

information regarding the identity of individuals who ultimately own or control these legal entities. The identity of the beneficial owners of shell companies may be available if a national company register exists. In this case, the FIU may be able to request the relevant information via the Egmont Group of financial intelligence units worldwide.<sup>126</sup>

## **CASE EXAMPLE**

See Case Digest section, case study 3 which concerns the trafficking of Myanmar Teak into the EU through front companies based in the Czech Republic.

126. <https://egmontgroup.org>

### **Laundering illegally sourced wild fauna and flora through legal supply chains**

In the EU, illegally traded wildlife is often sold through legal channels.<sup>127</sup> Depending on the specimens or products involved, criminals will use a diverse range of legal business structures, such as pet stores, antique shops, jewellers, local restaurants and catering companies, international fairs, gardening stores, licensed breeders, and zoos to facilitate the trade and sale of wild fauna and flora.<sup>128</sup>

By mixing with the legal market and involving legal operators the criminal networks are able to use the formal market to conceal

their criminal activities.<sup>129</sup> In these cases, the criminal networks responsible for the trafficking of wild fauna and flora into the EU will engage with registered businesses to obtain the necessary documents that falsely claim the wildlife are captive-bred or non-CITES species.<sup>130</sup> The business turnover can be used for laundering the illicit proceeds of the sale.

Criminal networks operating across source, transit and destination companies will use multiple companies, often located in different jurisdictions, and usually owned by the same individuals.<sup>131</sup>

## **CASE EXAMPLE**

See Case Digest section, case study 3 which concerns the trafficking of Myanmar Teak into the EU. Payments for the teak were made by a Dutch company to the exporters in Myanmar, via the transfer of funds through the accounts of multiple companies located in Croatia and Singapore.

### **Trade-based money laundering for illegally sourced timber**

One of the more common modus operandi used by logging companies to launder illegally harvested timber is falsely claiming the timber has been extracted from legitimate logging concessions or established timber plantations.

In the case of small-scale logging operations, the logging company, the sawmill, the transport and shipping companies and the import and export companies are usually separate legal entities, and the transactions between each take place at arms-length and market value.

However, in the case of large-scale organised illegal logging operations, these separate companies are often linked, such as a parent company and a subsidiary, or two subsidiaries

controlled by a common parent. This provides opportunities for linked companies to conceal the mixing of legal and illegally sourced timber at various points along the supply chain, such as at the logging site, storage sites, timber processing plants or during transport. It also provides opportunities for those companies to trade with each other at artificial prices to avoid paying export duties and other taxes. The links are not always easy to trace, as beneficial ownership may be concealed by companies registered in overseas jurisdictions, especially those with laws allowing for opaque financial structures.<sup>132</sup>

In this way, the logging conglomerate operates as an organised criminal network, since by controlling the other companies operating

127. Europol, 'Serious and Organised Crime Threat Assessment', 2021, accessible at [https://www.europol.europa.eu/sites/default/files/documents/soccta2021\\_1.pdf](https://www.europol.europa.eu/sites/default/files/documents/soccta2021_1.pdf)

128. TRAFFIC, 'Case Digest: Initial analysis of the financial flows and payment mechanisms behind wildlife and forest crime', 2021, accessible at [https://www.traffic.org/site/assets/files/13685/an\\_initial\\_analysis\\_of\\_the\\_financial\\_flows\\_and\\_payment\\_mechanisms\\_behind\\_wildlife\\_and\\_forest\\_crime\\_-\\_20210608.pdf](https://www.traffic.org/site/assets/files/13685/an_initial_analysis_of_the_financial_flows_and_payment_mechanisms_behind_wildlife_and_forest_crime_-_20210608.pdf)

129. Europol, 'Serious and Organised Crime Threat Assessment', 2021, accessible at [https://www.europol.europa.eu/sites/default/files/documents/soccta2021\\_1.pdf](https://www.europol.europa.eu/sites/default/files/documents/soccta2021_1.pdf)

130. Europol, 'Serious and Organised Crime Threat Assessment', 2021, accessible at [https://www.europol.europa.eu/sites/default/files/documents/soccta2021\\_1.pdf](https://www.europol.europa.eu/sites/default/files/documents/soccta2021_1.pdf)

131. TRAFFIC, 'Case Digest: Initial analysis of the financial flows and payment mechanisms behind wildlife and forest crime', 2021, accessible at [https://www.traffic.org/site/assets/files/13685/an\\_initial\\_analysis\\_of\\_the\\_financial\\_flows\\_and\\_payment\\_mechanisms\\_behind\\_wildlife\\_and\\_forest\\_crime\\_-\\_20210608.pdf](https://www.traffic.org/site/assets/files/13685/an_initial_analysis_of_the_financial_flows_and_payment_mechanisms_behind_wildlife_and_forest_crime_-_20210608.pdf)

132. Such locations characterized by laws and structures that promote secrecy are often referred to as "secrecy jurisdictions". The Association of Certified Anti-Money Laundering Specialists ([www.acams.org](http://www.acams.org)), defines secrecy jurisdictions as those that promote:

Procedures used to create secrecy around banking activities,  
Lack of overall transparency,  
Financial structures that do not require much supervision, verification, or information disclosure,  
Regulations and laws that prevent exchange of information.

# Illegal logging and log laundering

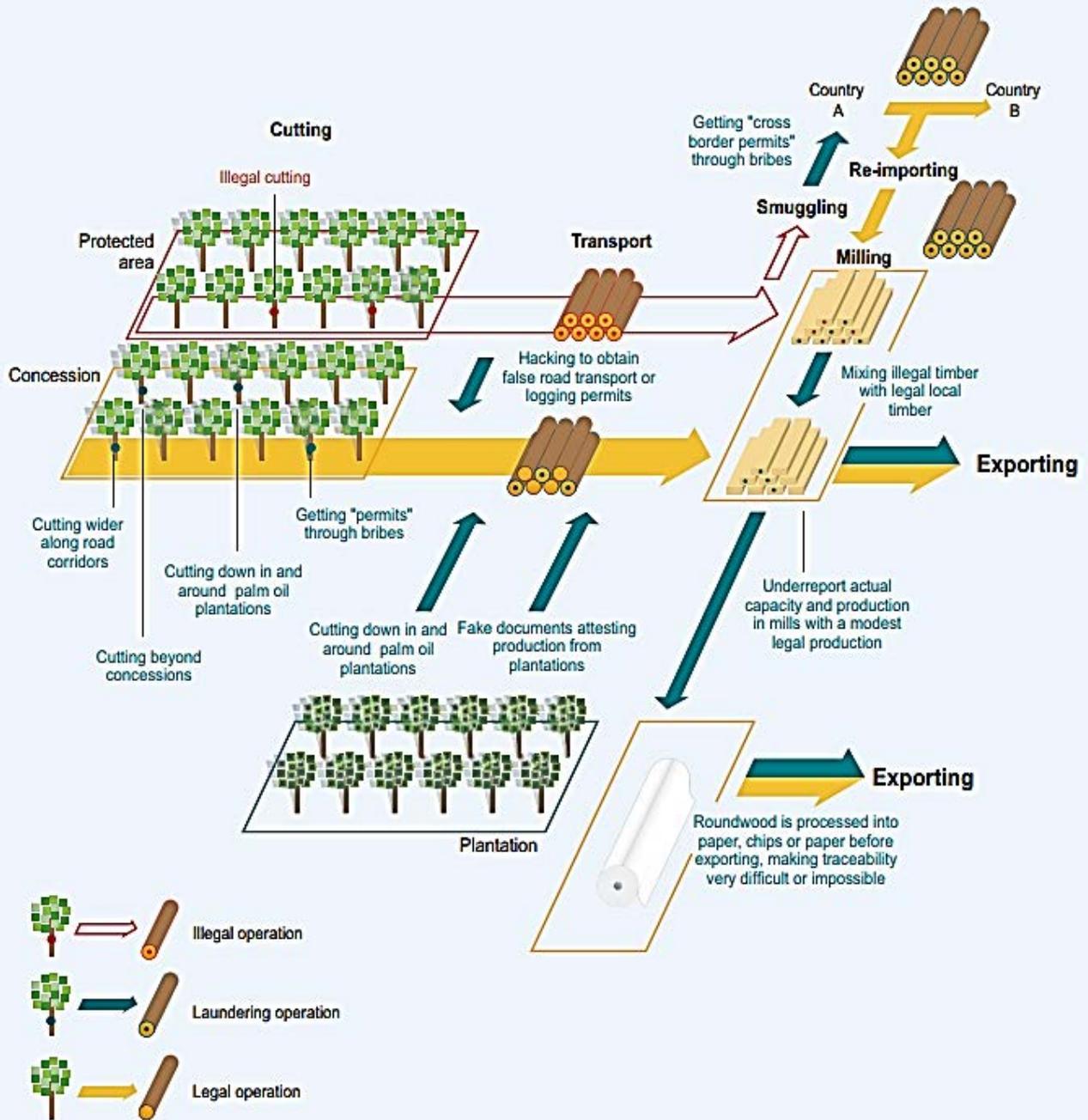


Fig. 5: Laundering of illegally cut tropical wild wood through plantations (Source UNEP and INTERPOL, 2012).\*

\* Source: UNEP and INTERPOL. 2014. *The environmental crime crisis*. Nellemann et al. (Eds). A UNEP rapid response assessment.

along the supply chain, including the logging, processing and trading companies, the criminal network ensures that the companies collude to conceal illegally sourced timber and avoid tax.

**Trade-based money laundering describes this process of disguising the proceeds of crime and moving value through the use of trade transactions in an attempt to legitimise their illicit origin.<sup>133</sup> Common examples of trade-based money laundering include:**

- Over- or under-invoicing: overstating the value of the invoice relative to the goods shipped.
- Multiple invoicing: more than one invoice is issued for the same goods consignment.
- Over- or under-shipments: falsifying the quantities of goods shipped.
- False description of goods.
- Phantom shipments: goods that are not shipped; however, an invoice is issued.

The physical transfer of a shipment of timber between each of the companies along the supply chain constitutes a transfer of company assets (that is, moving value through the use of trade transactions). When each transaction along the supply chain is accompanied by false invoicing and false declarations, then these transactions are potential trade-based money laundering offences.

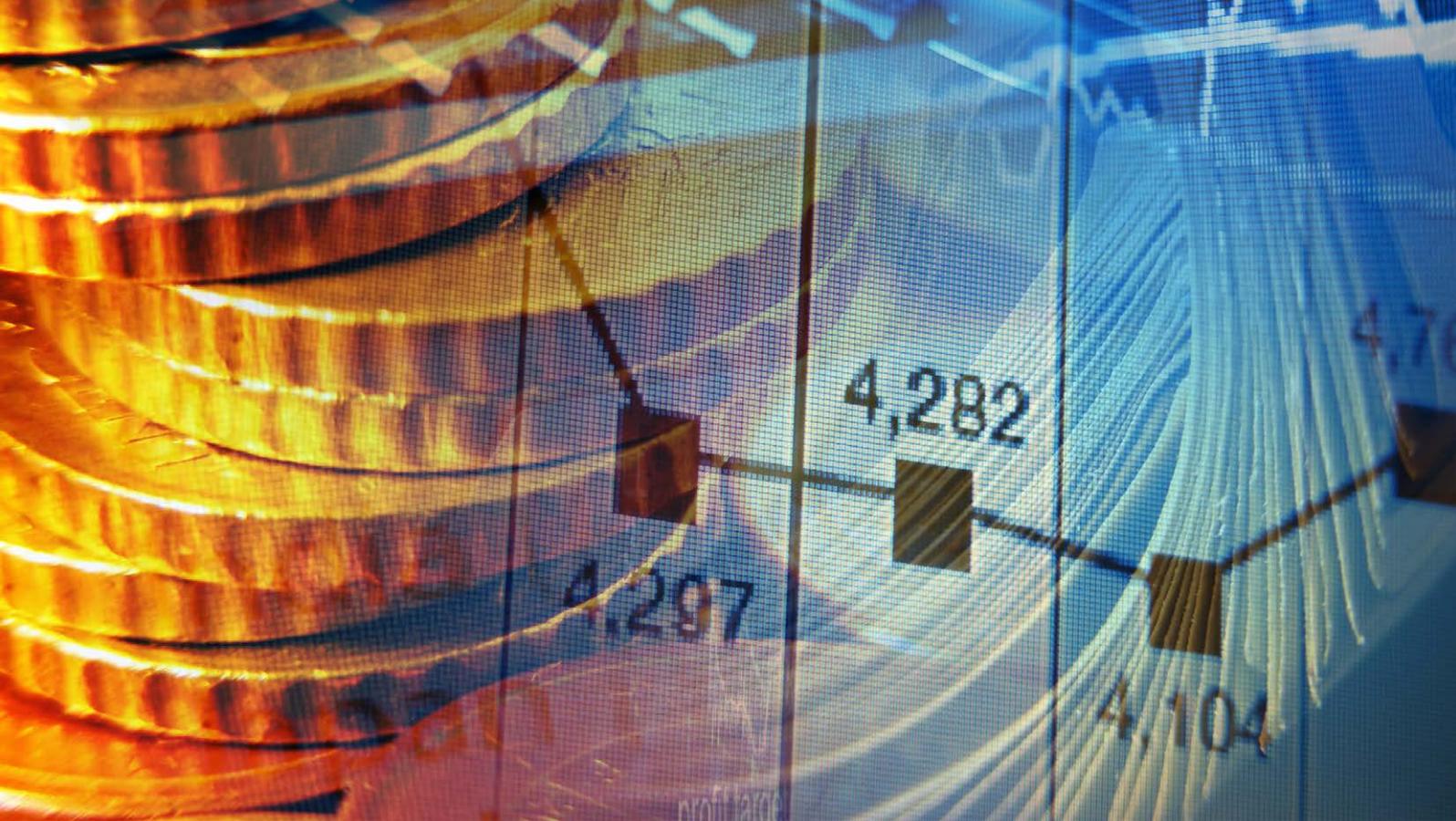
Experience from jurisdictions outside the EU suggests that trade-based money laundering is a major factor in laundering illegally sourced tropical timber. Trade-based discrepancies in declared values have been identified in exporting timber from Papua New Guinea to China estimated at EUR2.2 billion across a five-year period (2014-2019).<sup>134</sup> According to UNEP and INTERPOL, tropical timber from PNG is often processed in China, where it is mixed with legal products for export to Europe as lumber, boards, paper or pulp.<sup>135</sup>

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133. FATF Guidance Document: Best Practices on Trade Based Money Laundering, available at: [BPP Trade Based Money Laundering 2012 COVER.pdf \(fatf-gafi.org\)](#)

134. Interview of UN agency and FIU referencing "Money Laundering – Terrorist Financing Sectoral Risk Assessment Forestry Sector – Papua New Guinea", 2020. Financial intelligence unit of PNG (FASU) and UNODC, in press.

