



The Illegal Wildlife Trade is a global problem rather than a country specific or regional one. This is due to the supply and demand nature of this trade. As such financial institutions have an important role to play in reporting suspicious links both to the underlying trade and supply chain flows, but also concerning the concealment and flow of payment methods used by traffickers and their enabling parties.

The greater the level of information shared with Financial Intelligence Units (FIUs) by private sector organisations, the more chance FIUs have to develop perpetrator profiles as well as understand links to other serious crimes, such as corruption, trade based money laundering, fraud, drugs trafficking and people trafficking.

According to a report by ECOFEL looking at financial investigations associated with wildlife crime, global FIUs have reported low levels of financial investigations into wildlife crime. 78% of FIUs in their survey had not conducted any analysis of STRs related to wildlife. A 2021 study of financial institutions in South Africa by SAMLIT, shows a very similar picture, with 55% of the institutions surveyed saying that they had not investigated any IWT related cases over the last 3 years.

Penalties for wildlife crime globally remain low, with some governments issuing small fines or warnings. A UNODC analysis of 432 wildlife crime cases from 19 jurisdictions reveals that only 7% of all reported cases resulted in a conviction with prison sentences. In contrast, money laundering offences can carry significant financial and criminal penalties for the perpetrators (as well as the financial institutions if they fail to detect or report suspicious activity).

By looking at the Illegal Wildlife Trade through a financial crime lens and filing reports of suspicious financial activity, organisations can help raise barriers for traffickers.

Reporting Challenges

There are many reasons why FIUs are reporting low levels of IWT related STRs being submitted by financial institutions. These include:

- Actual vs perceived level of risk: Some jurisdictions assign a low level of risk of links to the Illegal Wildlife trade in their National Risk Assessments and so detection of IWT can sometimes appear as a lower priority. In addition, the risk of other crimes can often be more prevalent / threatening to financial institutions than the illegal wildlife trade. In our research interviews, respondents cited other threats such as corruption, cyber crime or fraud as higher up their agendas than the illegal wildlife trade.
- FIUs are reporting an increase in defensive STRs as the global profile and media attention of IWT increases. The quality of defensive STRs is often low.
- Levels of awareness of IWT as a financial crime remain comparatively low, although this is increasing thanks to clear guidance from international bodies such as the FATF as well as PPPs such as United for Wildlife.
- Transactions pertaining to IWT can involve small amounts of money which can be harder to detect and may involve cash or payment platforms and technology (e.g. social media based payments & cryptocurrencies).
- Red flag indicators can often be quite specific to different species or products involved and so more difficult to parameterise into automated systems.
- A common practice of co-mingling can make it very hard for financial institutions to detect suspicious transactions. This is especially true from a trade finance perspective, where industry professionals may never physically see the goods being traded. It is estimated that only 2% of containers in the world are currently inspected.

SAMLIT Review of STRs

In June 2020, the South African Anti-Money Laundering Integrated Task Force (SAMLIT) established an expert working group (EWG) on IWT, with a view to increasing the knowledge about the financial flows linked with IWT supply chains among financial institutions, law enforcement and prosecuting authorities.

In 2021, SAMLIT conducted an in depth analysis of all IWT related STRs filed between 1st April 2019 and 31st March 2020. This included 201 STRs that were associated with 63 law enforcement investigations and 118 STRs identified with known IWT keywords. This research highlights some of the challenges financial investigators face when monitoring their clients and client activity:

- IWT actors are diverse, ranging from poachers to couriers, buyers, exporters, importers, wholesalers and retailers.
- Financial flows are often hard to detect due to the extensive use of cash (both inward as cash deposits as well as outward as ATM withdrawals). The research also found that money movements tended to be in small amounts.
- IWT actors are using false references when making deposits. Analysis showed that some of the deposits linked to IWT cases had customer explanations such as “villa payment”, “happy”, “secret”, “moola”, “mampies” and “crypto currencies”. This makes it harder for automated systems to spot particular transactional red flags.
- Analysis of the STRs also indicated a broad range of payment methods, from electronic payments, card purchases, casino spend and money remittances described as ‘gifts’.
- In the absence of other data, many of the reports filed were based on adverse media findings, which may not catch all or many of the different actors within the illegal wildlife trade.

It is also interesting to note that the analysis also showed that links to corrupt officials or PEPs did not appear in the STRs filed, despite this being known as a major route of facilitation in the Illegal Wildlife Trade.

Reference: [Financial flows associated with Illegal Wildlife Trade in South Africa](#), SAMLIT, November 2021.

CASE STUDY

Key reporting recommendations

As part of this research we canvassed the opinions and current practices of many hundreds of financial sector professionals across Africa, the Middle East and Asia. We also reached out to FIUs and law enforcement agencies to really understand what they are looking for in terms of detail and quality of suspicious activity reports they receive.

To help tackle the illegal wildlife trade, intelligence sharing between financial institutions and law enforcement agencies needs to be well coordinated. Different countries will have specific suspicious transaction reporting templates and requirements, and it is important to consult your local jurisdiction's specific requirements. However there is clear guidance from international bodies and industry associations from both an AML/CTF perspective and across the financial sector.

For law enforcers to build up a case, it is important they have as much information as possible so that they can analyse this intelligence in a meaningful and effective way. However, if all details are not available, submit what you have. Some information is better than none. Ensure that any report is clearly labelled as IWT and includes the words Illegal Wildlife Trade, as this will aide searches by FIUs.



