



TRAFFIC

Workshop on Combating Illegal Wildlife Trade with Anti-Money Laundering Measures

Handbook

The Lakeview Hotel, No. 127 Zhongguancun North Street,
Haidian District, Beijing, China
14th November 2023

AGENA

Moderator: XU Ling, Director of TRAFFIC China

9:00-9:30	Sign-in
9:30-10:00	<p>Opening Remark</p> <p>WU Minglu, Secretary-general of China Wildlife Conservation Association</p> <p>WAN Ziming, Deputy Director-general of the Wildlife Conservation Department of the National Forestry and Grassland Administration</p> <p>Richard Scobey, Executive Director of TRAFFIC International</p> <p>WANG Beijing, Acting Director of International Enforcement Cooperation Division, the Anti-Smuggling Bureau of the General Administration of Customs</p> <p>Robert Campbell, Head of United for Wildlife, The Royal Foundation of The Prince and Princess of Wales</p>
10:00-11:00	<p>Keynote Speech 1</p> <ul style="list-style-type: none"> • The association between wildlife crime and money laundering: FATF IWT report interpretation <i>Professor WANG Xin, Peking University</i> • The development and governance of money laundering crimes in the context of the global Internet <i>Professor MO Hongxian, Wuhan University</i> • Effectiveness in combating money laundering crime from the legal perspective <i>Professor JING Lijia, Whan University</i>
11:00-11:15	Coffee Break
11:15-12:30	<p>Keynote Speech 2</p> <ul style="list-style-type: none"> • China's judicial practice in combating money laundering <i>crime LYU Meiqing, Deputy Chief Procurator, Fourth Branch of People's Procuratorate of Beijing Municipal</i> • Law enforcement practices in combating smuggling-related money laundering crimes <i>YU Zhijie, Coordinator, Investigation Division II, the Anti-Smuggling Bureau of the General Administration of Customs</i> • Interpretation of the WCO's AML Enforcement Guidelines <i>LEI Yutian, Coordinator, International Enforcement Cooperation Division, the Anti-Smuggling Bureau of the General Administration of Customs</i> • Analysis of trafficking in China for protected wild animals, plants and their products from 2017 to 2021 <i>CHOU Linda, TRAFFIC AML Project Manager</i>

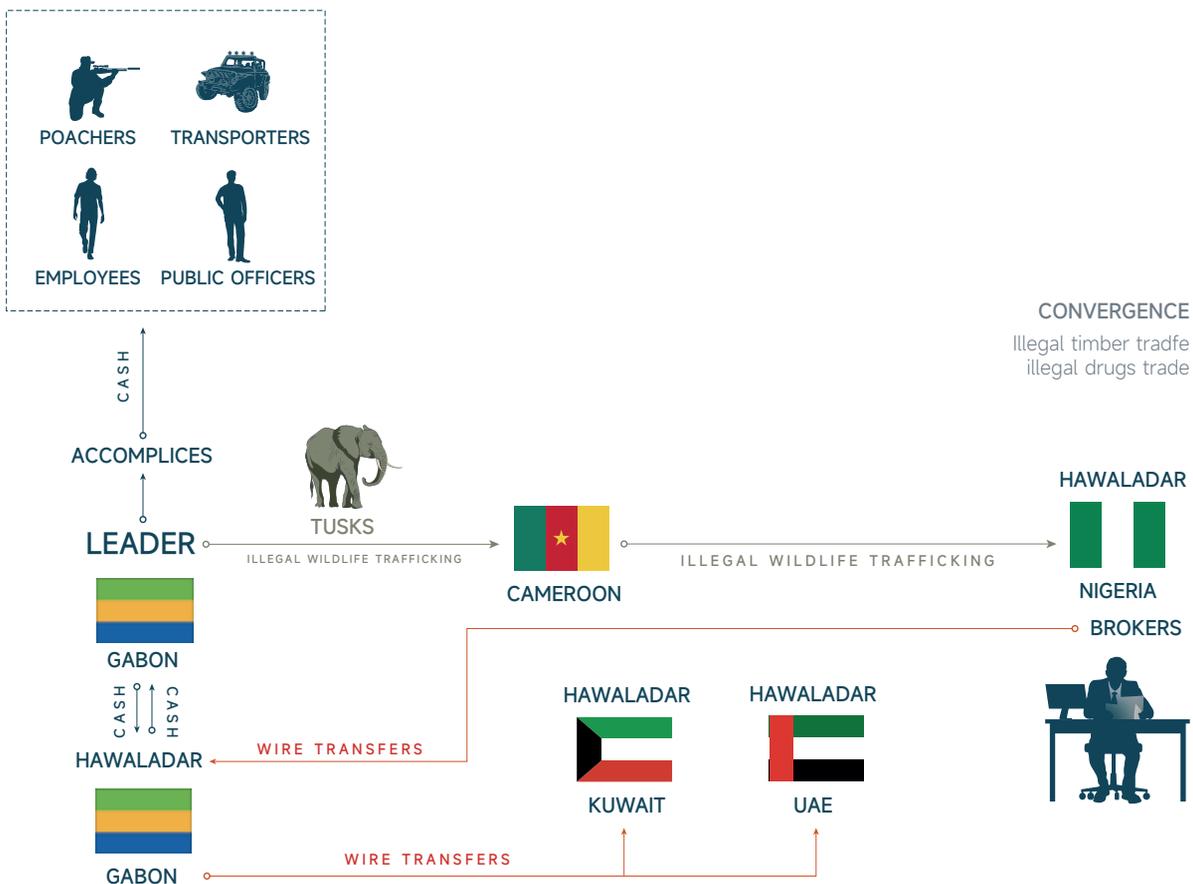
12:30-14:00	Lunch Break
14:00-15:15	<p>Lessons and Experience from China</p> <ul style="list-style-type: none"> • Global anti-money laundering & China’s AML practices and the practices to prevent and control money laundering risks from IWT <i>LI Qing, Deputy Division Director, Investigation Division, the Anti-Money Laundering Bureau of the People’s Bank of China</i> • Fulfil the responsibilities of money laundering risk prevention and control and strive to combat illegal wildlife trade <i>WANG Qian, Acting Director, Anti-Money Laundering Compliance Management Division, Global Anti-Money Laundering Center of Agricultural Bank of China</i> • Practical cases of preventing IWT-related money laundering risks in Internet finance <i>JIANG Ruby , Senior Manager of Anti Money Laundering of Ant Group</i> • Examples of preventing IWT-related money laundering risks in the payment industry in China <i>JIANG Dazhi, Deputy General Manager of Agile Century</i> • <i>How consulting firms leverage global networks to help advance wildlife conservation and anti-money laundering efforts</i> <i>ZHANG Fengyu, Partner of Deloitte China</i>
15:15-15:30	Coffee Break
15:30-16:30	<p>Lessons and Experience from the International Community</p> <ul style="list-style-type: none"> • UfW Financial Taskforce introduction <i>Robert Campbell, Head of United for Wildlife, The Royal Foundation of The Prince and Princess of Wales</i> • Case study of UfW Hong Kong Chapter <i>Samuel Inglis, ADM Capital Foundation</i> • Combatting the illegal wildlife trade through public private collaboration <i>Anne-Marie, Environmental Crime Senior Research Fellow, Royal United Services Institute (RUSI) (video)</i> • Wildlife smuggling channels and corresponding payment methods: international cases <i>Ben Brock, Senior Wildlife Crime Analyst, TRAFFIC International</i>
16:30-17:00	<p>Discussion and Wrap-up</p> <p><i>YIN Feng, Chief-engineer of China Wildlife Conservation Association</i></p>