135. UNEP and INTERPOL, (2012). Green carbon, black trade. A UNEP rapid response assessment.



## 14. CASE DIGEST: FINANCIAL INVESTIGATIONS INTO WILDLIFE AND TIMBER TRAFFICKING IN THE EU

**The following 16 case examples are presented that involve investigations into travel records, tax and business records, identification of the corporate networks and beneficial owners behind front or shell companies. In these cases, the wildlife or timber trafficking cases were not dealt with administratively, with a seizure and/or fine, but were investigated further to identify a wider range of criminal activity. For the 13 cases that include estimates of the value of the illegal activity, the combined value of these cases is EUR18 million.**

In comparison, the average market value in the EU of specimens in the exotic pet trade ranges as low as EUR10 up to EUR10,000 for exotic mammals.<sup>136</sup>

This shows that applying basic investigative methods and elevating a wildlife or timber trafficking incident from a regulatory sanction to a criminal offence, may result in the recovery of significant criminal proceeds, especially in cases where organised and ongoing trafficking or transnational crime are involved. Compared to other areas of traditional organised criminal activity, asset recovery and confiscation may be easier in the context of wildlife or timber trafficking, as these crimes have generally been considered low risk since offenders do not anticipate being subject to a comprehensive investigation and therefore may not have taken as many steps to conceal their illicit proceeds.

<sup>136</sup> Tables 11 and 12 in the report, Strategies to reduce demand for reptiles, amphibians and small mammals kept as pets (S. Altherr, D. Freyer, K. Lamete (2020)), available (only in the German language) at : [https://www.bfn.de/sites/default/files/BfN/service/Dokumente/skripten/skript\\_545.pdf](https://www.bfn.de/sites/default/files/BfN/service/Dokumente/skripten/skript_545.pdf).

## TRAFFICKING TIMBER AND WILD FLORA CASE STUDIES

The four case studies, below, range from EUR26,600 to EUR3,267,419 in value. These cases typically involved an international network, and multiple front, shell, or subsidiary companies. Many timber trafficking cases outside the EU, however, are considerably higher

in value. With one case that the authors are aware of involving timber trafficking from Papua New Guinea via China that was linked to various fraudulent activities was valued at up to USD 1.8 billion [EUR1.7 billion]<sup>137</sup> over five years, with major banks also under investigation.<sup>138</sup>

TABLE 1: SUMMARY OF TIMBER AND FLORA CASE STUDIES

NO.	CASE STUDY	INVESTIGATION TOOLS USED	OUTCOME	ESTIMATED VALUE (EUROS)
1	Oak and beech trade-based money laundering	Seizure of company and bank records, analysis of corporate structures and financial transactions	Investigations ongoing	26,600
2	Trafficking Indian rosewood furniture	CITES seizure, customs laboratory analysis, analysis of corporate structures and beneficial ownership, tracing bank transactions, retroactive check of previous imports, sharing information with source country	Assets seized administratively, criminal case ongoing	3,267,419
3	Trafficking Myanmar teak	Email and telephone intercepts, travel records of company officials, analysis of corporate structures and beneficial ownerships, tracing bank transactions, collaboration with transit country	Criminal convictions, community service, assets seized	1,200,000
4	Trafficking CITES-listed Cacti from Mexico	Tip-off from German CITES authorities, online investigation, IP addresses, PayPal and eBay records, search warrants, travel records, inspection of luggage at the airport, historical transaction records, bank transactions, collaboration with Mexico's CITES management authority	Criminal assets confiscated	1,250,000
<b>AVERAGE</b>				<b>1,436,005</b>

137. Amounts in euros are shown based on the monthly average exchange rate for January 2023. Rates obtained from [www.x-rates.com](http://www.x-rates.com).

138. Interview, confidential FIU report "Money Laundering – Terrorist Financing Sectoral Risk Assessment Forestry Sector – Papua New Guinea."

## CASE STUDY 1: TRADE-BASED MONEY LAUNDERING BETWEEN TIMBER TRADING COMPANIES IN SLOVAKIA<sup>139</sup>

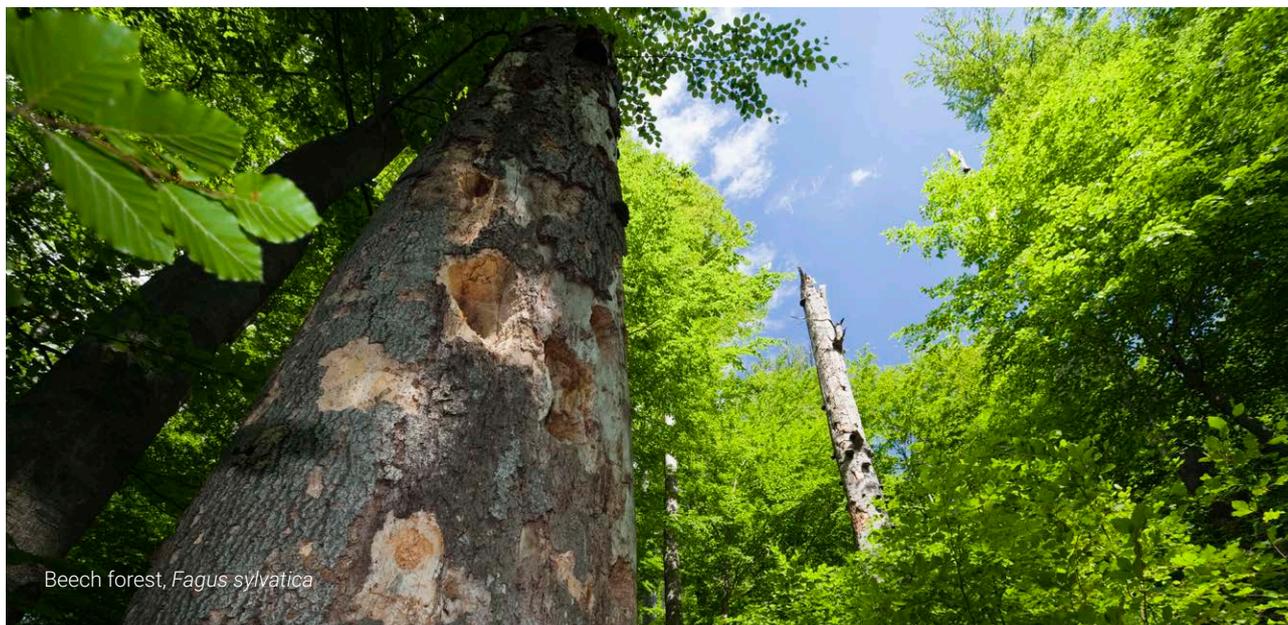


TABLE 2: OAK AND BEECH TRADE-BASED MONEY LAUNDERING

EU MEMBER REPORTING CASE	COMMODITIES IN TRADE	SOURCE COUNTRY	ESTIMATED VALUE (EUROS)	CRIMINAL ACTIVITY
Slovakia	Oak and Beech timber	Slovakia	26,600	Illegal logging, trade-based money laundering, false invoicing
<b>INVESTIGATIVE TOOLS USED</b>		<b>SEIZURE OF COMPANY AND BANK RECORDS, ANALYSIS OF CORPORATE STRUCTURES AND FINANCIAL TRANSACTIONS.</b>		

This case concerned the unauthorised harvesting and subsequent sale of Oak *Quercus robur* and Beech *Fagus sylvatica* that had been illegally extracted from city government-owned land. The commercial value of the timber was assessed at in excess of EUR26,600.

Investigations conducted by Slovakian authorities confirmed that after the timber had been harvested, it was then sold between timber trading companies in an effort to conceal its illegal origin and launder the criminal proceeds.

The examination of the bank accounts of the suspects and financial documents seized from the trading companies identified financial transactions between these companies linked to the trade in illegally sourced timber. These records provided evidence of the placement and layering of the criminal proceeds. In

particular, the laundering of the criminal proceeds was done by a series of retroactive payments of invoices between these trading entities, with false invoices also issued for alleged forestry services that had not been realised or provided.

Investigations in this case into various serious criminal offences are ongoing.<sup>140</sup> The physical transfer of a shipment of timber between each of the companies along the supply chain constitutes a transfer of company assets (that is, moving value through the use of trade transactions). Each transaction along the supply chain, accompanied by false invoicing and false declarations, may constitute trade-based money laundering offences. Further, the transfer of funds under an invoice that was falsely issued for goods or services not actually provided may be an attempt to conceal the true origin of those funds and constitute a money laundering offence.

139. Interview conducted with Department for Detection of Hazardous Substances and Environmental Crime, National Police Force of Slovakia, held on 28 September 2022.

140. As at February 2023.

## CASE STUDY 2: SEIZURE OF FURNITURE IMPORTED INTO BELGIUM MADE FROM INDIAN ROSEWOOD<sup>141</sup>



Rosewood, *Dalbergia maritime*

TABLE 3: TRAFFICKING INDIAN ROSEWOOD FURNITURE

EU MEMBER REPORTING CASE	COMMODITIES IN TRADE	SOURCE COUNTRY	ESTIMATED VALUE (EUROS)	CRIMINAL ACTIVITY
Belgium	Furniture of Indian Rosewood	India	3,267,419	Illegal import of CITES-protected species, Document Fraud, False declaration of non-CITES species
<b>INVESTIGATIVE TOOLS USED</b>	<b>CITES SEIZURE, CUSTOMS LABORATORY ANALYSIS, ANALYSIS OF CORPORATE STRUCTURES AND BENEFICIAL OWNERSHIP, TRACING BANK TRANSACTIONS, RETROACTIVE CHECK OF PREVIOUS IMPORTS, SHARING INFORMATION WITH SOURCE COUNTRY.</b>			

This case was initiated following the seizure in October 2020 at Antwerp of furniture constructed from CITES-protected timber (Indian rosewood *Dalbergia sissoo*).

### False declarations/document fraud to facilitate the illegal imports

The timber products (furniture) were imported from India by a Belgian furniture company, without valid CITES export or import permits. The shipping documents (the Sea Waybill and the Transport Bill of Lading) falsely claimed the imported furniture was manufactured from non-CITES species (using customs code Y900).

### Evidence confirming that the timber was CITES-listed

The shipping documents, however, included reference to “Sheesham wood”, and “Sheesham wood” was also written on the delivery boxes. Sheesham is another common name for the Indian rosewood *Dalbergia sissoo*, which has been listed on CITES Appendix II since January 2017, and on Annex B of the EU Wildlife Trade Regulations since February 2017. A joint investigation was conducted between Customs and the CITES inspection

department. Samples of the wood were collected and examined by the Customs laboratory, which confirmed the wood contained *Dalbergia sissoo*. Following the seizure of the furniture, Customs provided the CITES inspection department with the customs declarations and other company documents.

### Estimating illicit proceeds from past shipments

Investigators from the CITES inspection department conducted a retroactive check of previous imports made by this Belgian furniture company. This involved examining company records and related import records, including the monthly lists of timber imports provided by customs to the EUTR competent authority in Belgium.

The investigations revealed that over the previous three years (2017-2020) the Belgian furniture company had imported 236 separate shipments of timber furniture but had not applied for any CITES permits. Consequently, the CITES inspection unit conducted further investigations including examining the paperwork for each of these 236 shipments to estimate the weight and number of pieces

141. Interview with Belgium CITES Management Authority on 5 October 2022

in each shipment that were likely made of Indian rosewood, and from these calculations estimated the possible value of these imports.

Following this analysis, Belgian law enforcement authorities were able to estimate that between January 2017 (when Dalbergia sissoo was CITES-listed) and November 2020, there were likely 232 shipments, containing 13,552 pieces of furniture, with an estimated 875 t of rosewood, and purchasing cost of EUR2,327,586 and sales value of EUR3,267,419.

### Using a network of multiple companies to facilitate the timber trafficking

The Belgian furniture company was operating as the parent company of a conglomerate that included separate subsidiaries. One of these subsidiaries was a trading company (“the Belgian

importer”) that imported the furniture from India and, therefore, was responsible for first placing it on the EU market. The furniture was then traded within the conglomerate by being sold directly to multiple furniture shops operating as separate franchises of the Belgian furniture company.

The Belgian Company register, however, showed that the Belgian importer and the Belgian furniture company were linked through common shareholders. By mapping out the company structure of the conglomerate, the investigators were able to establish the links between the companies through the common shareholders. This allowed prosecutors to target the assets of the different companies within the conglomerate, based on the illegal imports facilitated by the Belgian importer.

### THE COMPANY NETWORK INVOLVED IN THE IMPORT OF INDIAN ROSEWOOD INTO BELGIUM<sup>142</sup>

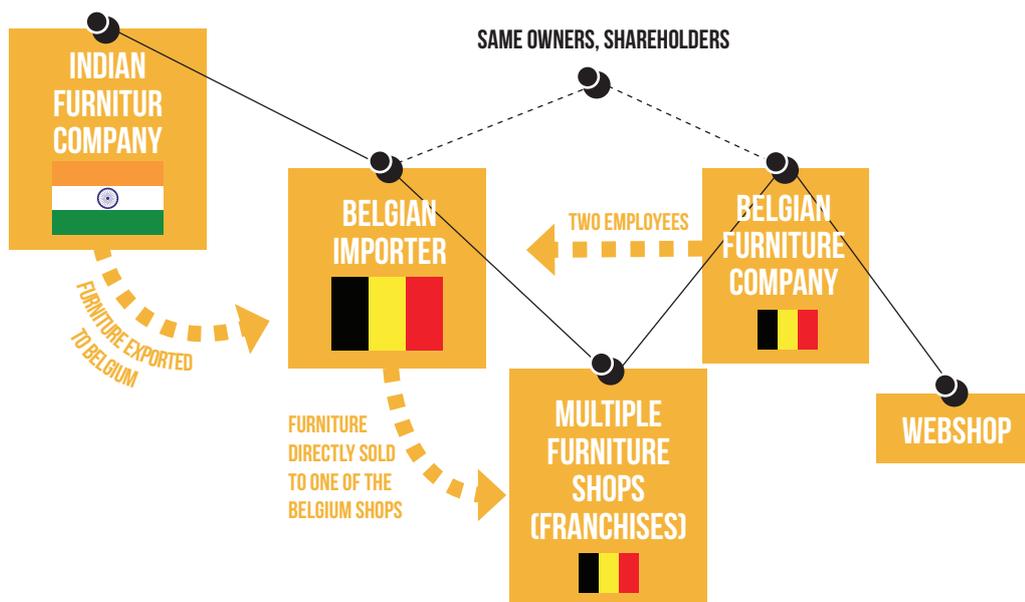


Fig. 6: The corporate network involved in the smuggling of Indian rosewood furniture.

### Assets seizure

Customs seized the shipment intercepted in October 2020 at Antwerp, comprised of 70 pieces of furniture, weighing more than 5 t. Subsequent inspections conducted at the various business premises of the conglomerate found that it was holding further stock of 245 pieces of furniture made from Indian rosewood, worth EUR45,462, and weighing over 11 t. This stock was seized administratively.

