



Financial Investigations into the Illegal Wildlife Trade (IWT)

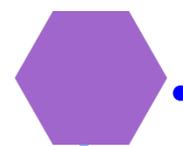
CFATF RESEARCH DESK
AUGUST 29TH, 2022.



What is a Financial Investigation?

Source:

FATF (2012-2022), International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation, Paris, France. p.105



- An enquiry into the financial affairs related to a criminal activity, with a view to: Identifying the extent of criminal networks and/or the scale of criminality.
 - Identifying and tracing the proceeds of crime, terrorist funds or any other assets that are, or may become, subject to confiscation; and
 - Developing evidence which can be used in criminal proceedings.
- A parallel financial investigation is a financial investigation conducted alongside, or in the context of, a (traditional) criminal investigation into ML, TF and/or predicate offence.



FATF Recommendations relevant to Financial Investigations into IWT^a

Sources:

(1) FATF (2012-2022), International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation, Paris, France.

(2) FATF (2020), Money Laundering and the Illegal Wildlife Trade, FATF, Paris, France, p. 27

^aIWT refers to any activity conducted in contravention of national or international laws and regulations regarding any specimen of a wild protected species or part thereof. See p. 11 of UNODC/APG (2017). “Enhancing the Detection, Investigation and Disruption of Illicit Financial Flows from Wildlife Crime: Research Report”.

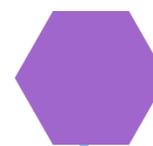
- *Recommendation 3 - Money laundering offence, inter alia*
 - Countries should apply the crime of ML to all serious offences, with a view to including the widest range of predicate offences. (1)
- Countries should ensure that a range of offences within all categories of major proceeds-generating offences are covered.
- The categories of crimes relevant to IWT include:
(2)
 - Environmental crime.
 - Participation in an organised criminal group and racketeering.
 - Illicit trafficking in stolen and other goods; forgery.
 - Corruption and bribery.
 - Smuggling.



FATF Recommendations relevant to Financial Investigations into IWT

Source:

FATF (2012-2022), International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation, ps.24-25.



- *Recommendation 30 - Responsibilities of law enforcement and investigative authorities.*
- Countries should *inter alia*,
 - Ensure that designated law enforcement authorities (LEAs) have responsibility for ML and TF investigations within the framework of national AML/CFT policies.
 - In all cases related to major proceeds-generating offences, these designated LEAs should develop a pro-active parallel financial investigation when pursuing ML, associated predicate offences and TF.
 - Make use, when necessary, of permanent or temporary multi-disciplinary groups specialised in financial or asset investigations.



FATF Recommendations relevant to Financial Investigations into IWT

Source:

FATF (2012-2022), International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation, p. 25.

- *Recommendation 31 - Powers of law enforcement and investigative authorities.*
 - Countries should ensure, inter alia, that competent authorities are able to use a wide range of investigative techniques suitable for the investigation of ML, associated predicate offences and TF.
- Competent authorities should be able to:
 - Access to all necessary documents and information for use when conducting investigations, in prosecutions and related actions of ML, associated predicate offences and TF.
 - Ask for all relevant information held by the FIU when conducting investigations.



Benefits of Financial Investigations for IWT

Sources:

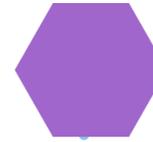
(1), (2) The Egmont Centre of FIU Excellence and Leadership (ECOFEL) (2021). Financial Investigation into Wildlife Crime. ECOFEL.

(3) Haenlein, C. and Keatinge, T. (2021) Follow the Money: Using Financial Investigation to Combat Wildlife Crime. Royal United Services Institute for Defence and Security Studies (RUSI), London.

- Historically, there have been few financial investigations into wildlife crime around the world. (1)
- A lack of financial scrutiny and low penalties make wildlife crime a highly profitable low-risk enterprise for perpetrators. (2)
- Advantages of investigations into the financial flows of the IWT:
- Ability to follow the financial transactions at higher levels of the supply chain to identify, disrupt and prosecute criminal networks. (3)
 - The multijurisdictional bases and operations of larger-scale perpetrators reinforce the need to channel funds through formal financial institutions.



Benefits of Financial Investigations for IWT



- Identification of the proceeds of crime and reveal further investigative opportunities related to the underlying offences. (1)
 - Shift focus beyond activities like poaching to include targeting crimes such as trafficking as well.
- Gives LEAs greater understanding of the supporters, facilitators and beneficiaries of criminals held in custody. (2)
- Permits seizure and confiscation of assets. (3)
- Trigger higher penalties against criminals. (4)

Sources:

(1) UK College of Policing, 'Effective Financial Investigation', accessed 4 September 2017.

(2), (3) Haenlein, C. and Keatinge, T. (2021) Follow the Money: Using Financial Investigation to Combat Wildlife Crime. Royal United Services Institute for Defence and Security Studies (RUSI), London.

(4) The Egmont Centre of FIU Excellence and Leadership (ECOFEL) (2021). Financial Investigation into Wildlife Crime. ECOFEL.