THE FINANCIAL FLOWS AND PAYMENT MECHANISM OF WILDLIFE AND FOREST CRIME

Case 1-6 are excerpted from the TRAFFIC report "Case Digest: An Initial Analysis of the Financial Flows and Payment Mechanisms Behind Wildlife and Forest Crime". The full report is available on <https://www.traffic.org/site/assets/files/13685/case-digest-financial-flows-analysis-v2022.pdf>; Case 7 and 8 are excerpted the Financial Action Task Force on Money Laundering (FATF) report "Money Laundering and the Illegal Wildlife Trade". The full report is available on <https://www.fatf-gafi.org/content/dam/fatf-gafi/reports/Money-laundering-and-illegal-wildlife-trade.pdf.coredownload.pdf>.

CASE 1

The Hawala Scheme



► SUMMARY OF THE CASE

In November 2017, a successful investigation was conducted in conjunction by the National Agency of National Parks (ANPN), the Ministry of Justice and the Interior, the Ministry of Defense, the National Agency of Spatial Study and Observation, the Directorate General for External Security of France and INTERPOL, arrested the suspect of leading an organized criminal group accused of trafficking in ivory, along with eight alleged accomplices including the suspect's spouse, son and daughter-in-law. The alleged financier of the network fled but was arrested several days later.

The criminal group mainly used family and trust-based networks to conduct its criminal operations, allegedly operated in the nine provinces of Gabon, and virtually never varied its behavior nor the smuggling routes it used, enabling authorities to conduct surveillance and build evidence. However, the network relied on entrenched corruption to pay off those who could have halted the illegal trade, including a range of government actors. The criminal group mainly used family and trust-based networks to conduct its criminal operations. In 2017, the organized criminal group had exported over 6 tons of ivory from Nigeria through Cameroon.

According to source information, Nigerian brokers allegedly sent payments using the hawala system to one of the accused, a hawaladar based in Gabon. The hawaladar received cash in Gabon and occasionally balanced the books with the hawala partners in Kuwait, Nigeria, United Arab Emirates and other trading centers using bank transfers. Once funds or pay-outs were received, various payments were distributed to pay network's associates including transporters, poachers and other employees in cash.

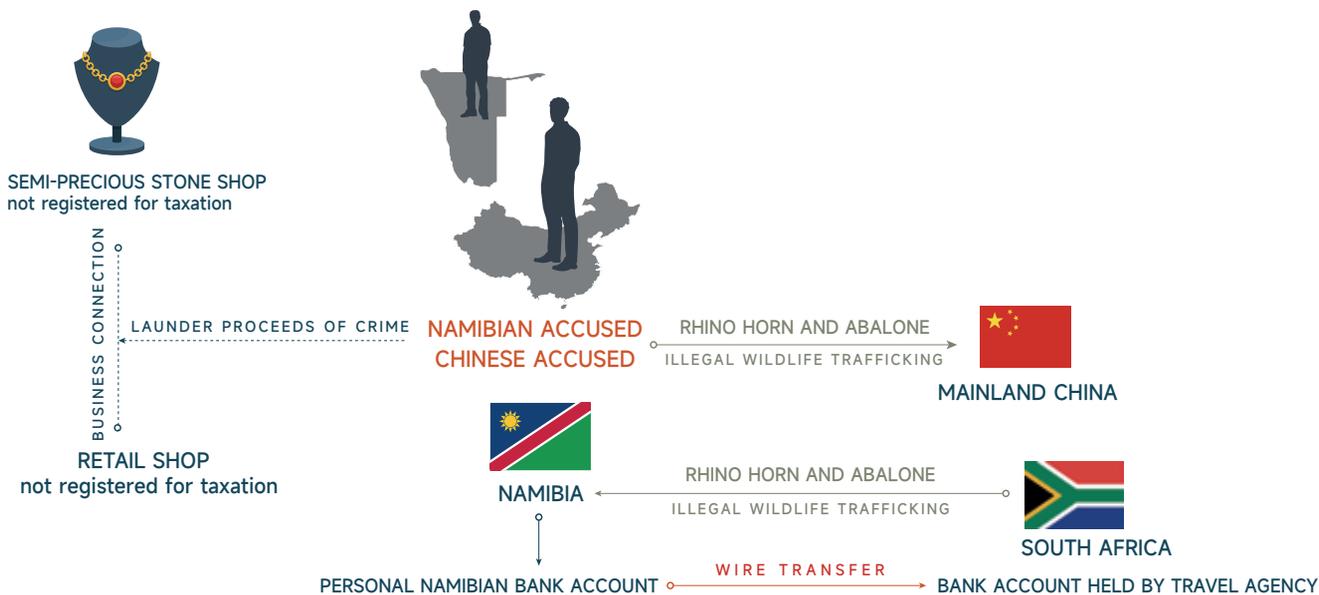
This case study demonstrates an example of an unregulated money or value transfer service commonly known as hawala. Hawala uses unregulated channels to move money between parties and across national boundaries, often relying on trust-based and family networks. The hawala system used in this case shows money flows between West and Central Africa and the Arabian Gulf.