The matter was referred to the public prosecutor’s office to consider criminal charges against the company and its owners. Criminal charges were presented to the Court in February 2023, and the matter is ongoing. Belgian CITES authorities also shared relevant information from their investigation with their counterparts in India. Investigations were subsequently launched into the export company, resulting in Indian authorities prohibiting that company from engaging in future timber exports.

142. PowerPoint Presentation from the investigator of the CITES inspection department to EU CITES Enforcement Group Meeting.

## CASE STUDY 3: TRAFFICKING IN MYANMAR TEAK INTO THE EU<sup>143</sup>

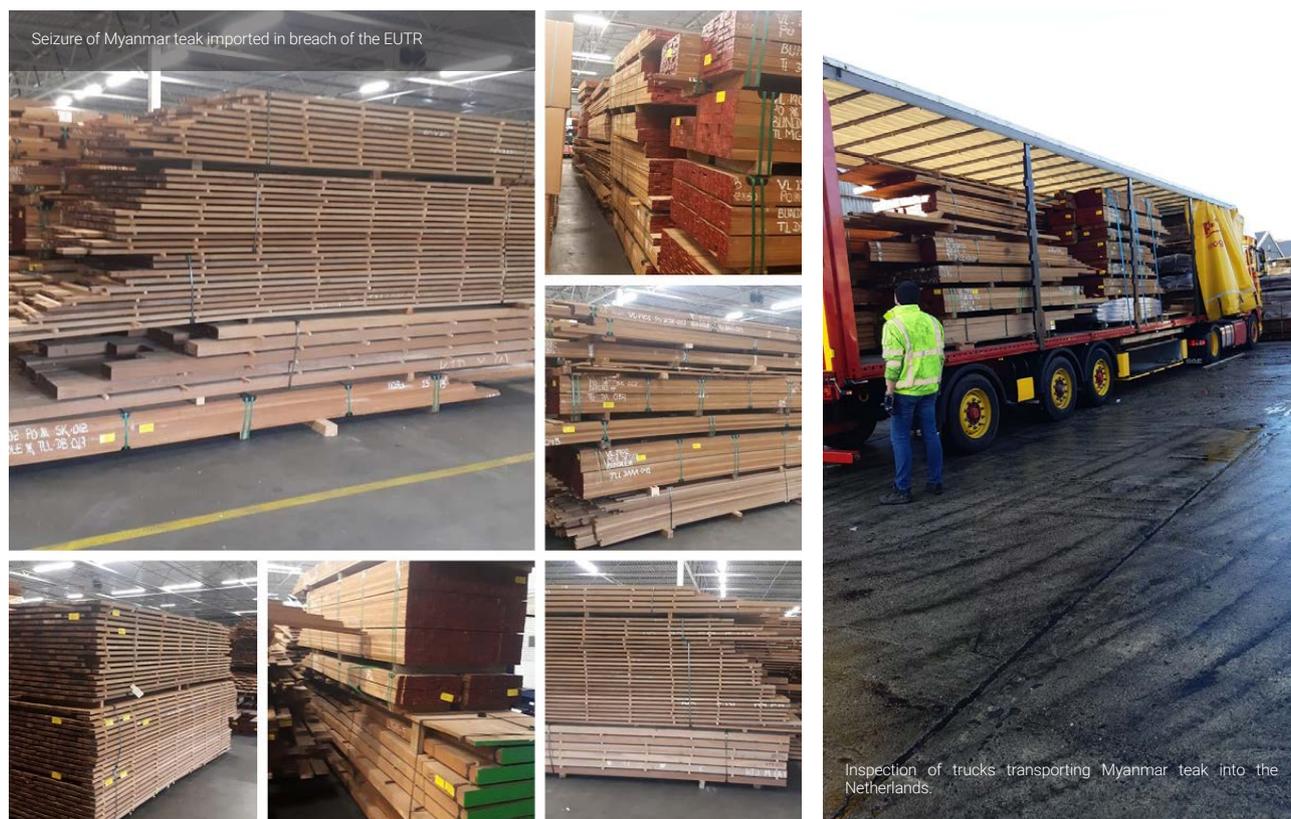


TABLE 4: TRAFFICKING MYANMAR TEAK

EU MEMBER REPORTING CASE	COMMODITIES IN TRADE	SOURCE COUNTRY	ESTIMATED VALUE (EUROS)	CRIMINAL ACTIVITY
Netherlands	Myanmar teak lumber	Myanmar, transit via the Czech Republic	1,200,000	Breach of EUTR, use of shell companies to conceal beneficial ownership and facilitate fund transfers
<b>INVESTIGATIVE TOOLS USED</b>		<b>EMAIL AND TELEPHONE INTERCEPTS, TRAVEL RECORDS OF COMPANY OFFICIALS, ANALYSIS OF CORPORATE STRUCTURES AND BENEFICIAL OWNERSHIPS, TRACING BANK TRANSACTIONS, AND COLLABORATION WITH TRANSIT COUNTRY.</b>		

### Background

Myanmar teak (also known as 'Burma teak') *Tectona grandis* is considered the best true teak available on the market, and in recent years has made up a quarter of the teak logs harvested globally.<sup>144</sup> Myanmar teak grows naturally only in Myanmar and has been heavily targeted by illegal logging. Teak harvesting has contributed significantly to Myanmar's forest loss and degradation; forest inventories indicate massive declines in tropical

hardwoods in Myanmar since 1996, with teak as one of the worst affected species.<sup>145</sup>

The imports into the EU are driven by demand for high-value Myanmar teak for the building of luxury yachts, especially for boat decking.

### Modus operandi of a Dutch company involved in trafficking Myanmar teak

This case concerned companies based in the Netherlands that had established a shell

143. Amsterdam District Court, Judgment date 12-12-2022, Case numbers 81/052745-22, 81/052765-22 and 81/052725-22. Law enforcement perspective on this case was also provided during an interview with the EUTR Competent Authority in the Netherlands (NVWA) on 26 October 2022. See also press release from the Netherlands Prosecution Service available at <https://www.prosecutionservice.nl/latest/news/2022/10/14/the-public-prosecution-service-imposes-fines-on-two-companies-and-sentences-their-directors-to-community-punishment-orders-due-to-illegal-imports-of-timber-from-myanmar>.

144. FAO. (2019). Global Teak Trade in the Aftermath of Myanmar's Log Export Ban, Working Paper FP/49/E; Environmental Investigation Agency, State of Corruption. The top-level conspiracy behind the global trade in Myanmar's stolen teak February 2019, p. 6.

145. Thorsten Treue, Oliver Springate-Baginski and Kyaw Htun, Legally and Illegally Logged Out: Extent and Drivers of Deforestation & Forest Degradation in Myanmar, 2016; Environmental Investigation Agency, State of Corruption The top-level conspiracy behind the global trade in Myanmar's stolen teak, February 2019, p. 6.

company in another jurisdiction, to facilitate the import into the EU in 2018 and 2019 of illegally sourced timber. The shell company was established to conceal the true beneficial owners behind the illegal imports.

The Netherlands Food and Consumer Product Safety Authority (NVWA), identified shipments of Myanmar teak being imported through the Rotterdam port, without sufficient evidence of compliance with the EUTR. Consequently, the NVWA warned the import company that it would be in breach of the EUTR if it put the Myanmar teak onto the market.

Following this law enforcement intervention, the company responded by shifting its trade route and modifying its business structure in an attempt to conceal future imports of Myanmar teak. In particular, the Netherlands-based company established a new company in the Czech Republic to facilitate teak imports.

Under the EUTR, the responsibility for assuring the legality of the timber lies on the entity first placing it on the market. In this case, the Dutch company had shifted its trafficking routes to avoid placing the timber on the market for the first time in the Netherlands and was attempting to use a route that was expected to be subject to less stringent monitoring. Although the teak was imported into the Czech Republic (by the shell company), where it was first placed on the EU market, the teak was then transported back into the Netherlands, via internal EU trade.

#### **Intercepting telecommunication established the link between the companies in the Netherlands and the Czech Republic**

By establishing the shell company in the Czech Republic, and outside the jurisdiction of the law enforcement authorities in the Netherlands, Dutch authorities were unable to obtain the information on the company officers or owners needed to establish the identity of those responsible for the illegal imports of Myanmar teak. The NVWA, Police, and Public

Prosecutor's Office commenced a criminal investigation including intercepting emails and telecommunications from the Dutch Company.

The investigation gathered evidence that although the imports were made by the Czech-based company, the orders placed with the exporters in Myanmar came from company officials of the Dutch companies. These Dutch company officials were also identified as having travelled to Myanmar to meet and place orders with the exporters.

Financial investigations confirmed that the payments for the teak were made by the Dutch companies to Myanmar (via Croatia and Singapore). A joint financial investigation was conducted by Dutch authorities, together with law enforcement from the Czech Republic and Croatia to collect financial records of the companies involved across each of these jurisdictions. Examination of these financial records showed that the payments for the teak imports were made by the Dutch companies, with payments transferred first into the accounts of a Croatian company and then transferred instantaneously to accounts in Singapore.

In this way, the financial investigation provided valuable evidence confirming the involvement of the Dutch-based companies in the illegal import of Myanmar teak into the EU.

#### **Criminal charges**

As a result of the investigation, the Dutch authorities were able to file criminal charges, including money laundering offences, against both the companies and company officials, as they could show that the Dutch-based timber traders had engaged in company fraud to place the teak on the market in the EU, knowing it to be in breach of the EUTR. In December 2022, the company officials received sentences of between 90 and 240 hours of community service, while 65,780 kg of seized teak timber (valued at EUR1,200,000) was forfeited.<sup>146</sup>

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146. Amsterdam District Court, Judgment date 12-12-2022, Case numbers 81/052745-22, 81/052765-22 and 81/052725-22.

## CASE STUDY 4: TRAFFICKING OF CACTI FROM MEXICO TO HUNGARY<sup>147</sup>



TABLE 5: TRAFFICKING CITES-LISTED CACTI FROM MEXICO

EU MEMBER REPORTING CASE	COMMODITIES IN TRADE	SOURCE COUNTRY	ESTIMATED VALUE (EUROS)	CRIMINAL ACTIVITY
Hungary	Mexican cacti species	Mexico	1,250,000	Organised crime network, trafficking in wildlife, online trade
<b>INVESTIGATIVE TOOLS USED</b>	<b>TIP-OFF FROM GERMAN CITES AUTHORITIES, ONLINE INVESTIGATION, IP ADDRESSES, PAYPAL AND EBAY RECORDS, SEARCH WARRANTS, TRAVEL RECORDS, INSPECTION OF LUGGAGE AT THE AIRPORT, HISTORICAL TRANSACTION RECORDS, BANK TRANSACTIONS, AND COLLABORATION WITH MEXICO'S CITES MANAGEMENT AUTHORITY TO VERIFY EXPORT PERMITS.</b>			

This case concerned a network of 12 people involved in trafficking CITES-listed cacti species from Mexico into Hungary, with customers located in Europe and Asia. German CITES authorities brought the case to the attention of Hungarian law enforcement after identifying Hungarian horticulturists selling cacti online. Prosecution and judicial proceedings were finalised in September 2022.<sup>148</sup>

### Online Cacti groups operating within Europe

Within the EU there are several well-established online communities specialised in the collection and propagation of exotic plants,

including online private user groups focused exclusively on cacti species (known as “the Cactus Club”). The Cactus Club in Hungary (the Hungarian Cactus Collectors’ Association) has about 2000 members, including collectors and growers. According to police analysis, approximately 20 members (or 1% of total members) are suspected to be involved in collecting and importing illegally sourced plants for trade within the EU.<sup>149</sup> Police surveillance of these online cacti groups has confirmed that members share GPS coordinates of the locations where wild cacti specimens can be found growing.<sup>150</sup>

147. Case study developed from an interview conducted on 19 September 2022 with the Environmental Crime Unit, National Police of Hungary.

148. Judgement Reference number: Court Mezőkövesd: 7.B.129/2022, Prosecution Office Dunakeszi: B.759/2017

149. Information obtained during interview on 19 September 2022 with the Environmental Crime Unit, National Police of Hungary.

150. Information obtained during interview on 19 September 2022 with the Environmental Crime Unit, National Police of Hungary.

### **Modus operandi: illegal harvesting and trafficking of cacti from Mexico**

Mexico is the most important source country for cacti as it has the most species of any country, with the majority of them endemic.<sup>151</sup> In this case, investigations revealed that the suspects travelled regularly to Mexico to illegally harvest cacti, which were trafficked into Hungary concealed inside their luggage. In some cases, the cacti harvested were 100 years old.

The evidence suggested that until they were caught the suspects participated in an organised smuggling operation over many years that involved illegal harvesting of cacti in Mexico and import to Hungary, to then be sold online (usually through eBay). In most cases, after the sale, the plants were shipped with courier companies to buyers in various countries including Germany, the Czech Republic, and China. The payments were made via PayPal accounts linked to the suspects' eBay usernames.

Whenever the suspects acquired particularly unique and valuable cacti specimens, these would not be sold via eBay. Instead, the suspects had created a list of "priority" customers, based on previous sales, who would then be contacted privately via email to purchase these specimens.

### **Online investigation identified the suspects**

The investigation started after law enforcement identified the usernames on the eBay platform of people claiming to be Hungarian horticulturists responsible for the sale of CITES-listed cacti. Upon request, eBay provided a trading list for sales made through these usernames. This information included the personal details and IP addresses of each user (both buyers and sellers). The online investigation also identified the bank accounts linked to the PayPal accounts of the sellers, and their bank accounts used to pay the internet service provider.

Initial online investigations identified four traders (based in Hungary) selling CITES-listed cacti plants on eBay ("the first group of Hungarian traffickers").

### **Inspecting the luggage of the suspects arriving in Hungary from Mexico**

After identifying the first group of Hungarian traffickers, law enforcement collected information about their past and present international travel to Mexico. In November 2019, the investigators received information that these suspects had recently travelled to, and were currently in Mexico.

Hungarian law enforcement checked the passengers' flight itinerary to confirm when the first group of Hungarian traffickers were booked on their return flight to Hungary, and subsequently notified Customs at Budapest airport and requested that their luggage be inspected. Upon arrival at Budapest airport, these suspects were in possession of approximately 1200 plant specimens, comprising 50 different cacti species. The seizure was valued at EUR125,000.

### **Travel records of the suspects**

Travel records showed that the members of this first group of Hungarian traffickers had made one or two trips to Mexico every year over the past 10 years. Assuming similar trafficking incidents on each trip, investigators estimated the value of their trafficking activities at between EUR1 million to EUR1.5 million over this period.

### **Search warrants executed at suspects' homes**

Following the seizure at Budapest airport, law enforcement conducted searches of the suspects' homes and seized a large number of plant specimens, as well as mobile phones and computers.

After reviewing the seized electronic data, including emails and files on the suspects' computers, the investigators were able to identify a total of 12 people participating in this trafficking network. Online investigations into these 12 suspects confirmed their involvement in selling CITES-listed cacti plants on eBay.