Role of Financial Intelligence Units in IWT Financial Investigation

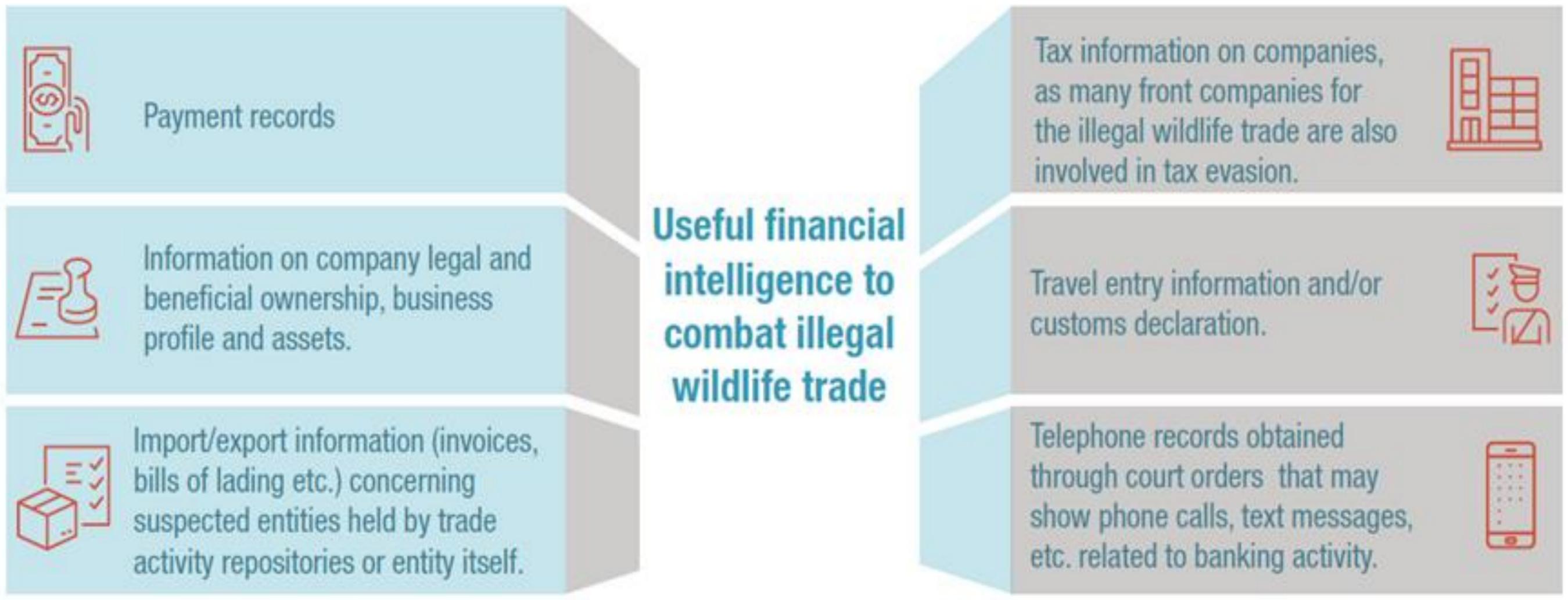
- Tracking the financial flows associated with seized and confiscated goods.
- Identifying criminal networks and shell companies involved in wildlife crime.
- Identifying payment mechanisms and money laundering techniques.
- Analysing the flow of wildlife crime proceeds.
- Detecting illicit wildlife activities by analysing suspicious transaction reports and other financial intelligence.

Source:

*The Egmont Centre of FIU Excellence and Leadership (ECOFEL) (2021).
Financial Investigation into Wildlife Crime. ECOFEL, p.7*



Sources of Financial Intelligence used to Combat IWT



Source:

FATF (2020). Following the money of the illegal wildlife trade to stop the trade in endangered species and the laundering of profits. FATF, Paris, France, p.3



Financial Investigations into IWT - Measures and Challenges

Source:

The Egmont Centre of FIU Excellence and Leadership (ECOFEL) (2021). *Financial Investigation into Wildlife Crime*. ECOFEL

- *National Risk Assessments (NRA)*
 - Jurisdictions may underestimate the risk of environmental and wildlife crime, or do not include a risk assessment of this sector in their NRA.
 - Different national methods used to evaluate the risk of IWT. For example, revenue loss vs. criminal cases investigated or number of persons convicted.
- *Identifying the Financial Flows of Wildlife Crime.*
 - Low support of wildlife crime investigations by FIUs due to limited resources and prioritization.
 - FIUs serving a primarily administrative function or LEAs taking on the primary responsibility for such investigations.



Financial Investigations into IWT - Measures and Challenges

Source:

The Egmont Centre of FIU Excellence and Leadership (ECOFEL) (2021). Financial Investigation into Wildlife Crime. ECOFEL

- *Suspicious Transaction Reports (STRs)*
 - Comparatively low number of wildlife crime related STRs being submitted by reporting entities.
 - FIUs not recognizing an STR related to wildlife due to a lack of training/knowledge and guidance on IWT.
 - Low perception of ML risks associated with IWT within a country.
 - Reporting entities may not be aware of red flags and indicators related to IWT.