► KEY LESSONS

- **Even in cases that circumvent regulated financial systems, there is likely to be a financial footprint which will appear as transactions** “to settle the books” when settlement may need to be done between two hawaladars. These may be difficult to detect and would only be identifiable through close scrutiny of account behavior of high-risk individuals and entities that have been identified as fronts for hawaladars.
- **Family and trust-based networks are highly prevalent when looking at organized crime networks** and especially those involved in the illegal wildlife trade.

CASE 2

Small Business Tax-Evasion and Money Laundering



► SUMMARY OF THE CASE

During February 2016, two accused, one Namibian and one Asian national, were arrested and charged with illegal possession of dry abalone and rhinoceros' horn.

Accused No. 1 (Namibian accused) was found with 35kg dried abalone, concealed in a box and declared as assorted dried food (rice, seafood and pasta), while attempting to ship it through a local transportation company. When questioned, Accused No. 1 directed law enforcement to the residence of the Accused no 2 (Asian accused), where additional abalone weighing 94kg valued at NAD 235,000 (USD16,000) and 29 pieces of rhinoceros horn weighing 1.17kg valued at NAD 92,000 (USD 6,000) were found at his/her home, packed in travel suitcases. According to the investigation, the abalone appears to have been smuggled from South Africa in transit to Hong Kong via Namibia.

Financial investigations revealed that Accused No. 1 owned a semi-precious stone dealership and Accused No. 2 owned a small retail shop. These apparent legitimate businesses were used to launder the proceeds of crime. It was further unveiled that these companies were not registered for taxation. Analysis of the bank accounts within Namibia that were linked to the accused revealed several large cash deposits that were made regularly by three unknown individuals. Funds amounting to NAD 800,000 (USD 8,000) were deposited into one of the accused's personal accounts between May 2014 and February 2016 from unknown domestic sources. Accused No. 2 held bank accounts with several local banks where he made regular cash deposits. Most bank transfers made by Accused No. 2 were allegedly wired through a company bank account linked to a South African travel agency owned by Chinese nationals with NAD 1.1 million (USD 75,000) transacted through the account during a 12-month period. In addition, there were references to the trade in second-hand vehicles as car brands were indicated as sources of funds on the transaction descriptions of the accused bank accounts. These declared sources were not in line with the purpose of the bank accounts.

The Namibian FIU and foreign FIUs have conducted co-ordinate investigation via exchanging information. For both accused, several cars and bank accounts have been identified. Forfeiture proceedings are ongoing; however, cash amounting to NAD 13,000 (USD 710.67) has already been forfeited from one of the accused.

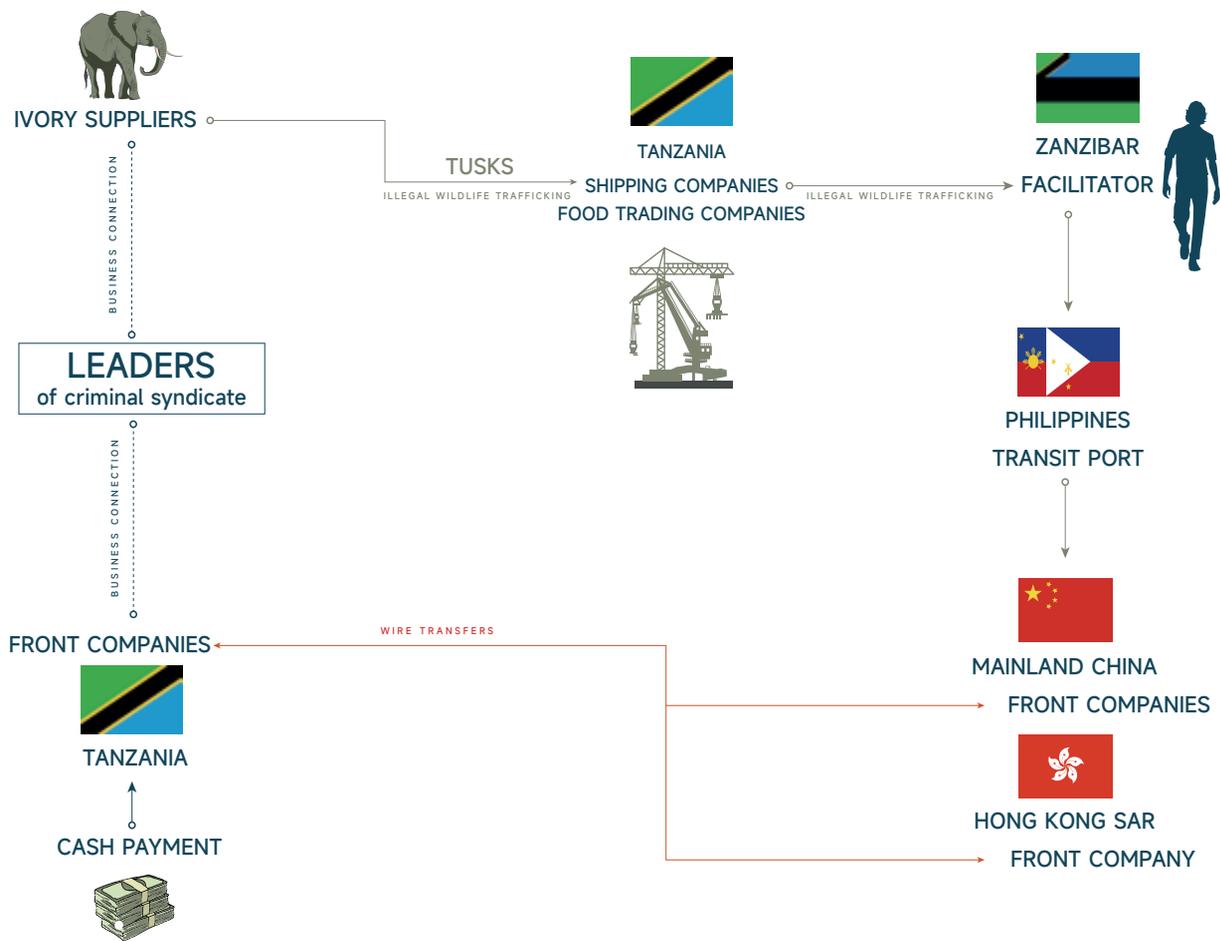
This case study is an example of utilizing small businesses, such as travel agency, a semi-precious stone dealer and a retail shop that were not registered for taxation, to move money across borders along with cash-based payments. These money movement methods were used for the purchase and sale of rhinoceros horn and abalone in Southern Africa.