They also located a diary in which the suspects had recorded the GPS coordinates of the locations and the species of cacti plants found growing in the wild in Mexico. After reviewing

<sup>151</sup>. According to Mexico's Ministry of Environment, 48% of all species of cacti are found in Mexico (669 species from a total of 1400 species globally, 518 of these species are endemic to Mexico). See [Mexico has the most cacti in the world \(eluniversal.com.mx\)](http://eluniversal.com.mx)

the seized electronic data, including emails and files on their computers, the investigators were able to build a travel profile showing when the traffickers had travelled to Mexico, where they had visited, and the location of samples they had collected.

### **Pursuing the illicit proceeds generated from the trafficking in cacti**

While there was clear evidence of the suspects' involvement in trafficking cacti from Mexico to Hungary over several years, to target the illicit proceeds the investigators also needed to establish a number of elements:

1. Identify, among all cacti specimens sold online by the suspects, which individual specimens could be shown to have been illegally harvested (as opposed to being artificially propagated by horticulturists based in Hungary); and
2. Identify the financial transactions associated with the sale of that individual specimen.

### *Evidence that the cacti specimens were not artificially propagated*

The suspects were responsible for the online sale of many different species of cacti. To identify the different cacti species involved, Hungarian law enforcement acquired a cacti checklist from Kew Gardens,<sup>152</sup> that allowed law enforcement to identify the CITES-listed species that were listed for sale on eBay.<sup>153</sup> Hungarian investigators made a request, through international channels, to Mexican CITES authorities to provide a list of all endemic species and identify which specimens they had issued export permits for. Hungarian law enforcement focussed their investigation on newly discovered species that had never been legally imported into the EU. In particular, law enforcement officers were able to show the suspects distributing specific cacti species for which Mexico had never issued an export permit. There could not, therefore, be any plants legally within the EU from which other specimens might have been artificially propagated. Although the investigation started with the

online sale of two particular cacti species, the investigation expanded to focus on 20 to 30 different cacti species traded on the black market. These species had been discovered recently in Mexico, and no export permits had ever been issued.

### *Identifying financial transactions linked to the sale of illegally sourced specimens*

The prices for cacti vary by size, age, and species. For example, during this investigation, the sale of one single plant was identified, estimated to be 400 years old, with a sales price of GBP2500 [EUR2,837]<sup>154</sup>.

Information provided by eBay identified each sale made through the website, including the prices for each item, and the total value of sales. The suspects had not taken any steps to conceal the revenue from the sale of cacti (such as falsifying records or laundering the proceeds), as they appear to have anticipated this to be a low-risk activity, that would not be investigated by law enforcement.

However, investigators were unable to trace the financial transactions linked to all sales as:

1. the records went back many years, and some emails and records were missing, and
2. some sales appear to have taken place in person and/or were made in cash without records.

The asset confiscation proceedings required evidence concerning each specimen, showing that it was illegally dug up in Mexico and exported to Hungary, such as identifying pictures taken in the wild, which then needed to be matched with photos, details and parameters of the specimen shown in the online advertisements, together with the sales price received for that particular specimen. Although the profits of this criminal group were estimated at between EUR 1 million to 1.5 million over 10 years, it was difficult to locate sufficient evidence for each plant and prosecutors were able to recover only 2% of this total estimated value of the criminal enterprise.

152. <https://www.kew.org/sites/default/files/2019-02/CITES%20Cactaceae%20Checklist%20Third%20Edition.pdf>

153. This checklist provided alternative names for different species, that allowed law enforcement to confirm that a particular specimen for sale on eBay, referred to as *Aztekium valdezii* by the suspects (a species name that does not appear on the CITES appendices), was in fact another name for a species (*Aztekium ritteri*) which was CITES listed.

154. Amounts in euros are shown based on the monthly average exchange rate for January 2023. Rates obtained from [www.x-rates.com](http://www.x-rates.com).



Eels, *Anguilla*

## ILLEGAL FRESHWATER FISHERIES AND TRAFFICKING CASE STUDIES

Several freshwater fisheries in the EU, including catadromous species like European eels, and sturgeon for caviar<sup>155</sup>, are vulnerable to illegal poaching and trafficking.

TABLE 6: SUMMARY TABLE OF SMUGGLING OF EUROPEAN EELS FROM THE EU

NO.	CASE STUDY	INVESTIGATION TOOLS USED	OUTCOME	ESTIMATED VALUE (EUROS)
5	Financial flows associated with trafficking European eels	Network analysis, inspection of luggage at the airport, financial transactions, company searches	-	-
6	Operation Abaia – trafficking European eels	Search warrants, analysis of transactions between companies, international cooperation between Spain, Italy and Greece	33 arrests. Seizure of criminal assets	3.1 million
7	Europol Operation Lake	International cooperation, and information sharing through Europol	Over 500 arrests. 18 t of glass eels seized	5.2 million
<b>AVERAGE</b>				<b>4.15 MILLION</b>

155. For further information on trafficking of Sturgeon and caviar in the EU, see UNEP (2107), Schlingemann, L. (Editor in Chief); de Bortoli, I., Favilli F.; Egerer, H.; Musco, E.; Lucas T.; Lucius, I. (Eds). Combating Wildlife and Forest Crime in the Danube-Carpathian Region. A UN Environment – Eurac Research – WWF Report; and UNEP and INTERPOL. 2014. The environmental crime crisis. Nellemann et al. (Eds). A UNEP rapid response assessment.

## CASE STUDY 5: SUBJECT MATTER ANALYSIS: FINANCIAL FLOWS ASSOCIATED WITH TRAFFICKING IN EUROPEAN EELS



Law enforcement operation identified aerated tanks for collecting glass eels before trafficking to Asia.

Law enforcement operations identified a network of mules and recovered glass eels concealed inside their suitcases

TABLE 7: FINANCIAL FLOWS ASSOCIATED WITH TRAFFICKING EUROPEAN EELS

EU MEMBER REPORTING CASE	COMMODITIES IN TRADE	SOURCE COUNTRY	ESTIMATED VALUE (EUROS)	CRIMINAL ACTIVITY
Portugal	European eel/ glass eels	Portugal, France, Spain. Eels are exported to Asia and reimported to Europe	-	Participation in organised criminal networks, poaching, wildlife trafficking, company structures and restaurants used to launder proceeds and facilitate fund transfers
<b>INVESTIGATIVE TOOLS USED</b>		<b>NETWORK ANALYSIS, MULES ON PLANES, FINANCIAL TRANSACTIONS, COMPANY SEARCHES.</b>		

European eels *Anguilla anguilla* are known among European wildlife enforcement officers as “European ivory” or “white gold” due to their high value on the black market.<sup>156</sup> Typically the eels are trafficked from Europe to supply markets in Asia, where eel meat is considered a delicacy. It is estimated that 23% of all juvenile European eels migrating to Europe each year end up being trafficked to Asia, predominantly China.<sup>157</sup>

Globally, the total illegal profits from the trafficking of European eels are estimated by Europol to be as high as EUR 3 billion in peak years.<sup>158</sup> European eels are “critically endangered”, with declining populations, and have been listed on Appendix II of CITES and protected under the EU Wildlife Trade Regulations since 2009. While there is a legal domestic market within the EU, allowing some fishing under strict regulations, since 2010, a zero import/export quota has been set for the EU, forbidding their import or export abroad.

Poaching of European eels targets the young, newborn eels known as “glass eels” due to their transparent appearance. Poaching takes place across several Western European countries, with river deltas in France, Spain, Portugal and the U.K. being the main locations. Adult European eels have never been successfully bred in captivity on a commercial scale and so the eel industry has become reliant on fishing/poaching since the demand for wild-caught eels cannot be replaced by captive breeding.<sup>159</sup>

In the majority of cases, it is European-based criminals who are responsible for their illegal capture. Poachers receive up to EUR400 per kg (which is about 3,000 glass eels), a quantity that can be gathered in one evening by a single poacher. Brokers are responsible for collecting eels from various poachers and keeping them in aerated tanks at consolidation facilities located near international airports, ready for export. These brokers receive up to EUR900 per kg from the traffickers.<sup>160</sup>

156. Interview conducted on 7 July 2022 with INTERPOL Operations Coordinator for Wildlife Crime, *pro tempore*.

157. Estimates made by the Sustainable Eel Group organisation, referenced at: <https://www.france24.com/en/live-news/20211214-more-money-than-drugs-or-guns-the-illegal-eel-trade>

158. See Europol (2022), Environmental Crime in the Age of Climate Change - Threat assessment 2022, Publications Office of the European Union, Luxembourg

159. UNODC, “World Wildlife Crime Report”. (2020), accessible at <https://www.unodc.org/unodc/en/data-and-analysis/wildlife.html>

160. UNODC World Wildlife Report 2020, at [https://www.unodc.org/documents/data-and-analysis/wildlife/2020/WWLC20\\_Chapter\\_7\\_Eels.pdf](https://www.unodc.org/documents/data-and-analysis/wildlife/2020/WWLC20_Chapter_7_Eels.pdf)

The transfer of European eels outside Europe is usually taken over by people of Asian descent (predominantly Chinese partners), who are responsible for either recruiting numerous mules or operating through trading companies. In some cases, live animals have been found refrigerated and transported hidden among other goods.<sup>161</sup> However, most commonly they are carried by mules with the specimens concealed inside suitcases, and transported on commercial flights.<sup>162</sup>

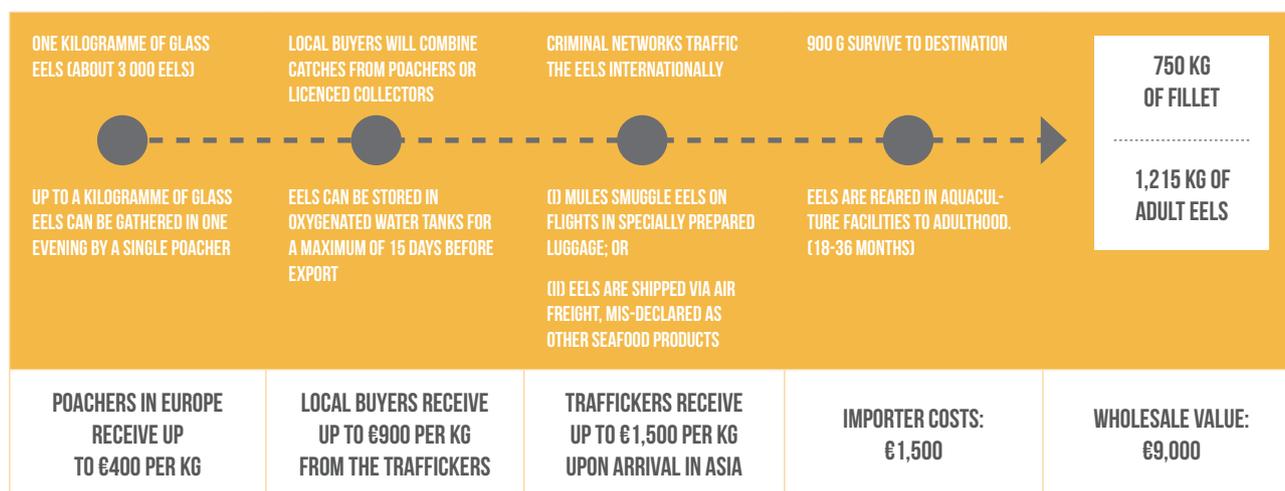
In one case, known to Europol, a criminal network employed 14 people over two months to transport eels on passenger flights. Funds were paid by the criminal network to the mules,

who were each paid EUR1,000 per trip.<sup>163</sup> When the glass eels are imported into Asia, they have an estimated value of between EUR1500 and EUR2,000 per kilogramme on the black market.<sup>164</sup> In a single fishing season, European networks are responsible for orchestrating the poaching and/or illegal export to Asia of up to EUR10 million worth of living glass eels.<sup>165</sup>

In Asia, European eels are reared in aquaculture facilities until adulthood.<sup>166</sup> The original 1 kg of glass eels can generate up to 750 kg of fillet, with a wholesale value of EUR9,000.<sup>167</sup> In China, the profits of each of the Chinese networks have been estimated at around EUR50 million per year of activity.<sup>168</sup>

**TABLE 8: VALUE OF EUROPEAN GLASS EELS ALONG THE SUPPLY CHAIN ON THE BLACK MARKET**

Source of data: UNODC<sup>169</sup>



The final stage of the supply chain for the European eel involves the eels being reared to adulthood in Asia, where they are then processed into fillets, falsely labelled as non-CITES species (usually as “American eel” *Anguilla rostrata* or “Japanese eel” *Anguilla japonica* meat). Criminal networks then reintroduce them into consumer markets in Europe, America, Russia, Canada, Japan, South Korea and other countries using

trading companies, which sell them to legal fishmongers.<sup>170</sup> A significant number are exported back into the EU (as adult eels or as processed eel meat) to supply local markets, in breach of the EU Wildlife Trade Regulations. Several restaurants and local businesses in the EU, often with links to Chinese owners, then facilitate the sale and laundering of the illegally sourced eels.<sup>171</sup>

161. Europol, ‘Serious and Organised Crime Threat Assessment’, 2021, accessible at [https://www.europol.europa.eu/sites/default/files/documents/socra2021\\_1.pdf](https://www.europol.europa.eu/sites/default/files/documents/socra2021_1.pdf)

162. Europol, ‘Serious and Organised Crime Threat Assessment’, 2021, accessible at [https://www.europol.europa.eu/sites/default/files/documents/socra2021\\_1.pdf](https://www.europol.europa.eu/sites/default/files/documents/socra2021_1.pdf)

163. See Europol (2022), Environmental Crime in the Age of Climate Change - Threat assessment 2022, Publications Office of the European Union, Luxembourg

164. <https://www.europol.europa.eu/media-press/newsroom/news/49-individuals-across-europe-arrested-in-major-blow-to-eels-trafficking>

165. See <https://www.europol.europa.eu/media-press/newsroom/news/17-arrested-for-smuggling-glass-eels-worth-eur-10-million>; and Europol (2022), Environmental Crime in the Age of Climate Change - Threat assessment 2022, Publications Office of the European Union, Luxembourg

166. UNODC World Wildlife Report 2020, at [https://www.unodc.org/documents/data-and-analysis/wildlife/2020/WWLC20\\_Chapter\\_7\\_Eels.pdf](https://www.unodc.org/documents/data-and-analysis/wildlife/2020/WWLC20_Chapter_7_Eels.pdf)

167. UNODC World Wildlife Report. (2020), at [https://www.unodc.org/documents/data-and-analysis/wildlife/2020/WWLC20\\_Chapter\\_7\\_Eels.pdf](https://www.unodc.org/documents/data-and-analysis/wildlife/2020/WWLC20_Chapter_7_Eels.pdf)

168. See Europol (2022), Environmental Crime in the Age of Climate Change - Threat assessment 2022, Publications Office of the European Union, Luxembourg

169. UNODC World Wildlife Report. (2020), at [https://www.unodc.org/documents/data-and-analysis/wildlife/2020/WWLC20\\_Chapter\\_7\\_Eels.pdf](https://www.unodc.org/documents/data-and-analysis/wildlife/2020/WWLC20_Chapter_7_Eels.pdf)

170. See Europol (2022), Environmental Crime in the Age of Climate Change - Threat assessment 2022, Publications Office of the European Union, Luxembourg

171. According to an interview conducted on 17 October 2022 with a Police Major from the National Police (Public Security Police), Portugal.

