

FATF



How can the private sector help stop money laundering from illegal wildlife trade?

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**Illegal wildlife trade** is a major transnational organised crime, which **generates billions of dollars** of criminal gains each year. To move, hide and launder their illicit proceeds, wildlife traffickers exploit weaknesses in the financial and non-financial sectors, enabling further wildlife crimes and damaging financial integrity.

**The private sector** has a crucial role to play in combatting financial flows from the illegal wildlife trade. Wildlife traffickers use services provided by financial institutions, including banks, payment institutions, as well as non-financial institutions, such as dealers in high-value goods (e.g. art, antiquities, auction houses, and other collectibles) to move and hide their illicit proceeds.

Wildlife traffickers are using “established” methods to launder their proceeds, including using placement and layering of funds through the formal financial sector, purchasing real estate and luxury goods and using money value transfer systems. They are using front companies, often linked to the import-export sector but also the legal wildlife trade, to co-mingle licit and illicit proceeds. Increasingly, they are also using online marketplaces, and mobile and social media based payments methods.

By understanding their financial risks and exposure to the illegal wildlife trade, the private sector can take measures to stop wildlife traffickers from misusing their services. By understanding the money laundering threats posed by wildlife traffickers, the private sector can also take informed steps to detect and report suspicious financial activity to the public sector. This will help trigger investigations or support ongoing criminal investigations and identify the wider network of criminal syndicate leaders and financiers involved in the illegal wildlife trade.



# THE FATF STANDARDS

The FATF Standards\* provide a robust framework of measures for **financial sector** and **non-financial sector**

## Assessing the risks



Financial and non-financial institutions (also known as “reporting entities”) should identify, assess, and take effective action to address their money laundering and terrorist financing risks. They should report behaviour and/or transactions with suspected links to illegal wildlife trade to the country’s financial intelligence unit. (Recommendation 1)

Reporting entities should carry out customer due diligence when establishing business relationships, when carrying out transactions in certain circumstances, when they have suspicion of illegal wildlife trade activity, and when they have doubts about previously obtained customer identification data. (Recommendation 10)

## Customer due diligence



## Detecting suspicious activity



If a reporting entity suspects or has reasonable grounds to suspect that funds are the proceeds of a criminal activity such as illegal wildlife trade, it should report this to the financial intelligence unit. Given the scale of the illegal wildlife trade and the money laundering risks of these proceeds, the number of suspicious transactions generally reported is very low. (Recommendation 23)

Identifying and disrupting financial flows linked to illegal wildlife trade requires collaboration between the public and private sector, particularly with different stakeholders that do not usually work together on money laundering investigations. Public-private partnerships are a valuable solution to bring relevant environmental and financial experts together.

## Public-Private Partnership



## Private-Private Information Sharing



Information sharing amongst the private sector is essential in identifying and reporting financial flows linked to illegal wildlife trade. The FATF’s measures allow financial institutions to share information with each other in the context of *correspondent banking, money value transfer services, wire transfers, third-party reliance and internal controls and foreign branches and subsidiaries*. (Recommendation 13, 14, 16-18)

\* [www.fatf-gafi.org/recommendations.html](http://www.fatf-gafi.org/recommendations.html)

# RISK INDICATORS

The FATF report *Money Laundering and the Illegal Wildlife Trade* highlights a number of example situations that could demonstrate or suggest suspicious activity. However, one risk indicator alone, without additional information about the client or transaction, is not sufficient to suggest illicit activity.



## Clients (individuals and corporates) are:

- involved in international trade companies, including import-export, freight forwarding, customs clearance, or similar, operating in long high-risk corridors or ports for illegal wildlife trade supply and demand with raw or squared wooden logs, plastic waste or pellets, frozen food, fish maws, various kinds of beans, stone or quartz blocks.
- using common containers, consignees, transporter, clearing agents, or exporters as seen in other suspected illegal wildlife trade cases.
- in an activity involving politically exposed persons and wealthy business persons, particularly those with environmental, game, or forestry oversight or environmental or wildlife-related businesses
- involved in private zoos, breeders, (exotic) pet stores, safari companies, pharmaceutical companies making medicines containing wildlife, wildlife collectors or reserves and other legal wildlife-related entities.
- corporate clients domiciled in jurisdictions where criminals frequently transit through, or sell, illegal wildlife.





## Transactions and client account include:

- large cash or other deposits, wire transfers, multiple cash deposits and withdrawals, and/or unexplained wealth from government officials working in forestry agencies, wildlife management authorities, zoo and wildlife park employees, or CITES Management Authorities (CMAs).
- excessive cash, deposits and withdrawals, and/or unexplained wealth from government officials involved in management or oversight of government stockpiles of seized illegal wildlife products.
- shipments of legal wildlife (fauna and flora) with anomalous, incomplete, or otherwise suspicious CITES certificates.
- transactions using names of ingredients or products in the traditional medical trade that refer to CITES species.
- illogical or anomalous loans between trading or import/export companies in key illegal wildlife trade source or transit countries.
- switched bills of lading by traders previously implicated in criminal activity involving wildlife trafficking or trade fraud investigations or prosecutions.
- transactions with discrepancies in the description or value between the shipping documents and the actual goods shipped.
- illogical or anomalous purchases, payments, or other transactions related to gold trading from business accounts of clients. *Payments for wildlife shipping are often masked as payment for gold or to gold trading business.*
- escrow-type transactions from/to accounts and companies with same beneficial owner in particular for payment of cross-border and transcontinental shipments.
- transactions for hired vehicles and domestic accommodation from known members of a trafficking syndicate who are not present in the country or region within a country.
- third-party wire transfers/cash deposits to, or withdrawals by, known wildlife poachers and traffickers.
- transaction references using specimen names or veiled speech.
- transactions between licensed pet shop suppliers/breeders and known wildlife poachers and traffickers.



- transactions to licenced pet shop suppliers/breeders that originate from overseas, and/or incommensurate with stated business activities.
- large transactions to licenced pet shop suppliers/breeders where there are significant discrepancies between the animal/product ordered and the value of the good.
- large dollar wire transfers between wildlife farms and firms operating in inconsistent lines of business. *Particularly payments with firms that produce goods which may be used as “cover loads” to hide illicit wildlife products (e.g. manufacturers / traders of coffee, tea, beans, or used clothing).*

The **private sector** has an important role in detecting suspicious activity, and reducing opportunities for wildlife traffickers to misuse their financial or non-financial services to launder their gains.

With the world becoming increasingly interconnected and online wildlife markets expanding, countries will need to work together with private sector and civil society to combat this threat.

**Before it is too late.**