► KEY LESSONS

- **Collaboration between local citizens and foreign nationals is common to facilitate crimes** relating to wildlife. In some cases, bank accounts were opened under the name of a local but controlled by a foreign national.
- **Collaboration across FIUs from different countries can bring positive results** through additional insight into global financial flows.
- **Efforts should be made to identify assets at the beginning of the investigation** so timely actions can be taken to freeze, seize and recover where applicable.

CASE 3

The Ivory Smuggling Network



► SUMMARY OF THE CASE

In 2013, Tanzanian police discovered that an organized crime gang was using a shipping company to illegally transport ivory from the port of Zanzibar to China for a long time. The investigation revealed that the organized crime group was composed by Tanzanian and Chinese nationals who ran the illegal operations between the two countries. Under the management of the main culprits, the network included ivory suppliers, merchandise packers, apparent employees of a food trading enterprise and a shipping company, as well as corrupt public officials and complicit freight agents who facilitated exportations from the Zanzibar port. The suspects used an apparently legitimate company which imported garlic and citric acid and exported seafood to conceal illicit activities. A series of suspicious transactions were also detected between additional connected companies operating in China mainland and Hong Kong SAR. This case study is an example of three key financial mechanisms and payment methods to conceal illegal activities and proceeds: the use of international bank transfers through apparent legitimate companies, the alleged use of front companies in destination jurisdictions and the use of cash for payments related to the purchase and sale of ivory. This means that the funds are deposited in a bank account by cash and then transferred between two shell companies registered in Tanzania, four shell companies in Chinese mainland (two in Shandong Province and two in Hunan Province) and three shell companies in the Hong Kong SAR.

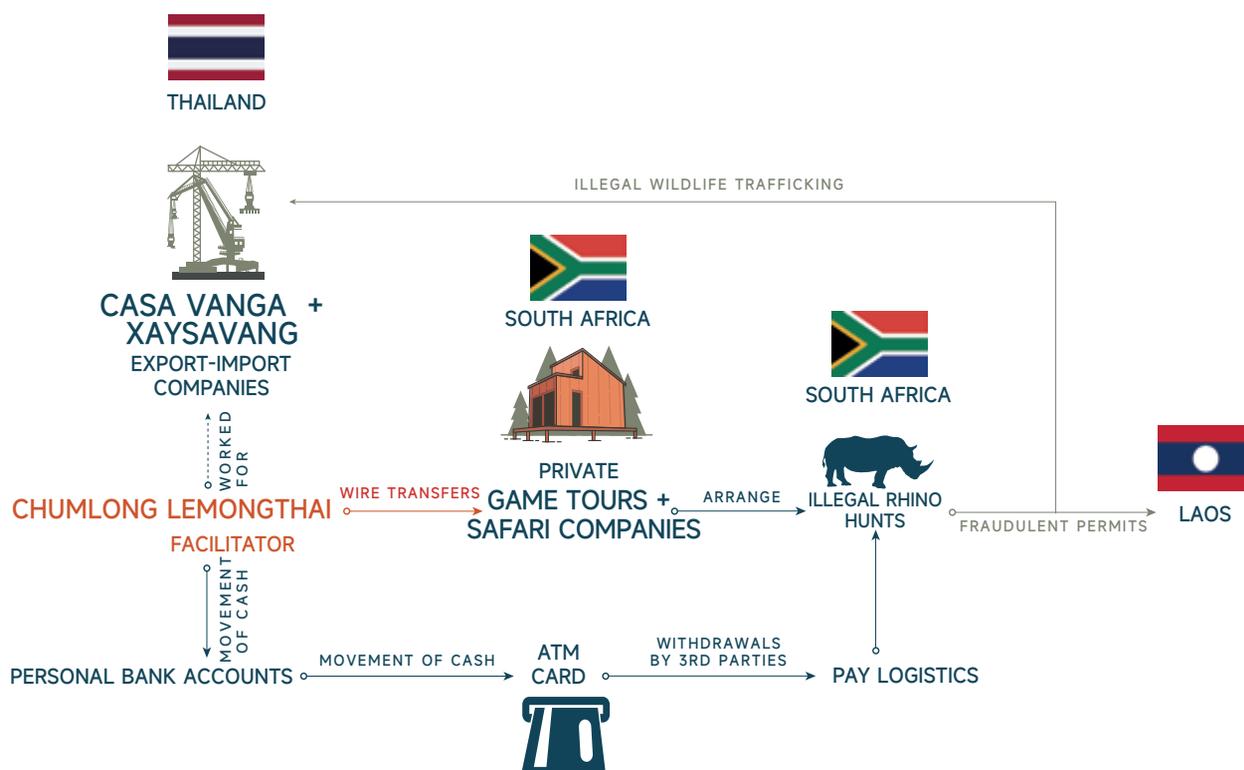
In total law enforcement officials seized 4.7 tons of ivory, equivalent to more than 700 dead elephants valued by the Tanzanian authorities at USD 5.9 million. Investigations by the Tanzanian authorities identified 15 suspects. As of April 2019, the court has convicted five of the accused and sentenced them to prison terms ranging from 15 to 30 years.

► KEY LESSONS

- **Apparent legitimate seafood companies conducting business with China** from source countries may be used to cover up illegal trafficking of wildlife products. Inspections by the State to these enterprises can help detect illicit operations.
- **Legislative measures to establish the liability of legal persons can help dismantling or sanctioning corporations** that are employed for the purpose of committing serious offences such as wildlife and forest crime, corruption and money laundering.
- **The illegal export of wildlife products is often facilitated through corruption.** To this end, bribes may be offered by criminals to public officials of customs, tax authorities, ports and law enforcement. Anti-corruption measures should be adopted to ensure that public officials in these vulnerable positions operate with integrity, accountability and transparency.
- **The substantial prison sentences** for the convicted can serve as powerful deterrents to others and should be considered in cases involving illegal wildlife products.