## CASE STUDY 6: OPERATION ABAIA<sup>172</sup>



Anguilla, Anguilla

TABLE 9: OPERATION ABAIA - TRAFFICKING EUROPEAN EELS

EU MEMBER REPORTING CASE	COMMODITIES IN TRADE	SOURCE COUNTRY	ESTIMATED VALUE (EUROS)	CRIMINAL ACTIVITY
Spain and Greece	European eels	France, Italy, Portugal, Spain	3.1 million	Trafficking in CITES-protected species, False documents, laundering through legal market
<b>INVESTIGATIVE TOOLS USED</b>				
<b>SEARCH WARRANTS, TELEPHONE INTERCEPTS, ANALYSIS OF TRANSACTIONS BETWEEN COMPANIES, INTERNATIONAL COOPERATION BETWEEN SPAIN, ITALY AND GREECE.</b>				

A joint operation (codenamed, Operation Abaia) was carried out between Spain and Greece, in March 2017. This case involved the investigation of a company based in Tarragona, Spain that was purchasing eels from commercial fishers in Spain, France, Portugal and Italy. Although the supplied eels included some illegally poached from Andalucía, Spain, the majority were caught by commercial fishers purportedly for sale on the legal market within the EU. The eels were introduced into the legal market, via Italy, and were then delivered to Greece using false documentation. Eels in transit from Spain to Greece would transit in Italy, to aerate the water to add oxygen, and eels caught in Italy also entered the supply chain at this point. In Greece, an export company was responsible for exporting the eels illegally to China, falsely labelling them as “fresh fish”.

During the fishing season from 2016 to 2017, this international criminal network was suspected of having smuggled over 10 t of eels from the EU to China. Over the previous 5 year period (2012 to 2017), the criminal network

was believed to have illegally exported 37.5 t of glass eels, with profits estimated at around EUR35 million.

The investigation relied on surveillance of the suspects, including the interception of communications over nine telephone numbers, the use of tracking devices to track the wildlife supply chain and police raids conducted in Greece and Spain that included search warrants executed at 10 separate residential houses, and at the business premises of the two companies based in Spain and Greece. The bank accounts of each suspect and the companies involved were investigated to identify the transfer of funds between them and establish the relationships and roles of each person and company in the trafficking network.

The outcome of the investigations resulted in the arrest of 24 people in Spain and a further nine in Greece. The investigation also led to the seizure of 2.5 t of glass eels worth EUR2.2 million, along with data storage devices, documents, trucks, vans and luxury cars, worth EUR200,000, as well as cash and gold bars, worth EUR700,000.

172. Information on case study taken from correspondence with Guardia Civil, Spain, on 9 March 2023, and from Europol press releases, <https://www.europol.europa.eu/media-press/newsroom/news/17-arrested-for-smuggling-glass-eels-worth-eur-10-million>, and <https://www.europol.europa.eu/media-press/newsroom/news/eu-law-enforcement-step-efforts-to-protect-environment-%E2%80%93-48-arrested-for-trafficking-endangered-species>, and Guardia Civil PowerPoint presentation available at <https://www.sustainableeelgroup.org/wp-content/uploads/2018/04/LuisGarcia.J.EU-Parl-20June2018.GUARDJACIVIL.pdf>

## CASE STUDY 7: EUROPOL OPERATION LAKE



TABLE 10: EUROPOL OPERATION “LAKE” ON EUROPEAN EEL TRAFFICKING

EU MEMBER REPORTING CASE	COMMODITIES IN TRADE	SOURCE COUNTRY	ESTIMATED VALUE	CRIMINAL ACTIVITY
Europol	European eels	Spain, France and Portugal	5.2 million (per year)	Poaching, trafficking in CITES-protected species
<b>INVESTIGATIVE TOOLS USED</b> INTERNATIONAL COOPERATION, AND INFORMATION SHARING THROUGH EUROPOL.				

In 2016, Europol initiated a series of enforcement actions targeting the trafficking of European eels. The operations (codenamed “Operation Lake”)

have been conducted each year during the fishing season (October – April).

TABLE 11: SUMMARY OF RESULTS FROM OPERATION LAKE

DATES OF OPERATIONAL ACTIVITIES	NUMBER OF COUNTRIES PARTICIPATING	NUMBER OF ARRESTS	TOTAL WILDLIFE SEIZURES (IN KILOGRAMMES)	ESTIMATED VALUE (EUROS)
2016 - 2017 <sup>173</sup>	6	48	4,000	4 million
2017 - 2018 <sup>174</sup>	7	53	3,394	6.5 million
2018 - 2019 <sup>175</sup>	10	154	5,789	11.6 million
2019 - 2020 <sup>176</sup>	19	108	2,013	6.2 million
2020 - 2021 <sup>177</sup>	24	52	412	1.2 million
2021 - 2022 <sup>178</sup>	24	49	1,255	1.9 million

Since Operation Lake was launched in 2016, Europol estimates that incidents involving the trafficking of eels have fallen by 50%. Successful enforcement efforts have seen more than 500 individuals arrested and 18 t of glass eels (approximately 54 million live animals) rescued

and returned to their natural habitats.<sup>179</sup> Spain, France and Portugal are the EU Member States responsible for most glass eels seizures during these operations.<sup>180</sup> The total value of the eels seized each fishing season averages at EUR5.2 million, equating to EUR1800 per kg.

173. <https://www.europol.europa.eu/media-press/newsroom/news/eu-law-enforcement-step-efforts-to-protect-environment-%E2%80%93-48-arrested-for-trafficking-endangered-species>

174. <https://www.europol.europa.eu/media-press/newsroom/news/34-tonnes-of-seized-glass-eels-reintroduced-their-natural-habitat>

175. [www.europol.europa.eu/newsroom/news/over-5-tonnes-of-smuggled-glass-eels-seized-in-europe-year](http://www.europol.europa.eu/newsroom/news/over-5-tonnes-of-smuggled-glass-eels-seized-in-europe-year)

176. <https://www.europol.europa.eu/media-press/newsroom/news/most-recent-fishing-season-sees-108-smugglers-arrested-and-over-2-tonnes-of-glass-eels-seized-in-europe>

177. <https://www.europol.europa.eu/media-press/newsroom/news/eels-shipped-air-found-in-operation-lake-v>

178. <https://www.europol.europa.eu/media-press/newsroom/news/49-individuals-across-europe-arrested-in-major-blow-to-eels-trafficking>

179. <https://www.europol.europa.eu/media-press/newsroom/news/49-individuals-across-europe-arrested-in-major-blow-to-eels-trafficking>. These seizure and arrest numbers include some additional enforcement operations carried out by EU members, as part of follow up investigations following Operation Lake. See for example the results from Operation Abaia, initiated as a direct outcome of Operation Lake. <https://www.europol.europa.eu/media-press/newsroom/news/17-arrested-for-smuggling-glass-eels-worth-eur-10-million>

180. See UNODC World Wildlife Report (2020), at [https://www.unodc.org/documents/data-and-analysis/wildlife/2020/WWLC20\\_Chapter\\_7\\_Eels.pdf](https://www.unodc.org/documents/data-and-analysis/wildlife/2020/WWLC20_Chapter_7_Eels.pdf)

## EXOTIC PET TRADE CASE STUDIES

There are an estimated 64 million exotic pets<sup>181</sup> in the EU, ranging from insects, spiders fish, reptiles and amphibians, and birds to tigers.<sup>182</sup> While some exotic pets are bred in captivity for retail sale, others are captured directly from the wild, depleting natural populations and leading to loss of biodiversity.<sup>183</sup> Poaching and illegal trade to supply the exotic pet market is recognised to be a significant threat to biodiversity, placing many species in danger of extinction.<sup>184</sup>

Animal trade fairs are particularly significant venues for the sale of animals for pets, including a large variety of both domestic and wild species. These trade fairs are held throughout the year across multiple EU Member States and are also important meeting points, where sellers and buyers can engage in the illegal trade of wildlife as exotic pets.<sup>185</sup> The largest animal trade fair in the EU is held four times a year, in Hamm, Germany,<sup>186</sup> with the second largest fair held in Houten, Netherlands. At these fairs, a significant quantity of wildlife is bought and sold to feed the exotic pet trade. In 2014, the organiser of the Terraristika reptile fair in Hamm claimed that reptile traders can make as much as EUR200,000 worth of sales in a single day.<sup>187</sup>

There have been reports (confirmed by law enforcement intelligence)<sup>188</sup> that in parallel to the official reptile fairs, there are informal markets, for the sale of illegally sourced wildlife, conducted nearby.<sup>189</sup> In many cases, wildlife is sold online before the fair, with the

buyers and sellers then arranging to meet and exchange the live animals in parking lots or at nearby hotels. These sales involve the payments of hundreds, sometimes thousands of euros and are usually made in cash or via PayPal.<sup>190</sup> In recent years, increased law enforcement presence at some of the larger trade fairs, has significantly reduced illegal trade. However, these fairs continue to provide the opportunity for buyers and sellers of exotic animals to meet and make contact, which may later result in the clandestine sale of illegally sourced wildlife.<sup>191</sup>

Before the outbreak of the coronavirus (COVID-19) pandemic in Europe in mid-March 2020, law enforcement often observed an increase in illegal shipments of protected species, reflected in increased seizure numbers, in the weeks immediately before the start of the relevant national fair within their jurisdiction.<sup>192</sup> During the Covid lockdowns, a lot of sales in exotic pets moved online. In some countries, law enforcement has observed trafficking of wildlife to now occur consistently all year round, with no obvious peaks for reptile and exotic animal trafficking linked to the hosting of the trade fairs.<sup>193</sup>

181. "Exotic pet" describes any wild species kept for human pleasure or companionship.

182. Figures taken from FEDIAF European Pet Food Industry Annual Report 2022 (adjusted to exclude UK from overall EU numbers). Available at: <https://www.statista.com/topics/3890/pet-market-in-europe/#dossierKeyfigures>. In France, for example, 30% of veterinarians have reported working with exotic pets, more than twice the European average. See <https://fve.org/publications/survey-of-the-veterinary-profession-in-europe/> and [https://fve.org/cms/wp-content/uploads/FVE\\_Survey\\_2018\\_WEB.pdf](https://fve.org/cms/wp-content/uploads/FVE_Survey_2018_WEB.pdf)

183. Position paper on a new EU legislative framework for an EU Positive List for the keeping of companion animals on behalf of Cyprus, Lithuania, Luxembourg and Malta, available at [https://data.consilium.europa.eu/doc/document/ST-9127-2022-INIT/x/pdf?utm\\_source=POLITICO\\_EU&utm\\_campaign=6694781cad-EMAIL\\_CAMPAIGN\\_2022\\_05\\_24\\_03\\_18&utm\\_medium=email&utm\\_term=0\\_10959edeb5-6694781cad-190498061](https://data.consilium.europa.eu/doc/document/ST-9127-2022-INIT/x/pdf?utm_source=POLITICO_EU&utm_campaign=6694781cad-EMAIL_CAMPAIGN_2022_05_24_03_18&utm_medium=email&utm_term=0_10959edeb5-6694781cad-190498061)

184. <https://www.nationalgeographic.com/animals/article/exotic-pet-trade/>; and Position paper on a new EU legislative framework for an EU Positive List for the keeping of companion animals on behalf of Cyprus, Lithuania, Luxembourg and Malta, available at [https://data.consilium.europa.eu/doc/document/ST-9127-2022-INIT/x/pdf?utm\\_source=POLITICO\\_EU&utm\\_campaign=6694781cad-EMAIL\\_CAMPAIGN\\_2022\\_05\\_24\\_03\\_18&utm\\_medium=email&utm\\_term=0\\_10959edeb5-6694781cad-190498061](https://data.consilium.europa.eu/doc/document/ST-9127-2022-INIT/x/pdf?utm_source=POLITICO_EU&utm_campaign=6694781cad-EMAIL_CAMPAIGN_2022_05_24_03_18&utm_medium=email&utm_term=0_10959edeb5-6694781cad-190498061)

185. See conclusions on p.32 of Stolen Wildlife III report, available at <https://www.prowildlife.de/wp-content/uploads/2022/01/stolen-wildlife-iii.pdf>.

186. See <https://www.tradefairdates.com/Terraristika-M1165/Hamm.html>

187. <https://www.wa.de/hamm/millionenumsaetze-exoten-hamm-reptilienboerse-terrarristika-4240836.html>, reported in <https://news.mongabay.com/2019/05/the-worlds-biggest-reptile-fair-is-also-a-hub-for-trafficckers/>

188. Interview conducted on 7 July 2022 with INTERPOL Operations Coordinator for Wildlife Crime, *pro tempore*.

189. See <https://www.welt.de/regionales/nrw/article153160493/Illegale-Reptilien-bleiben-weiterhin-ein-Problem.html> as well as news articles, such as <https://www.wa.de/nordrhein-westfalen/exoten-geschmuggelt-seltene-tiere-hotelzimmer-hamm-beschlagnahmt-5961184.html>

190. <https://news.mongabay.com/2019/05/the-worlds-biggest-reptile-fair-is-also-a-hub-for-trafficckers/>

191. Interview conducted with the Netherlands Food and Consumer Product Safety Authority on 2 October 2022.

192. Interview conducted on 7 July 2022 with INTERPOL Operations Coordinator for Wildlife Crime, *pro tempore*.

193. Interview conducted with the Netherlands Food and Consumer Product Safety Authority on 2 October 2022.

TABLE 12: SUMMARY TABLE EXOTIC PET TRAFFICKING

NO.	CASE STUDY	INVESTIGATION TOOLS USED	OUTCOME	ESTIMATED VALUE (EUROS)
8	Swedish pet shop used to trade protected species	Online investigation, search warrants, witness interviews, analysis of cash deposits and mobile payments into personal bank account	Criminal conviction, 1.5 years imprisonment, prohibited from running a business	130,000
9	Trafficking tigers between Slovakia and Czech Republic	Telephone intercepts, interviews with witnesses and suspects, analysis of financial transactions	Criminal investigations ongoing	58,500
10	Trafficking parrots from the Caribbean to Slovakia	Travel records of suspects, Tax records, identifying funds passing through company accounts from unexplained sources	Criminal investigations ongoing	- (case ongoing)
11	False claims of captive breeding of birds of prey	Tip-off, DNA analysis, witness interviews, search of national company register, review of financial records of businesses associated with suspects	Criminal convictions for fraud, money laundering and participation in a criminal organisation, imprisonment, fines and assets confiscated	835,800
12	Illegal trade in spiders in Sweden	Review of Tax records, search warrants, review of banking records and online transactions	Criminal convictions for accounting and environmental offences, 10 months imprisonment, prohibition from running business, confiscation of criminal proceeds	1,000,000
13	Subject matter analysis of online wildlife trade	Online investigations to identify IP addresses, records of financial transactions, accounts and personal details linked to usernames	-	-
<b>AVERAGE</b>				<b>506,075</b>