United Nations Office on Drugs and Crime

Section 21 of the UNODC “Model Provisions on Money Laundering, Terrorist Financing, Preventive Measures and Proceeds of Crime” makes it clear that all financial institutions have an obligation to report where there is reasonable grounds for suspicion:

- Financial institutions, designated non financial businesses and professions, and their respective directors, principals, officers, partners, professionals and employees, that suspect or have reasonable grounds to suspect that any property:
 - (a) is the proceeds of crime, or
 - (b) is related or linked to, or is to be used for, terrorism, terrorist acts or by terrorist organisations or those who finance terrorism.

Reference:

Model Provisions on Money Laundering, Terrorist Financing, Preventive Measures and Proceeds of Crime (for common law legal systems). UNODC, April 2009.

https://www.unodc.org/documents/money-laundering/Model_Provisions_2009_Final.pdf

Financial Action Task Force (FATF)

FATF Recommendation 20 refers to the Reporting of Suspicious Transactions and makes it clear that this is an obligation for all financial institutions:

- The reference to criminal activity in Recommendation 20 refers to all criminal acts that would constitute a predicate offence for money laundering or, at a minimum, to those offences that would constitute a predicate offence, as required by Recommendation 3. Countries are strongly encouraged to adopt the first of these alternatives.
- All suspicious transactions, including attempted transactions, should be reported regardless of the amount of the transaction.
- The reporting requirement should be a direct mandatory obligation, and any indirect or implicit obligation to report suspicious transactions, whether by reason of possible prosecution for a money laundering or terrorist financing offence or otherwise (so called “indirect reporting”), is not acceptable.

Reference:

International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation: The FATF Recommendations, updated October 2021.

The Wolfsberg Group

The Wolfsberg Group highlights the obligation to report suspicious activity and recommends building up information on the suspicious activity utilising information gathered from the three lines of defence where possible, including any details of the review and decision rationale for the STR with the relevant authorities.

A common theme across all of these is that the quality of suspicious transaction reports is paramount to enable law enforcement to gain a fuller picture of:

- The reason for suspicion that an individual or entity is directly or indirectly involved in the Illegal Wildlife Trade.
- An understanding of who is doing what.
- Who they are/were doing it with.
- When they are/were doing it.
- Why they are/were doing it.
- Where they did it.
- How they are doing it.

Reference:

The Wolfsberg Group, ICC and BAFT Trade Finance Principles, 2019 amendment.

CASE STUDY

**Nigeria FIU**

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

Reference: <https://www.nfiu.gov.ng/Home/AdvisoryGuidance>

Guidance: Basic structure of a STR

STRs should be clear and concise, clearly explaining the rationale behind the reason for suspicion and the context of why the report is being submitted.

- **Content:** make sure you have clearly identified why you believe there is a potential link to the Illegal Wildlife Trade. Separate the supporting data (eg: customer and bank account/transaction information) from the outline of the criminal links.
- **Structure:** your explanation in a logical format including all relevant information. Provide a chronological sequence of events. Keep the content clear, concise and simple, avoiding any acronyms and jargon – they may not be understood by the recipient and are open to misinterpretation. If describing a service provided or technical aspect of your work, please provide a brief synopsis in your STR to aid the reader.
- **Format:** Do not write the report in capital letters – this can make it harder to read. If including a large amount of information/text, break it up into more manageable – and readable – paragraphs. Very long STRs which are text heavy are difficult to read. Use punctuation.

It is important to clearly outline the reasons for suspicions.

Try to answer:

- Who is involved?
- How are they involved?
- What is the criminal property (illegal wildlife or associated products) or links to the illegal wildlife trade you are describing?
- What is the value of the assets or funds involved (estimated as necessary)?
- Where are the assets / funds?
- When did the circumstances arise or when are the circumstances planned to happen?
- How did the circumstances arise?
- Why you are suspicious or have particular knowledge.



CASE STUDY



UK FIU

The National Wildlife Crime Unit (NWCU) offers a tailored service to law enforcement agencies, a central resource for intelligence, analysis and investigative support. Priority areas include: badger persecution, bat persecution, bird of prey persecution, freshwater pearl mussels, poaching, Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and recently cyber enabled wildlife crime.

Analysis of the IWT related SARs received by the UKFIU shows that online sales platforms and social media sites have been mentioned in SAR data to sell species, enabling products to be traded under false names or narratives. Species listed online, from the SAR dataset analysed by the UKFIU, included animal skulls, ivory listed as ox bone, bird species, whale and dolphin bone and tiger/wild cat skins. Disguising the true nature of the product being sold seemed to be a common occurrence. The SAR data also shows that the UK helps fuel the trade of endangered bird species by buying, selling and acting as a source and transit destination for many species, from parrots to goshawks to taxidermy birds. Animal skulls were also referenced in the data – skulls from tigers, jaguars, rhinos and primates. In 2021 police discovered 80 illegally imported alligator heads during a search in the West Midlands, England. Other species, including sea turtles and their shells, tortoises, exotic, rare and tropical fish, including glass eels and their derivatives, also featured in the dataset.

Reference: NCA, November 2021. [SARs in Action](#).



Useful Resources

- ECOFEL, January 2021. Financial Investigations into Wildlife Crime.
<https://egmontgroup.org/en/content/ecofel-financial-investigations-wildlife-crime-report-now-available-0>
- SAMLIT, November 2021. Financial flows associated with Illegal Wildlife Trade in South Africa.
https://www.fic.gov.za/Documents/SAMLIT_IWT%20Report_November2021.pdf
- UNODC & APG, 2017. Enhancing the Detection, Investigation and Disruption of Illicit Financial Flows from Wildlife Crime.
https://www.unodc.org/documents/southeastasiaandpacific/Publications/2017/FINAL_-_UNODC_APG_Wildlife_Crime_report.pdf
- NCA, November 2021. SARs in Action.
<https://www.nationalcrimeagency.gov.uk/who-we-are/publications/578-sars-in-action-november-2021/file>