CASE 4

Pseudo-Hunting for Rhino Horn



► SUMMARY OF THE CASE

The perpetrator was Chumlong Lemtongthai, a Thai national who organised rhinoceros hunts on private game farms of South Africa under the guise of legal trophy hunting, by fraudulently applying for and receiving permits from conservation authorities. The permits were issued on the basis that the rhinoceros were shot for trophies; however, the rhinoceros were actually shot for the purpose of illegally trading their horns in Lao PDR and Thailand. Moreover, the people identified on the permits as hunters were sex workers hired by the perpetrator for the purpose of committing the fraud. After the permits were cleared by Customs and Nature Conservation, the perpetrator changed the address of the consignees as read on the CITES permits, to enable the shipping of the horns to Asia.

During his trial in South Africa, the perpetrator declared that he worked as an agent for various export-import Thai enterprises, including Xaysavang Trading Export-Import and Casa Vanga, both of which deal in the trade of rhino horn and lion bone, teeth and claws. He also stated that the Director of this Xaysavang Trading Export-Import is Vixay Keosavang and the Director of Casa Vanga is Qua Savang. The perpetrator explained that he was sent to South Africa to enquire about the purchasing of lion bones. Upon his arrival, he was informed about the opportunities advertised for hunting the big five, including rhinoceros. In turn, the Director of Casa Vanga indicated his willingness to fund any trade in rhino horn.

A total of 52 rhino horns were identified as illegally exported in the form of camouflaged hunting trophies, of which 6 had been recovered. The perpetrator was sentenced to 40 years imprisonment by South African courts; his sentence, however, was reduced on appeal by the Supreme Court of Appeal to 13 years and a fine of ZAR 1million (USD 54,638) or an additional five years in prison, on 25 September 2014. He was released in early 2018 and deported to Thailand. In Thailand, the perpetrator was found to be in breach of domestic and international laws relating to the import, export and transport of wildlife, and was convicted of participating in a predicate crime of money laundering in accordance with the law¹, and assets in his bank account were recovered and confiscated. The case was finalized on 26 August 2015 leading to recovery of 144,000,000 Thai (USD 4,051,772).

This case study is an example of two payment mechanisms: bank transfers with oversea withdrawals and cash-based transactions for the payment of wildlife trophies gained via pseudo-hunting techniques. Personal accounts in Thailand, funded by another Thai national, wired funds to South African game lodges. Money was transferred within Thailand before being withdrawn in South Africa to pay for the “trophies”. The perpetrator provided third parties with ATM cards of his accounts and instructed them to withdraw large amounts of cash from ATM machines in casinos. A number of cash payments took place for wildlife products and the operation of criminal group. In addition, in order to legalize the source of wildlife products, the group also recruits a large number of Thai sex workers to pose as hunters and received ZAR 5,000 (USD 272.69) each in cash for their services.

► KEY LESSONS

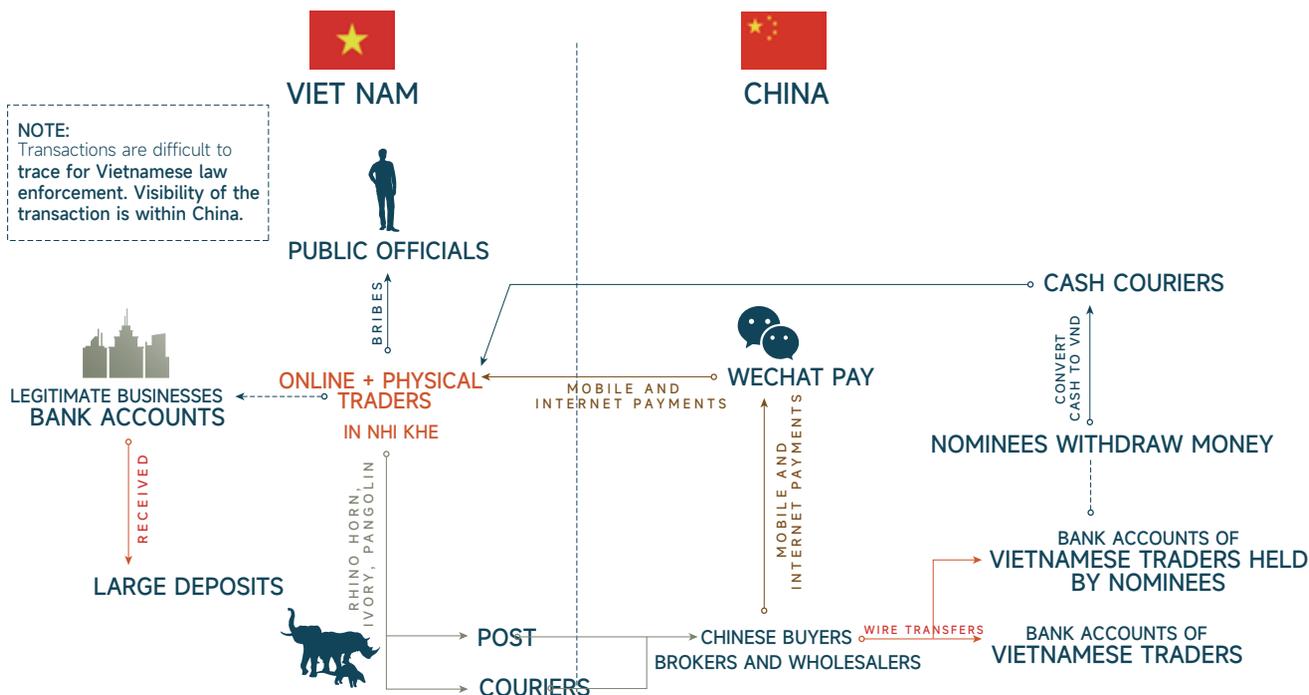
- **This case is an example of criminals exploiting trophy hunting laws** to obtain and traffic illegal wildlife products.
- **Legislation that enables cases of non-conviction-based asset forfeiture is key to dismantling organized criminal groups** by pursuing and seizing their assets. In these cases, the lack of evidence for criminal convictions does not prevent the State from recovering proceeds of crime, as defendants have the burden to prove the honest and legal origin of their wealth.
- **Criminals may carry out ATM withdrawals abroad instead of international bank transfers in order to avoid the automatic detection of a suspicious transaction** (typically triggered by transactions of more than USD 10,000), they may also use this alternative to conceal the identity of any bank account recipient. In conducting ATM withdrawals abroad, criminals would be structuring or “smurfing” the transaction, by dividing it in smaller limited amounts, in an attempt to elude controls.
- **A money-laundering charge was originally considered in South Africa; however, it was withdrawn.** This type of investigation could have unveiled new information on other potential legal persons and individuals involved.