## CASE STUDY 8: PET SHOP IN SWEDEN INVOLVED IN THE TRADE OF PROTECTED REPTILES<sup>194</sup>

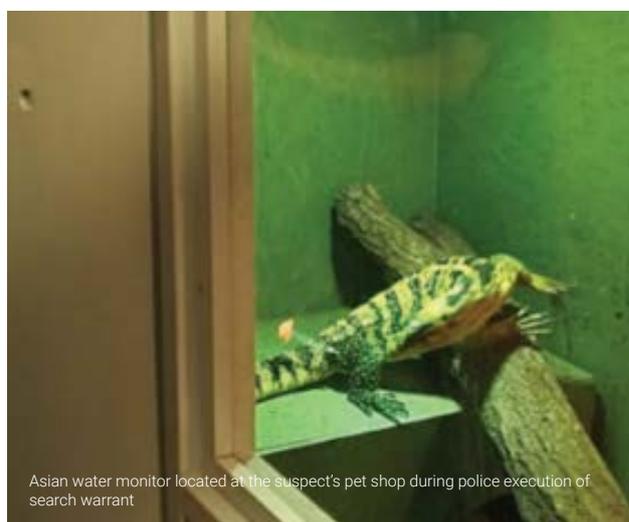
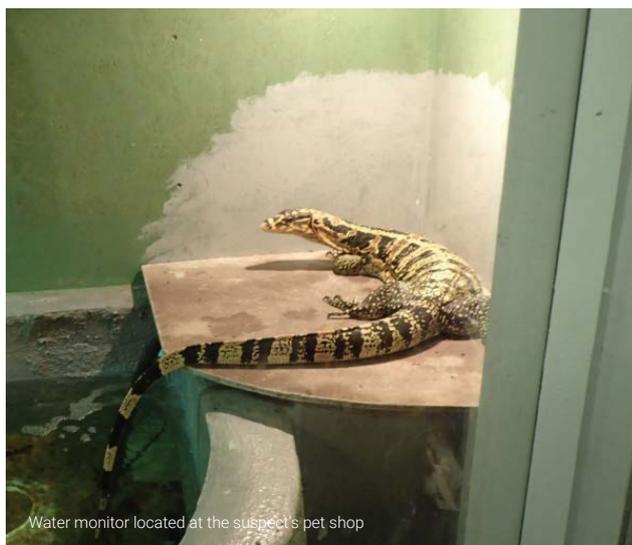


TABLE 13: SWEDISH PET SHOP USED TO TRADE PROTECTED SPECIES

EU MEMBER REPORTING CASE	COMMODITIES IN TRADE	SOURCE COUNTRY	ESTIMATED VALUE (EUROS)	CRIMINAL ACTIVITY
Sweden	Reptiles	Asia	130,000	Sale of protected species, false accounting
<b>INVESTIGATIVE TOOLS USED</b>	<b>ONLINE INVESTIGATION, SEARCH WARRANTS, WITNESS INTERVIEWS, ANALYSIS OF CASH DEPOSITS AND MOBILE PAYMENTS INTO PERSONAL BANK ACCOUNT.</b>			

The suspect was the owner of a pet shop, near Stockholm, which was a registered business. The suspect was advertising the sale of reptiles, including Tortoises *Testudo hermanni* and monitor lizards (*Varanus cumingi*, *Varanus melinus*, *Varanus auffenbergi*, and *Varanus kordensis*) and Rhinoceros Iguana *Cyclura cornuta*, which were being advertised on Facebook and Instagram, with pictures of the animals included.

In May 2021, Police executed a search warrant at the premises of the pet shop. During the search, police found the suspect in possession of a large number of CITES-listed species of reptiles, without the correct documentation. The reptiles were seized and police also took possession of financial documents and accounting records of the pet shop business. The suspect claimed he had collected these reptiles for himself only, as his hobby and he was not

194. Swedish Court of Appeal Case number: AM-67110-19. Case study developed from an interview conducted on 13 October 2022 with the Swedish Police.

involved in the sale of any (protected) reptiles. Parallel investigations were launched into the possible commission of both wildlife crimes and financial crimes.

Since this matter was being investigated as a criminal case (and not an administrative offence), law enforcement was empowered under Swedish laws to request any relevant information from any bank or financial institution about the suspect.<sup>195</sup> Analysis of the business records and bank accounts for the pet store did not provide evidence that these protected reptiles were bought or sold through the pet store. The business records showed only the sale of more common household pets, such as rabbits, as well as pet food and terrariums.

However, when the investigators examined the suspect's personal bank accounts, these showed several large transactions, including cash deposits and instant mobile transfers, such as through PayPal. Investigators confirmed the dates of the Houten (Netherlands) and the Hamm (Germany) Reptiles Fairs and identified large transactions into his personal bank accounts and mobile payments, during or shortly after those Fairs, providing corroborating evidence that he was involved in the trade of wildlife at those Fairs. The description field included with these transactions included comments from the sender of the money that mentioned specific reptiles, such as turtles, and otherwise indicated the possible sale of animals.

The suspect claimed some of these large deposits into his account was money lent or given to him by friends. Investigators contacted some of the people who had made these payments. When questioned, these people confirmed that the reason they had transferred funds to the suspect was to purchase reptiles.

These witness interviews, corroborated by the dates of the transactions around the time of the wildlife trade fairs, confirmed the sale of CITES-listed reptiles and identified the specific

financial transactions involved. The suspect's conduct of trading in wildlife at the Houten and Hamm reptile fairs would have required him to transport animals between Sweden, Germany and the Netherlands, which was in breach of Swedish laws requiring a permit to transport animals for commercial purposes.<sup>196</sup>

Investigators analysed the suspect's personal bank account records over the period from 2017-2020, to make a conservative estimate that the suspect had made at least EUR130,000 worth of reptile sales. Based on this investigation, the police were able to show that the suspect's collection of CITES-listed reptiles was not a "hobby" as he had claimed, but could instead be classified as a commercial business. Business activity is understood to include any activity which is of an economic, and ongoing professional, nature.<sup>197</sup> Therefore, the suspect had committed an offence of false accounting, as he had failed to declare this as business revenue or otherwise maintain proper financial and business records.

As a result of the wildlife and financial crime investigations, the suspect was charged with aggravated species protection offences and accounting offences. In addition to confiscating the wildlife, the suspect was sentenced to jail for 1.5 years and prohibited from running a business for 3 years. This was the first conviction in Sweden of someone for both species protection and accounting offences.

The cumulative effect of charging the suspect with both false accounting and wildlife offences was that it increased the punishment received, since the evidence before the Court showed the suspect was not only causing harm to the environment but that this was done as part of an ongoing business that supported and helped maintain a black market in protected species, particularly worthy of protection. This ensured the Court considered the offences serious enough to warrant a significant sentence of jail time.<sup>198</sup>

195. Law on banking and financing operations (1 kap. 11 § lagen (2004:297) om bank- och finansieringsrörelse, [https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/lag-2004297-om-bank-och-finansieringsrorelse\\_sfs-2004-297#K1](https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/lag-2004297-om-bank-och-finansieringsrorelse_sfs-2004-297#K1). Additional information provided by Sweden National Police Authority on 2 February 2023.

196. Information provided by Sweden National Police Authority on 2 February 2023.

197. Swedish Court of Appeal (29 June 2022) Case number: AM-67110-19 (see page 33).

198. Swedish Court of Appeal (29 June 2022) Case number: AM-67110-19 (see pages 34-35).

## CASE STUDY 9: TRAFFICKING TIGERS BETWEEN SLOVAKIA AND THE CZECH REPUBLIC<sup>199</sup>



Bengal tiger, *Panthera tigris*

TABLE 14: TRAFFICKING TIGERS BETWEEN SLOVAKIA AND THE CZECH REPUBLIC

EU MEMBER REPORTING CASE	COMMODITIES IN TRADE	SOURCE COUNTRY	ESTIMATED VALUE (EUROS)	CRIMINAL ACTIVITY
Slovakia	Tigers	Slovakia to the Czech Republic	58,500	Conspiracy to traffic wildlife, unexplained wealth
<b>INVESTIGATIVE TOOLS USED TELEPHONE INTERCEPTS, INTERVIEWS WITH WITNESSES AND SUSPECTS, ANALYSIS OF FINANCIAL TRANSACTIONS.</b>				

In 2018, the Environmental Crime unit of the Slovakian National Police, launched an investigation into the illegal trafficking of three Bengal tigers *Panthera tigris* between Slovakia and the Czech Republic. This case concerned the attempt to acquire three tigers (in violation of the Slovak Criminal Code) for trafficking into the Czech Republic, where supposedly they were to be released onto private land for hunting.

In 14 countries across the EU and including the UK, private individuals and/or circuses could still keep tigers (based on information published in 2020).<sup>200</sup> In 2020, there were estimated to be as many as 1,600 tigers living in captivity across Europe.<sup>201</sup> Weak legislation and limited checks on private captive tiger facilities in several EU Member States may allow for trade in live tigers and tiger parts, providing significant opportunity for tiger parts, such as skins and bones, to enter illegal trade.<sup>202</sup>

In this case, authorities had criminal intelligence that provided reasonable grounds to believe that the suspects were involved in the illicit trafficking of considerable quantities of tiger bones and tiger parts to supply markets in Traditional Chinese Medicine. This included a report from the government's Social Insurance Agency that confirmed the suspects

had very few declared sources of legal income that could not explain their extravagant lifestyles, which included spending a lot of money on hunting activities.

The illicit trafficking activities constituted a serious crime for which the maximum penalty exceeded five years imprisonment, which provided investigators with the authority to obtain telephone intercept warrants under the Slovakian Criminal Procedure Code. Evidence collected from the telephone interceptions identified people in both Slovakia and the Czech Republic involved in the conspiracy to illegally traffic three Bengal tigers, as well as discussions concerning the transfer of funds to finance this illegal transaction.

Through this use of telephone intercepts, as well as interviews with witnesses and the suspects, the investigators were able to identify the relevant financial transactions in the perpetrators' accounts to confirm that a EUR30,000 deposit was paid for the procurement of the three tigers. The total value of the three tigers was estimated at EUR58,500. Due to the early intervention of police in the Czech Republic and Slovakia, the illicit trade was blocked. The suspects were charged in 2022, with the investigations ongoing and anticipated to conclude by mid-2023.

199. Interview conducted with Department for Detection of Hazardous Substances and Environmental Crime, National Police Force of Slovakia, held on 28 September 2022, and subsequent follow up communications on 6 February 2023.

200. According to Four Paws, <https://www.four-paws.org/our-stories/press-releases/the-tiger-kings-in-europe>. Applicable as of February 2023.

201. As of April 2020, See Four Paws, <https://www.four-paws.org/our-stories/press-releases/the-tiger-kings-in-europe>.

202. See WWF and TRAFFIC, 2020, *Falling Through the System: The role of the European Union captive tiger population in the trade in tigers*. <https://www.traffic.org/publications/reports/eus-unlikely-role-in-global-tiger-trade/>.

## CASE STUDY 10: TRAFFICKING PARROTS FROM THE CARIBBEAN TO SLOVAKIA<sup>203</sup>



Turquoise-fronted Amazon, *Amazona aestiva*

TABLE 15: TRAFFICKING PARROTS FROM THE CARIBBEAN TO SLOVAKIA

EU MEMBER REPORTING CASE	COMMODITIES IN TRADE	SOURCE COUNTRY	ESTIMATED VALUE (EUROS)	CRIMINAL ACTIVITY
Slovakia	Parrots	Caribbean	- (case ongoing)	Trafficking exotic birds, laundering proceeds through cafeteria business
<b>INVESTIGATIVE TOOLS USED</b>	<b>TRAVEL RECORDS OF SUSPECTS, TAX RECORDS, AND IDENTIFYING FUNDS PASSING THROUGH COMPANY ACCOUNTS FROM UNEXPLAINED SOURCES.</b>			

The Environmental Crime Unit of the Slovakian National Police is currently working on a case involving an organised criminal group allegedly trafficking Parrots from the Caribbean into Slovakia.

Travel records for the suspects, obtained by the police, show that they have travelled regularly to the Caribbean over several years, to collect and purchase parrots, which have then been smuggled into Slovakia. The suspects declared illegally imported parrots as descendants of the parrots that they were keeping legally. Their tax records show that the suspects have not declared any income to the tax authorities.

By accessing the national company register, police have also identified catering facilities owned by one of the suspects. The investigators examined the financial records of each of the suspects, which indicated they did not have any legal income which could be used to finance these facilities. The unexplained income provides corroborating evidence of the suspects' involvement in the illegal trafficking and sale of parrots.

The case has been referred to the financial investigations unit and is ongoing. The financial investigation is looking to identify the proceeds of crime by calculating the level of investments made by the suspects into the catering facilities from unexplained sources.

203. Interview conducted with Department for Detection of Hazardous Substances and Environmental Crime, National Police Force of Slovakia, held on 28 September 2022.

## CASE STUDY 11: FALSE CLAIMS OF CAPTIVE BREEDING OF BIRDS OF PREY <sup>204</sup>



African Fish Eagle, *Haliaeetus vocifer*

TABLE 16: LAUNDERING BIRDS OF PREY THROUGH A PRIVATE ZOO

EU MEMBER REPORTING CASE	COMMODITIES IN TRADE	SOURCE COUNTRY	ESTIMATED VALUE (EUROS)	CRIMINAL ACTIVITY
Belgium	Birds of prey	Europe	835,800	Illegal poaching, organised crime network, laundering wildlife through a zoo's captive breeding programme, fraud and false declarations to obtain CITES permits, forgery, laundering proceeds through construction company
<b>INVESTIGATIVE TOOLS USED TIP-OFF, DNA ANALYSIS, WITNESS INTERVIEWS, SEARCH OF NATIONAL COMPANY REGISTER, REVIEW OF FINANCIAL RECORDS OF BUSINESSES ASSOCIATED WITH SUSPECTS.</b>				

This case concerned young chicks, mainly birds of prey, that were illegally captured from their natural habitats by a criminal network operating across various European countries.<sup>205</sup> The birds included various species listed in Annex A of the EU Wildlife Trade Regulations.<sup>206</sup> After capture, the birds were handed over to two of the suspects (a husband and wife), who were the owners of a private zoo in Belgium. The husband and wife were responsible for hand-rearing the young birds and laundering the birds through the zoo's captive breeding programme.

Under Belgium laws, there are no specific criteria for an operator to label their business as a zoo. In this case, the business was primarily a breeding facility, with animals kept in cages in the backyard of the suspects' property. A sign at the front was the only indicator of a business enterprise on the premises. The suspects made false declarations that the birds had been born and bred in captivity to obtain CITES European certificates, allowing for the commercialisation and sale of the birds. They also forged leg rings for the birds.

204. Case study developed from an interview conducted on 5 October 2022 with the Belgium CITES Management Authority, and the Court of First Instance East-Flanders – Ghent division, Press Release 27 June 2014.