Financial Investigations into IWT - Measures and Challenges

Sources:

(1),(2),(3) See pages 45-46 of the report for additional information on the filtering methods, databases and instruments that can be used. The Egmont Centre of FIU Excellence and Leadership (ECOFEL) (2021). Financial Investigation into Wildlife Crime. ECOFEL

- *STR Analysis*

- FIUs can use appropriate filters and keywords for STRs to enhance the analysis.
- Filtering methods require specific knowledge about the nature and extent of illegal wildlife trade within a jurisdiction. (1)
- Cross-referencing with other databases and sources of information. (2)
- FIUs may conduct analyses using different instruments. (3)



Financial Investigations into IWT - Measures and Challenges

- *Expanding Perpetrator Profiles*
- FIUs can examine data to gain a complete understanding of actors participating in the IWT, such as:
 - Customs information.
 - Immigration and citizenship information of suspect.
 - Logistical data including the date, and location, of the seizure.
 - Information may come from a variety of private and governmental sources.

Source:

The Egmont Centre of FIU Excellence and Leadership (ECOFEL) (2021). Financial Investigation into Wildlife Crime. ECOFEL



Financial Investigations into IWT - Measures and Challenges

- *Asset Recovery*
 - FIUs should support asset tracing by conducting analysis and tracking the financial proceeds of wildlife crime.
 - Asset recovery networks can also be useful in facilitating the exchange of financial information on a regional basis.
- *Disseminating Information to LEAs*
 - Information dissemination begins through the development of effective partnerships between FIUs and LEAs.
 - Helps each entity understand the other partners' information priorities.
 - Ensures that the information disseminated to LEAs is applicable for investigations.

Source:

The Egmont Centre of FIU Excellence and Leadership (ECOFEL) (2021). Financial Investigation into Wildlife Crime. ECOFEL



Best Practices for Financial Investigations into IWT

- LEAs and FIUs should identify and assess ML risks relating to IWT in their jurisdiction and should put mitigation mechanisms in place. (1)
- Providing guidance, feedback, and training to reporting entities regarding the financial flows of wildlife crime. (2)
- Prosecutors and police should obtain additional training in how to carry out financial investigations into IWT, including the use of advanced investigative techniques. (3)
- Use of official communication channels between FIUs to share adequate cross-border information on IWT.

Sources:

- (1) FATF (2020). Following the money of the illegal wildlife trade to stop the trade in endangered species and the laundering of profits. FATF, Paris, France.
- (2) Haenlein, C. and Keatinge, T. (2021) Follow the Money: Using Financial Investigation to Combat Wildlife Crime. Royal United Services Institute for Defence and Security Studies (RUSI), London.
- (3) FATF (2020). Following the money of the illegal wildlife trade to stop the trade in endangered species and the laundering of profits. FATF, Paris, France.



Best Practices for Financial Investigations into IWT

Sources:

(1), (2) FATF (2020). Following the money of the illegal wildlife trade to stop the trade in endangered species and the laundering of profits. FATF, Paris, France.

(3),(4)Haenlein, C. and Keatinge, T. (2021) Follow the Money: Using Financial Investigation to Combat Wildlife Crime. Royal United Services Institute for Defence and Security Studies (RUSI), London.

- Allocate resources consistent with identified money laundering risks related to illicit financial flows from IWT. (1)
- Establish multi-agency co-ordination mechanisms that allow for the sharing of intelligence and information between LEAs, AML and environmental authorities. (2)
- Filtering and analysing STRs based on strategic assessments of wildlife crime within the jurisdiction. (3)
- Applying the techniques that FIUs utilize when analysing other predicate offences where cash is the predominant payment method when supporting wildlife crime investigations. (4)



Best Practices for Financial Investigations into IWT

Sources:

(1) FATF (2020). Following the money of the illegal wildlife trade to stop the trade in endangered species and the laundering of profits. FATF, Paris, France.

(2),(3) Haenlein, C. and Keatinge, T. (2021) Follow the Money: Using Financial Investigation to Combat Wildlife Crime. Royal United Services Institute for Defence and Security Studies (RUSI), London.

- Regulators should review the legislative frameworks in place to ensure that IWT is covered from two aspects:
 - Environmental crime and;
 - Financial crime that would lead to ML investigations.
- Establish multi-agency co-ordination mechanisms that allow for the sharing of intelligence and information between LEAs, AML and environmental authorities. (1)
- Filtering and analysing STRs based on strategic assessments of wildlife crime within the jurisdiction. (2)
- Applying the techniques that FIUs utilize when analysing other predicate offences where cash is the predominant payment method when supporting wildlife crime investigations. (3)



Thank you!



Phone Number
1868-623-9667



Email Address
cfatf@cfatf.org



Website
www.cfatf-gafic.org