¹ Article 24 of the Wild Animal Reservation and Protection Act of B.E. 2535 (A.D. 1992)

² Article 3 (15) of the Anti-Money Laundering Act of B.E. 2542 (A.D. 1999)

CASE 5

The Nhi Khe Village



► SUMMARY OF THE CASE

This case study is based on the 2015-2016 investigation conducted by the Wildlife Justice Commission (WJC), documented publicly by the report “Black Business: Illegal Horn Trade Dynamics in Nhi Khe, Viet Nam from a Criminal Perspective”, as well as additional information collected by WJC.

The findings resulting from a one-year investigation conducted by the WJC on illegal wildlife trade taking place at the Nhi Khe village in Viet Nam confirmed reports dating back as early as 2012, about Nhi Khe being used as a major hub for the processing and sale of rhino horn, ivory, tiger, pangolin and other protected species, predominantly targeting a Chinese clientele. During the investigation, the quantity observed of raw and processed rhino horn alone amounted to 1,061 kg, with an estimated value of USD 42.7 million.

An analysis developed under the context of the WJC investigation revealed that the network was organised and sophisticated, with individuals having different roles and levels of power.

Traders (predominantly online). The online traders represented 41% of the network. WeChat (51%) and Facebook (20%) or both simultaneously (10%) were found to be the preferred social media platforms for conducting illegal wildlife trade. In Viet Nam, there was open use of these media platforms to promote and sell the products.

Traders (predominantly on premises). The on-site traders represented 31% of the network. The illegal trade mirrored operations of a legitimate business. Discounts were offered if higher quantities of goods were purchased in bulk; 20-30% payments deposits were required upfront; and refunds were granted if the shipment was intercepted by enforcement officials.

Chinese interpreters. Accounted for 10% of the network, they played a key role. They had good access and great visibility across the network.

Couriers. Accounted for 10% of the network. While some traders would use post services to send small items, the bigger shops in Nhi Khe employed couriers to deliver purchased products to the Viet Nam – Chinese border or to anywhere in China for a greater fee. The investigation suggested the goods were carried overland.

Brokers / wholesales. Represented 8% of the network. While some customers were believed to be tourists shopping for small items, others were found to be Chinese businessmen looking to purchase products at wholesale for their retailers’ business in China. Larger quantities of contraband meant greater profits, and this was used as a bargaining tool.

The investigation showed a trend in Chinese buyers using WeChat Pay to pay Vietnamese suppliers for the purchase of illegal wildlife products. Further monitoring of social media accounts by WJC in 2016 found that traders identified earlier in the investigation had ceased trading via WeChat or Facebook, or the accounts had become publicly inaccessible.

Vietnamese traders were also found to use Chinese bank accounts to receive payments, this enabled them to elude the financial monitoring system of Viet Nam. It is worth noting that Vietnamese legislation prohibits the opening of foreign bank accounts by its citizens. Therefore, bank accounts were also opened in China by nominees, concealing the identity of the Vietnamese true owners. A suspect in the WJC investigation, claimed that the nominee converted the currency to Vietnamese Dong. Although it was not confirmed, the perpetrators may have used cash couriers to send back the money to Viet Nam. An analysis of suspect's lifestyle found that some individuals within the network owned high-value vehicles, such as a Mercedes Benz estimated to be worth more than USD 100,000.

In addition, the investigation inferred that apparent legitimate businesses were used to launder the proceeds of crime. At least four of the 16 shops trading in rhino horn, also traded legally in rosewood and / or timber products. These shops were able to receive large deposits of money in their business bank accounts without raising suspicions.

According to the findings, this unique situation in Nhi Khe was mainly enabled by a culturally embedded industry of traditional craftsmanship; the geographic proximity to the Chinese border; the family ties between locals and Vietnamese owners of wildlife shops in China; and the use of social media platforms in Viet Nam where wildlife products were promoted and sold. The WJC investigation also highlighted indications of corruption, including suggestions of bribery of public officials by the traders of Nhi Khe and the bribery of Vietnamese Customs officials to enable the smuggle of wildlife into China. The investigation found that the traders demonstrated behaviour suggesting a prior knowledge of police inspections. The investigation report stated that whereas in 2015 the illegal trade was carried out openly, in 2016 it became progressively covert and displaced outside Nhi Khe, in response to increased law enforcement activity.

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The WJC held a Public Hearing at The Hague, on 14 and 15 November 2016 to publicly present the results of the investigation in front of a panel of international experts. The panel ultimately validated the case file and made a set of recommendations aimed at the Vietnamese authorities, the CITES Standing Committee and all Parties to CITES, UNCAC and UNTOC.