205. Ultimately the case involved international law enforcement cooperation between each of these countries.

206. According to the Court documents, the CITES-listed bird species involved in this case included among others Egyptian Vulture (*Neophron percopterus*), African Fish Eagle (*Haliaeetus vocifer*), Imperial Eagle (*Aquila heliaca*), Bald Eagle (*Haliaeetus leucocephalus*), Bonelli's Eagle (*Aquila fasciata*), Golden Eagle (*Aquila chrysaetos*), Booted Eagle (*Hieraetus pennatus*), several Falcon species such as Peregrine (*Falco peregrinus*), Merlin (*Falco columbarius*), Hobby (*Falco subbuteo*), Red-footed Falcon (*Falco tinnunculus*), Lesser Kestrel (*Falco naumanni*), Black-winged Kite (*Elanus caeruleus*), Red Kite (*Milvus milvus*), Black Kite (*Milvus migrans*), Spoonbill (*Platalea leucorodia*), Great Bustard (*Otis tarda*), Great Grey Owl (*Strix uralensis*), Snowy Owl (*Nyctea scandiaca*), and Short-eared Owl (*Asio flammeus*).

The case was initiated after law enforcement received a complaint in 2005 from a member of the public that CITES-protected birds of prey were kept at the premises. A joint investigation between the Belgium CITES Management Authority and the Police was conducted into the wildlife trafficking offences. In 2008, the investigators conducted DNA tests on the alleged parents and offspring that confirmed the specimens were not what was claimed.<sup>207</sup>

Interviews were also conducted with the former wife of the zoo owner, who confirmed that the suspects had received the birds as chicks and raised them in the zoo. At no time did the zoo have the birds' parents in captivity.

A financial investigation was launched, including a search of the national company register that revealed that in addition to the registered zoo, the suspects also owned a construction company with their son. An examination of the bank accounts and financial records of the suspects and their associated businesses identified several unexplained transfers passing through the business accounts of the construction company, while illicit proceeds also appeared to have been used to purchase real estate.

The investigation also identified other suspects that were members of this criminal network, including four people based in Belgium. One of the other suspects was an Inspector with the Belgian Federal Police. Although there was no clear evidence of corruption or abuse of position, his position with the police enabled him to instil confidence in potential buyers, and he actively participated in supporting the other suspects in their illegal activities.<sup>208</sup>

On 27 June 2014, the Criminal Court of First Instance of East Flanders (Ghent division) in Belgium found the four suspects guilty of participating in a criminal organisation, forgery of breeder's declarations and fraud about the false EU certificates. They were also convicted of the failure to keep a CITES register (a Belgian obligation) and the use of illegal traps and nets. Further, the husband and wife, who

were the owners of the private zoo, were convicted of laundering the profits through the construction company.

For the Court to calculate the value of the criminal proceeds, the prosecution presented evidence concerning each individual fraudulent EU certificate and export permit, and matched it against the sale of an individual bird, identifying the proceeds from that sale. The illicit trade in these birds was extremely profitable. Bonelli's Eagles *Aquila fasciata* sold for EUR10,000 each, Bald Eagles *Haliaeetus leucocephalus* for EUR5,000, African Fish Eagle *Haliaeetus vocifer* for EUR6,000 and Booted Eagle *Hieraaetus pennatus* for EUR5,000. The court recognised that international trade in endangered species had approached a scale and profitability comparable to international drugs and arms trafficking.<sup>209</sup>

The Court found that the criminal organisation was operating with international branches in Spain, the UK, Austria, Germany, France and The Netherlands, to extract protected bird species from their natural habitats, obtain forged CITES certificates and market the birds. The criminal organisation was structured with a clear hierarchy and division of tasks and had used the legal business structure of the private zoo in Belgium to obtain credibility for the criminal enterprise, to launder the trafficked animals and provide access to the market.<sup>210</sup>

The four defendants were sentenced to four years (one year suspended), two years (one year suspended), 18 months (suspended) and one year (suspended). The court also imposed fines of EUR90,000, EUR30,000 and EUR12,000, and confiscated EUR835,800 of criminal proceeds (including real estate). All seized birds were confiscated and entrusted to the Belgian CITES Authority.

207. The DNA testing was conducted by the Netherlands Forensic Institute.

208. Court of First Instance East-Flanders – Ghent division, Pres Release 27 June 2014

209. Court of First Instance East-Flanders – Ghent division, Pres Release 27 June 2014

210. Court of First Instance East-Flanders – Ghent division, Pres Release 27 June 2014

## CASE STUDY 12: ILLEGAL TRADE IN SPIDERS IN SWEDEN<sup>211</sup>



TABLE 17: ILLEGAL TRADE IN SPIDERS IN SWEDEN

EU MEMBER REPORTING CASE	COMMODITIES IN TRADE	SOURCE COUNTRY	ESTIMATED VALUE (EUROS)	CRIMINAL ACTIVITY
Sweden	Spiders	Unknown, tropical possibly Latin America, Africa, Asia	1 million	Sale of protected species, false accounting
<b>INVESTIGATIVE TOOLS USED</b>	<b>REVIEW OF TAX RECORDS, SEARCH WARRANTS, REVIEW OF BANKING RECORDS AND ONLINE TRANSACTIONS.</b>			

This case concerned a person living in the south of Sweden (the suspect), who was involved in the illegal sale of tarantulas and other spiders. He had a registered business and business premises, for the sale of spiders<sup>212</sup>. His business had an eCommerce website to sell spiders online, and he also used Facebook to display animals, with species priced for sale.<sup>213</sup> A search of the suspect's tax records revealed that he had not declared any income through the business.

Swedish authorities decided to launch a criminal

investigation into serious species protection offences and serious accounting offences under the Swedish Criminal Code. In Sweden, the statute of limitations for accounting offences is five years. Therefore, the financial investigation was limited to accounting offences conducted in the previous five years only.

Police executed a search warrant at his home and business premises and found 300 spiders. Police were unable to find any accounting records for financial transactions linked to wildlife sales. The suspect informed

211. Helsingborg District Court Case number AM-163259-20. Case study developed from an interview conducted on 13 October 2022 with the Swedish Police.

212. Law enforcement intelligence suggests the majority of these spiders were obtained by the defendant from various trade fairs in Europe (most commonly in Germany and the Netherlands). The Swedish Board of Agriculture confirmed that for at least one of the species being traded by the defendant, it is very difficult to breed these species in captivity.

213. See Helsingborg District Court Case number AM-163259-20 at page 6.

investigators that he would provide his financial records at a later time, but later refused to provide any further information regarding his business or its financial activities.

As a criminal investigation (instead of an administrative matter), law enforcement was empowered under Swedish laws<sup>214</sup> to request information on the suspect from banks or financial institutions.<sup>215</sup> Analysis of the suspect's private and business bank accounts between 2017 and 2021 found that during this time he appeared to have made over EUR1 million worth of sales of wildlife, despite not declaring any income with the tax authorities.

Financial records of the online sales made with Paypal revealed purchases and sales of CITES-listed species, while invoices found during the search warrants provided further evidence of wildlife trade.<sup>216</sup> There were also transactions through the suspect's bank accounts that showed payments made by credit card through the business website, as well as money received via Swish.<sup>217</sup> The dates of some transactions showed that the suspect had likely engaged in the trade in spiders at the Houten and Hamm reptile fairs.<sup>218</sup>

While the financial investigation of the suspect's bank accounts provided information on withdrawals and deposits into the account, it was not possible to match each transaction against the sale of any particular animal. The suspect ran another business, comprised of a warehouse and shop, that sold non-CITES protected animals (such as rabbits and guinea pigs), as well as feed and animal fodder.<sup>219</sup> While it was likely that some of these financial transactions included the sale of CITES-listed animals, it was also possible that some transactions related to the trade in non-CITES-listed species or other goods. In addition, the

suspect had mixed his personal deposits, with deposits belonging to the business. Only the Paypal payments made through the suspect's business website could be directly linked by prosecutors to the specific sales transaction of CITES-listed specimens.<sup>220</sup>

Nevertheless, the regularity and the number of transactions over this time frame revealed that he was conducting a commercial business. Since he was failing to maintain proper business accounts or comply with book-keeping obligations, this provided the basis for an accounting offence. The court confiscated the spiders and SEK36,644 [EUR3,271]<sup>221</sup> (the amount calculated based on the PayPal transactions that could be directly linked to the sale of the CITES-listed spiders)<sup>222</sup>.

The suspect was convicted of a serious accounting offence under the Swedish Criminal Code and serious species protection offences under the Swedish Environmental Code.<sup>223</sup> He was given a ten months prison sentence, and prohibited from running any commercial activities, including trading in wildlife, for three years.

The Court determined that the crimes were sufficiently serious to warrant prison time. In Sweden, imprisonment is presumed by the Court in the case of serious accounting offences.<sup>224</sup> The combined penalty of both the species protection offences and the accounting offences resulted in a longer prison sentence.<sup>225</sup> In determining the seriousness of the offences, the Court considered that the conduct of the defendant in targeting threatened and rare species was made more serious by the fact that this was done as part of any ongoing business, that is these crimes were committed systematically, over an extended period, with a profit motive.<sup>226</sup>

214. Law on banking and financing operations (1 kap. 11 § lagen (2004:297) om bank- och finansieringsrörelse, [https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/lag-2004297-om-bank-och-finansieringsrorelse\\_sfs-2004-297#K1](https://www.riksdagen.se/sv/dokument-lagar/dokument/svensk-forfattningssamling/lag-2004297-om-bank-och-finansieringsrorelse_sfs-2004-297#K1)

215. Information provided by Sweden National Police Authority on 2 February 2023.

216. See Helsingborg District Court Case number AM-163259-20, at page 4.

217. Swish is a Swedish -based tech company that allows for the transfer of funds between banks through the user's mobile phone ([www.swish.nu](http://www.swish.nu)).

218. Animal trade fairs are held throughout the year across multiple EU Member States. The largest is held four times a year, in Hamm, Germany. The second largest fair is held in Houten, Netherlands.

219. Helsingborg District Court Case number AM-163259-20.

220. Helsingborg District Court Case number AM-163259-20.

221. Amounts in euros are shown based on the monthly average exchange rate for January 2023. Rates obtained from [www.x-rates.com](http://www.x-rates.com).

222. Equivalent to EUR 3 271 (based on exchange rate calculation conducted on 30 January 2023)

223. Helsingborg District Court Case number AM-163259-20.

224. Helsingborg District Court Case number AM-163259-20 (page 13).

225. Helsingborg District Court Case number AM-163259-20 (page 12).

226. Helsingborg District Court Case number AM-163259-20 (pages 8-9).

## CASE STUDY 13: SUBJECT MATTER ANALYSIS OF ONLINE WILDLIFE TRADE

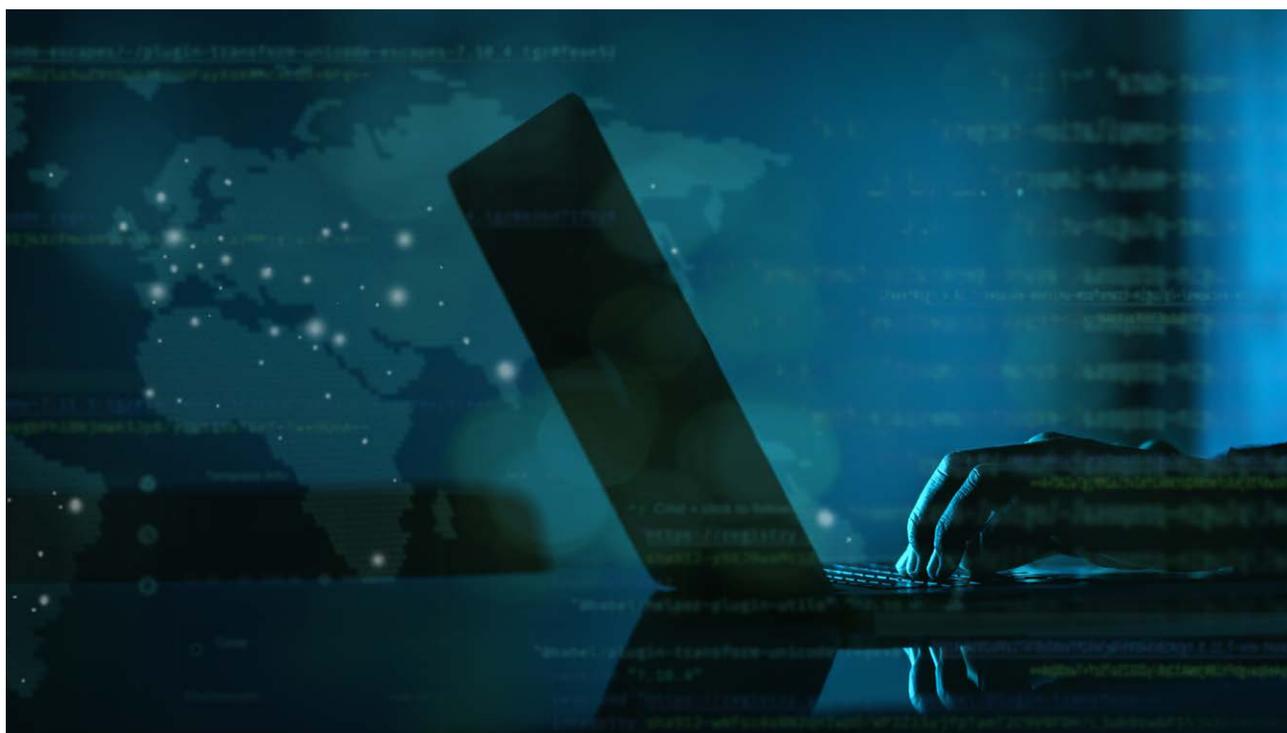


TABLE 18: SUBJECT MATTER ANALYSIS OF ONLINE WILDLIFE TRADE

EU MEMBER REPORTING CASE	COMMODITIES IN TRADE	SOURCE COUNTRY	ESTIMATED VALUE (EUROS)	CRIMINAL ACTIVITY
International	Flora and fauna	General	-	Online trade in protected wild fauna and flora
<b>INVESTIGATIVE TOOLS USED</b>	<b>ONLINE INVESTIGATIONS TO IDENTIFY IP ADDRESSES, RECORDS OF FINANCIAL TRANSACTIONS, ACCOUNTS AND PERSONAL DETAILS LINKED TO USERNAMES.</b>			

While significant quantities of live trade in illegally sourced wild fauna and flora take place through retail outlets and at trade fairs, the majority of illicit wildlife, across the EU, is advertised and sold online, adding cyberspace as an extra dimension to law enforcement investigations.