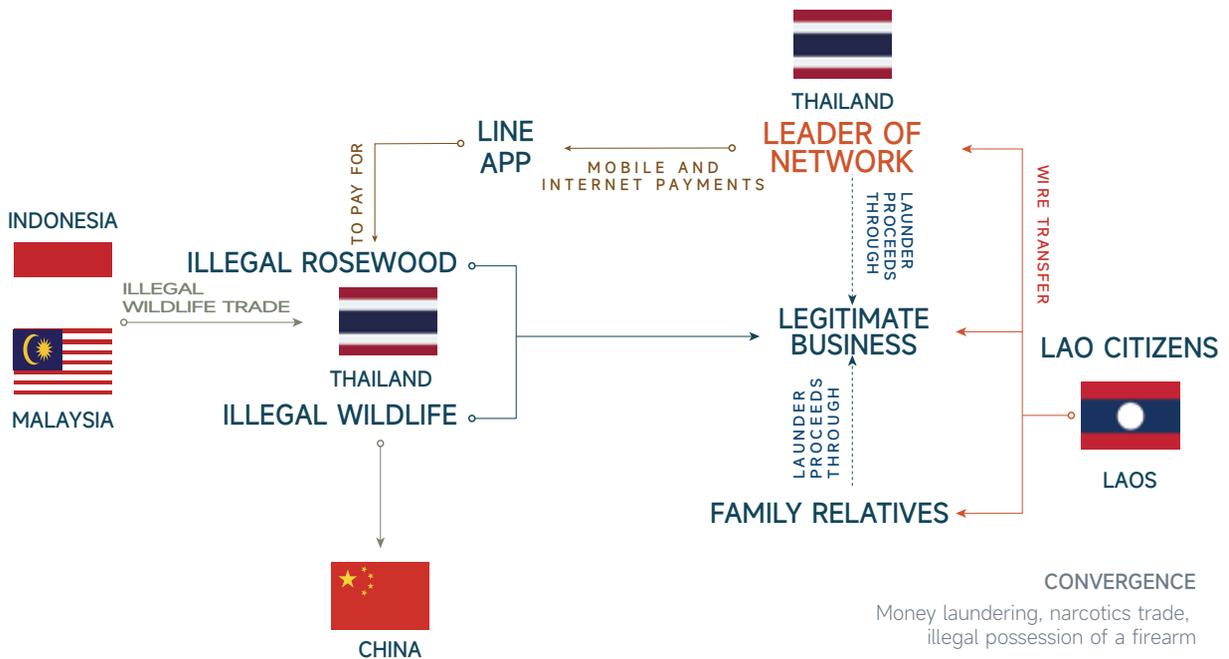
This case study is an example of payment mechanisms utilised in Asia. Three methodologies are outlined including the use of bank transfers and mobile and internet-based payments (i.e. WeChat Pay) for the purchase of illicit wildlife products, the use of apparent legitimate businesses to launder the proceeds of crime, and the use of foreign nominee bank accounts holders to receive payments.

► KEY LESSONS

- **Collaboration between national law enforcement authorities and international organisations** specialised in the investigation of the illegal trade in protected species can bring together more expertise and resources for the successful prosecution and adjudication of wildlife and forest crime cases.
- **Apparent legitimate businesses may be used to cover up the illegal trading of wildlife products and to launder the proceeds of crime.** Inspections by the State to these shops in source countries can help detect illicit operations.
- **Social media platforms can be used to openly promote and sell illegal wildlife products.** The monitoring and investigation of the accounts engaging in these practices can provide key information to reveal the identity of perpetrators and prosecute wildlife crime.
- **The illegal trade of wildlife products may be facilitated through corruption.** Anti-corruption measures should be adopted to ensure that public officials in vulnerable positions operate with integrity, accountability and transparency. Organised criminal groups involved in the trafficking of wildlife may operate within family networks. Therefore, it is important to investigate the connections between the operations and finances of family members.
- **Offer and demand for wildlife products in destination countries often implies cultural factors and social aspects** that must be addressed with a holistic approach combining prevention through awareness raising campaigns, and effective law enforcement. Rhinoceros horn trafficking seems to be largely driven by the demand for jewellery, while demand for medicinal purposes was low.
- **“Blood ivory” attracts a premium market price of 20% more than the cost of traditional ivory.** Blood ivory refers to ivory from African forest elephants, whose tusks are more tender and pinkish as a result of abundant food supply and better living conditions. Investigators discovered that blood ivory was much rarer in the market than other types of ivory, indicating that the supply of forest elephant ivory is much lower compared to other types of elephant ivory.

CASE 6

The Siamese Rosewood Smuggling Network



► SUMMARY OF THE CASE

In Thailand, a total of seven suspects were prosecuted, including the main defendant's mother, ex-wife, siblings, and current and former partners of siblings, many of whom had environmental criminal records. The gang paid bribes through third-party redwood agents to illegally purchase Siamese rosewood. After investigation, the police seized 11 processed Siamese rosewood illegally held by the group, THB 4.7 million (USD 132,228.62) in cash and mobile phones hidden in the car, with a book recorded the purchase of Siamese rosewood and tiger remains that matched the information in the mobile phones. In addition, mobile phone information also shows that a mobile payment platform (LINE) was used to pay for the purchase of pangolins and Siamese rosewood.

These findings triggered investigations into the criminal records and abnormal wealth of the group. As a result, a non-conviction-based asset forfeiture civil case was built on the grounds of money-laundering, with predicate offences in breach of the Wild Animal Preservation and Protection Act (1992) and other related laws.

The payment methodology in this case includes: use of international bank transfers to personal accounts (from a foreign bank account related to sawmills, process wood facilities or currency exchange business); Use of apparent legitimate businesses to commit money-laundering; Use of cash to pay for expensive assets; Mobile and internet-based payments (LINE) to pay for the purchase of protected species; Tax forms with profits that did not match the income claimed by defendants; Signed floating title transfers to conceal the true ownership of the implicated vehicles. This case study showcases a money-laundering investigation conducted under the framework of a non-conviction based asset forfeiture procedure, which examined apparent legitimate businesses, unaccounted international bank transfers, a mobile and internet-based payments platform (LINE) and other mechanisms used by a family network to move, transfer, hide and conceal the proceeds of wildlife and forest crimes.

Defendant No. 1: K. C. was considered the leader of the network. The analysis of his criminal record revealed an arrest on 24 June 2004 with 183 pangolins as evidence, for which he was imprisoned for one year. Another arrest on 8 February 2009 led to a conviction for carrying a firearm. On 24 April 2009, he was charged for trading and possessing protected wild animals and protected wild animal remains. He was further charged with bribing a police officer and for using, holding or possessing natural resources or illegally exploiting natural resources with commercial characteristics.

Defendant No. 2: D. C. (sister of Defendant No. 1). The Investigations into her background revealed that she was charged on 21 July 2011 for possessing wild animals without permission and for concealing, distributing and taking wild animals. She was further charged on 4 April 2012 for possessing wild animals without permission. She had also been accused of commissioning the transport of 20 ivory tusks in another illegal wildlife trade case, but

the charges were dropped due to a lack of evidence. Police investigations claim her phone number was tied to a tiger smuggling organisation and that she was involved in the import of wild animals from Malaysia and Indonesia for export to China, conducting three trips a week, for a profit of THB 700,000 (USD 19693.63) each.

Defendant No. 3: K. L. (former wife of Defendant No.1): The prosecution indicated that, although she had never been prosecuted for wildlife and forest crime, she co-owned the second-hand car dealership where evidence was found against her former husband for illegal wildlife trading. Moreover, she was found to have received multiple bank transfers from a group of four Laotian citizens who had also transferred money to the accounts of Defendants No. 1, 2, 4 and 5, all of who were connected to crimes involving natural resources.

Defendant No. 4: P. C. (younger sister of Defendant No.1): Analysis of her criminal record revealed that she was arrested on 1 August 2009 with 104 pangolins and sentenced to two years imprisonment, reduced to three months by the Court of Appeal.

Defendant No. 5: P. C. (brother of Defendant No. 1): His criminal records included an arrest alongside his brother on 24 April 2009 for possession of protected wild animals and protected wild animal remains. He was also prosecuted for the possession of more than 20 trees or sections of unprocessed restricted wood (Siamese rosewood) without marks of royalty fees or the government and possession of more than two cubic meters of unprocessed restricted wood (Siamese rosewood).

Defendant No. 6: Ke. C. (wife of Defendant No. 5): Her criminal records included a conviction for the possession of 1,600 grams of methamphetamine hydrochloride (ice) for distribution without permission, and for committing a crime involving narcotics, also a predicate offence of money-laundering. Additionally, police investigations into the rosewood smuggling network claimed that Defendant No. 6 acted as a driver to transport the wood for a period of three months, earning THB 100,000 (USD 2813.38) per day.

Defendant No. 7: Lt. Col. P. K. (former husband of Defendant No. 2): Although he did not have a criminal record, the prosecution indicated that the businesses he owned with his former wife were created with the proceeds resulting from the wildlife and forest crimes she had committed while they were married. Moreover, the Court highlighted that Defendant No. 7 admitted to the prosecutor that during his marriage, he had learned about the crimes committed by her, as well as by Defendants 1, 4 and 5.

Mother of Defendants No. 1, 2, 4 and 5: Although she was not included as a defendant, the mother was mentioned throughout the case files. In the past, she was found guilty and received a two-year imprisonment suspended sentence and a THB 2500 (USD 549.81) fine for crimes pursuant to the Wild Animals Reservation and Protection Act. When the police searched her house, they found one pangolin and six nylon bags for packing pangolins. The prosecution highlighted that at the time of her arrest, Defendant No. 7 was the head of the investigation unit and the highest-ranking commander of the police station.

► KEY LESSONS

- **Legislation that enables cases of non-conviction-based asset forfeiture is key to dismantling organized criminal groups by pursuing and seizing their assets.** In these cases, the lack of evidence for criminal convictions do not prevent the State from recovering proceeds of crime, as defendants have the burden to prove the honest and legal origin of their wealth.
- **Organized criminal groups involved in the trafficking of wildlife may operate within family networks.** Therefore, it is important to investigate the connections between the operations and finances of family members.
- **The tax forms submitted to tax authorities are fundamental evidence against false or baseless claims by organized criminal groups concerning the profits of apparent legitimate businesses.** While more sophisticated criminals will make sure the information matches, many will fail to justify the legal origin of their income and assets.

CASE 7

Collaboration to Combat Pangolin Smuggling

► SUMMARY OF THE CASE

In 2018, Chinese Customs (Xiamen) analysed intelligence of endangered species smuggling, and found that Chinese suspects A and B bought pangolin scales from overseas, shipped them from Nigeria to Vietnam, and smuggled them into China. Xiamen Customs, under the co-ordination of the General Administration of Customs, informed the Vietnamese Customs authority of the suspicions and they started a joint operation.

The General Administration of Customs sent a request for information to the Chinese FIU (CAMLMAC), resulting in the FIU identifying 1,830 large-value transaction reports and suspicious transaction reports involving 17 relevant entities. This financial intelligence helped customs understand the organizational structure of the smuggling group and identify the scale of smuggling activities. The main transaction methods were cash deposits and withdrawals, online bank transfers and third-party payments.

In March 2019, on the basis of the intelligence provided by Xiamen Customs, Vietnamese customs seized 8.25 tonnes of pangolin scales in a container declared as imported plastic in Haiphong, Vietnam. Coordinated by the General Administration of Customs, Xiamen Customs, together with the other four provincial customs and police departments, also launched a domestic operation, arresting eight suspects and seizing further evidence. The case is ongoing in court.

CASE 8

Bilateral Co-Operation Leading to Large-Scale Seizures

► SUMMARY OF THE CASE

In early 2019, Singapore received a tip from Fuzhou Customs and Xiamen Customs of China regarding an illicit shipment of pangolin scales travelling from Nigeria to Vietnam, which was due to transit through Singapore. Based on this information, in April 2019, Singapore stopped two large shipments (25.6 tonnes) of pangolin scales. Following the seizure, Singapore shared information with China through mutual legal assistance channels.

Subsequently, in July 2019, Singapore seized another container containing 11.9 tonnes of pangolin scales and 8.8 tonnes of elephant ivory, based on intelligence provided by Nanning Customs of China. Once again, through mutual legal assistance, information prepared by Singapore was handed over to the Chinese authorities. In both instances, this bilateral information exchange helped China to pursue its investigations, leading to arrests of suspects of Chinese nationality based in Africa and Vietnam.

Singapore sent information relating to the seizures to other relevant countries via INTERPOL and CITES. Singapore's wildlife crime investigators also sought financial intelligence through its FIU. However, there was no evidence, including intelligence and information from foreign counterparts, of any links to ML in Singapore and hence no ML investigation could be pursued.

Effective bilateral co-operation between China and Singapore over a sustained period led to the seizure and confiscation of pangolin scales with an estimated monetary value of USD 109.1 million and ivory estimated to be worth USD 1.3 million. All wildlife products were destroyed.



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