While some EU traders of illegally sourced wildlife may use pet stores to facilitate their sales, most do not use any physical business premises but instead manage all transactions online.<sup>227</sup> The online commercialisation and distribution of trafficked wildlife have increased in the last decade, a trend that accelerated further following the COVID-19 pandemic and the resulting shift in consumer behaviour towards online sales.<sup>228</sup>

Before 2018, it was relatively common to find wildlife for sale in the EU on various public websites and social media platforms, complete with price lists.<sup>229</sup> However, in March 2018, TRAFFIC, WWF and IFAW, together with many large technology companies, launched the Coalition to End Wildlife Trafficking Online.<sup>230</sup> Its objective is to unite the technology industry to standardise prohibited wildlife policies, train staff to better detect illicit wildlife products, enhance automated detection filters and educate and empower users to report suspicious listings.

Together with a change in public perception, this has brought about a change in the modus operandi involved in the online sale of wild fauna and flora, which has largely

227. Interview held on 13 September 2022 with representative of Pro Wildlife, on the exotic pet trade in the EU.

228. Europol, 'Serious and Organised Crime Threat Assessment', 2021, accessible at [https://www.europol.europa.eu/sites/default/files/documents/socta2021\\_1.pdf](https://www.europol.europa.eu/sites/default/files/documents/socta2021_1.pdf)

229. See [Illegal online sales of endangered wildlife rife in Europe | Illegal wildlife trade | The Guardian](https://www.theguardian.com/environment/2018/mar/15/illegal-online-sales-of-endangered-wildlife-rife-in-europe)

230. See <https://www.endwildlifetraffickingonline.org/>. The Coalition currently includes 47 technology company members, including Alibaba, eBay, DeineTierwelt, Facebook, Google, TikTok and Tencent.

shifted to private user groups on social media platforms.<sup>231</sup> The new modus operandi involves wildlife traders posting listings, including pictures and comments, on private user groups (such as hobbyists' groups and private profile pages), sometimes in different languages, without reference to "sale" or any other keyword that may be detected by the online platform's automated detection filters, and without including prices.<sup>232</sup> Text, describing the wildlife specimens for sale, that may be included in the pictures posted online are also not easily detected by the automatic detection filters. The intent is to identify potential customers only, with the sales transaction then conducted on another platform.<sup>233</sup>

#### Identifying the sales transactions

Once a buyer is identified, the wildlife seller and the buyer will usually share messages

via other common encrypted communication tools, including mobile applications (such as WhatsApp, WeChat, Line and Telegram) and online chats (such as Facebook Messenger) to discuss available merchandise and finalise the details of any sale, such as price and arrangements for delivery.<sup>234</sup>

Delivery usually occurs via the post or parcel services, or by arranging to meet in person at animal fairs or retail pet stores.<sup>235</sup> Online sales are usually facilitated by internet-based payments, such as PayPal, eBay, etc., or in the case of face-to-face transfers, transactions usually take place in cash or via mobile phone payments.<sup>236</sup> When payments are made through online payment platforms or via mobile phone payments, each of these transactions will leave a financial record of the sale and the proceeds received.<sup>237</sup>

## TAX/REVENUE ASSESSMENTS RELATED TO UNEXPLAINED WEALTH FROM WILDLIFE TRADE

TABLE 19: SUMMARY TABLE OF TAX ASSESSMENTS ON UNEXPLAINED WEALTH FROM WILDLIFE TRADE

NO.	CASE STUDY	INVESTIGATION TOOLS USED	OUTCOME	ESTIMATED VALUE (EUROS)
14	Unpaid taxes from bird trafficking in the Netherlands	Following criminal conviction, case referred to Tax office	Criminal conviction, fine, community service, prohibited from running business. Tax assessment	900,000
15	Unpaid taxes on the sale of Macaws	Review of financial records to estimate income. Case referred to Tax office. Tax assessed on profits of EUR750,000	Tax assessment	250,000
16	Trafficking wildlife into the Netherlands	Financial investigation into bank records, asset recovery and confiscation. Case referred to tax office	Assets forfeiture order and tax assessment	150,000 (forfeited) 600,000 (tax assessment)
<b>AVERAGE</b>				<b>633,333</b>

231. Private user groups these are mini social networks within a public social media platform, such as Facebook. Only members of the group can see the Usernames of the other group members and what they post in the group. The group may be hidden so that only members can find it and invite others to join. These private user groups are also used to share knowledge and expertise on hunting, transport and breeding techniques. See TRAFFIC, 'Stop wildlife cybercrime, Online trade in reptiles and birds in Belgium and the Netherlands', 2020, accessible at <https://www.traffic.org/site/assets/files/12970/stop-wildlifecybercrime-en.pdf>. By way of example, see Case Study 4 on trafficking cacti from Mexico to Hungary.

232. According to an interview conducted on 16 September 2022, with a Cryptocurrency specialist in Europol's Financial Crime team.

233. INTERPOL, 'Wildlife Crime Linked to the Internet, Practical Guidelines for Law Enforcement Practitioners', 2021, accessible at [https://sites.org/sites/default/files/EST/INTERPOL\\_Guidelines\\_Wildlife\\_Crime\\_Linked\\_to\\_Internet-March2020-PUBLIC.pdf](https://sites.org/sites/default/files/EST/INTERPOL_Guidelines_Wildlife_Crime_Linked_to_Internet-March2020-PUBLIC.pdf)

234. Europol, 'Serious and Organised Crime Threat Assessment', 2021, accessible at [https://www.europol.europa.eu/sites/default/files/documents/socata2021\\_1.pdf](https://www.europol.europa.eu/sites/default/files/documents/socata2021_1.pdf).

235. According to an interview conducted on 16 September 2022, with a Cryptocurrency specialist in Europol's Financial Crime team. See also <https://news.mongabay.com/2019/05/the-worlds-biggest-reptile-fair-is-also-a-hub-for-traffickers/>.

236. According to interviews conducted with Europol AP EnviCrime on 16 September 2022. See also Europol, 'Serious and Organised Crime Threat Assessment', 2021, accessible at [https://www.europol.europa.eu/sites/default/files/documents/socata2021\\_1.pdf](https://www.europol.europa.eu/sites/default/files/documents/socata2021_1.pdf).

237. See, for example, Case Study 4 on trafficking cacti from Mexico to Hungary, and Case Study 11 on trafficking birds of prey into Belgium.

## CASE STUDY 14: UNPAID TAXES ON PROFITS FROM TRAFFICKING BIRDS IN THE NETHERLANDS<sup>238</sup>

TABLE 20: UNPAID TAXES FROM BIRD TRAFFICKING IN THE NETHERLANDS

EU MEMBER REPORTING CASE	COMMODITIES IN TRADE	SOURCE COUNTRY	ESTIMATED VALUE (EUROS)	CRIMINAL ACTIVITY
Netherlands	Birds	Unknown	900,000	Illegal wildlife trafficking
<b>INVESTIGATIVE TOOLS USED</b>		<b>CASE REFERRED TO TAX OFFICE</b>		

This case concerned a wildlife trader, who was convicted for his involvement in the illegal trafficking of birds. Following his conviction, he was ordered to pay a fine of EUR10,000 and received 240 hours of community service and was banned from bird trading for two years.

Law enforcement officials assessed the investigative resources needed to examine the financial records of each business and company linked to the defendant and identify all unexplained revenue and turnover. It appeared the defendant was a sole trader and there was no evidence of his involvement

in any criminal network to justify further investigations to follow the money. Instead of initiating proceedings to identify and confiscate the proceeds of crime, the investigators referred the case to the Tax Office, which was able to issue a tax assessment based on the evidence and criminal conviction. This resulted in the defendant being ordered to pay a further EUR900,000 in tax. That is, the tax assessment had a much higher impact on the profitability of the wildlife trafficking enterprise than the conviction for the wildlife offences.

## CASE STUDY 15: UNPAID TAXES ON THE SALE OF MACAWS IN THE NETHERLANDS<sup>239</sup>

TABLE 21: UNPAID TAXES ON THE SALE OF MACAWS

EU MEMBER REPORTING CASE	COMMODITIES IN TRADE	SOURCE COUNTRY	ESTIMATED VALUE (EUROS)	CRIMINAL ACTIVITY
Netherlands	Macaws	Central and South America	250,000	Undeclared income
<b>INVESTIGATIVE TOOLS USED</b>		<b>REVIEW OF FINANCIAL RECORDS TO ESTIMATE INCOME. CASE REFERRED TO TAX OFFICE</b>		

This case concerned a trader in exotic birds, based in the Netherlands, who was selling Hyacinth Macaws *Anodorhynchus hyacinthinus* (a parrot native to central and eastern South America). The IUCN Red List of Threatened Species lists the hyacinth macaw as “vulnerable”, with only about 4,300 adult hyacinth macaws left in the wild.<sup>240</sup> The Hyacinth Macaw is listed in CITES Appendix I, and Annex A of the EU Wildlife Trade Regulations.<sup>241</sup>

Financial records showed that the trader had sold approximately 10 birds every year for the past five years, with each bird selling for

between EUR10–13,000. Therefore, based on sales made over these five years it was estimated the defendant had made around EUR750,000 in sales, but he had not declared any revenue to the tax office or paid any taxes on this income.

The defendant claimed that these birds had been captive-bred. As the case concerned birds that had been sold and were no longer in the defendant’s possession, investigators were unable to take DNA samples or otherwise obtain evidence concerning each individual specimen to prove this claim to be false beyond a reasonable doubt.

238. Interview conducted on 19 October 2022 with the Netherlands Food and Consumer Product Safety Authority.

239. Interview conducted on 19 October 2022 with the Netherlands Food and Consumer Product Safety Authority (NVWA).

240. Referenced in [Hyacinth Macaw: What to Know About This Big Blue Bird \(webmd.com\)](#)

241. [EUR-Lex - 01997R0338-20220119 - EN - EUR-Lex \(europa.eu\)](#)



Hyacinth macaw, *Anodorhynchus hyacinthinus*

The lack of a criminal conviction, due to this possible defence prevented investigators from pursuing asset recovery and confiscation. Instead, investigators decided that it was more effective to provide all relevant information to

the Tax Office to recover the illicit profits by conducting a tax assessment and pursuing the unpaid tax. The result was that the tax office ordered the defendant to pay EUR250,000 in unpaid tax.

### CASE STUDY 16: CASE REFERRED TO THE TAX OFFICE AFTER SUCCESSFUL ASSET CONFISCATION PROCEEDINGS LINKED TO TRAFFICKING WILDLIFE INTO THE NETHERLANDS<sup>242</sup>

TABLE 22: TRAFFICKING WILDLIFE INTO THE NETHERLANDS

EU MEMBER REPORTING CASE	COMMODITIES IN TRADE	SOURCE COUNTRY	ESTIMATED VALUE (EUROS)	CRIMINAL ACTIVITY
Netherlands	Wildlife	Unknown	750,000	IWT, criminal proceeds, unpaid tax
<b>INVESTIGATIVE TOOLS USED</b> FINANCIAL INVESTIGATION INTO BANK RECORDS, ASSET RECOVERY AND CONFISCATION. CASE REFERRED TO TAX OFFICE.				

This case involved a wildlife trader responsible for the illegal trafficking and sale of wildlife in the Netherlands. An examination of the business records of the wildlife trader allowed law enforcement investigators to assess the possible criminal profits made from the trafficking and sale of wildlife at EUR500,000. A financial investigation was initiated, and asset forfeiture orders were sought from the Court.

The financial investigation examined the business accounts of the wildlife trader to identify each sale of illegally sourced wildlife and to link that sale to a particular financial transaction. Given the number of transactions passing through the accounts, investigators

were only able to confirm transactions totalling EUR150,000 that could be shown directly linked to the sale of an illegally sourced specimen. Assets forfeiture proceedings were successful concerning the recovery of the identified EUR150,000.

Following the assets forfeiture case, however, the evidence that had been gathered during the financial investigation was then shared with the Dutch Tax and Customs Administration. The tax office was able to recover an additional EUR600,000 in unpaid tax, which considerably added to the financial penalties for wildlife trafficking.

242. Interview conducted on 19 October 2022 with the Netherlands Food and Consumer Product Safety Authority.

# RECOMMENDATIONS FOR FINANCIAL INSTITUTIONS, FIUs AND INVESTIGATORS

## RECOMMENDATIONS FOR POLICE, ENVIRONMENTAL, AND CUSTOMS OFFICERS

The step-by-step guidelines and flow chart proposed in this report should be made available to frontline officers within customs, police and environmental enforcement agencies as they represent the initial handlers of a case and will determine whether to investigate potential criminal offences or dismiss the case administratively with a warning, fine or seizure.

Following arrests or seizures associated with wildlife or timber trafficking, an initial assessment of the possibility of serious crimes or involvement in organised or transnational crime should be conducted. Interviews, questions on the origin and destination of seized items, information available from public registers etc. are useful in this initial stage as they do not require a court order. This will improve the basis upon which to determine administrative handling of the case or whether there is reasonable cause/suspicion or probable cause of a criminal offence concerning more serious crimes such as trafficking, organised crime or financial crimes.

The role of specialised financial intelligence units is crucial to support environmental crime investigations in analysing the criminal financial streams (especially when involving multiple jurisdictions).

### **It is recommended the lead investigators:**

- Seek immediate advice from National FIU and wildlife, CITES, forest or environment officers.
- Conduct an initial assessment of the likely profits of the unlawful activity, the possible involvement of organised crime, and whether serious crimes have been committed.
- Dependent upon this assessment, the steps outlined in the previous section of this report can identify key areas for investigation and sources of information.
- Determine if the case should be investigated locally, whether to involve the tax office or request support from national FIU.
- Any criminal investigation should include all serious criminal offences linked to wildlife and timber trafficking, including possible corruption, document fraud and tax crimes.

## RECOMMENDATIONS FOR FINANCIAL INSTITUTIONS

Wildlife and timber trafficking pose a reputational risk to banks and financial institutions to the extent that they expose the bank to participate in money laundering, fraud, threat finance and facilitating organised crime. The EU anti-money laundering directives place legal requirements on financial institutions to verify a customer's identity, establish risk-based controls, keep records and monitor transactions for unusual or suspicious behaviour or anomalies, which may indicate money laundering. To adequately assess the risks associated with wildlife and timber trafficking it is imperative that financial institutions acquire a thorough understanding of the patterns, transfer typologies and other relevant factors to identify suspicious transactions.

A number of public-private initiatives have been established to improve financial institutions' understanding of wildlife and timber trafficking and associated financial transactions. Financial institutions should participate in and support these initiatives by working with law enforcement to improve their customer due diligence tools, and ability to identify suspicious transactions.

It is recommended to pilot these initiatives on the commodities market, such as timber, that involve large value transactions, with fewer potential characteristic perpetrators since these cases have a higher probability of identifying unusual or suspicious behaviour or anomalies. As the risk indicators are refined and improved, the initiative should, over time, expand to cover all environmental crimes.

Finally, it is imperative that FIUs and the private financial sector strengthen their dialogue and information exchange processes to increase the likelihood that serious crimes, in particular crimes that damage the environment, are detected.

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WORKING TO ENSURE THAT TRADE  
IN WILD SPECIES IS LEGAL AND  
SUSTAINABLE, FOR THE BENEFIT  
OF THE PLANET AND PEOPLE

**TRAFFIC**



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