



Case Closed? Why We Should Review Historic Wildlife Trafficking Cases from a Financial Perspective

Alexandria Reid and Tom Keatinge

Based on a recent exercise in Lao People's Democratic Republic, this Newsbrief explores the value of revisiting historic wildlife cases from a financial perspective.

It is a sad fact that, even today, enforcement action against the illegal wildlife trade (IWT) usually begins and ends with a seizure of illegal wildlife products. Financial investigations – routine for other serious crimes – are seldom undertaken for IWT. In recent years, however, a growing consensus has emerged that financial approaches need to be mainstreamed into all IWT investigations. This includes not just the identification of illegally acquired assets and the possibility of forfeiture, but the use of financial intelligence in ongoing investigations.

Financial investigations are a labour-intensive but absolutely essential tool in disrupting organised crime

Promisingly, many countries have shown a willingness to embed these techniques in their investigative procedures. But what these states often lack is the resources, knowledge and experience of inter-agency cooperation to put this enthusiasm into practice. Here, locally tailored, interactive and evidence-based capacity-building assistance is key.

The Lao People's Democratic Republic (Lao PDR), which in 2017

became one of the largest ivory markets in the region, has shown a willingness to incorporate financial intelligence into its investigations, taking several measures to improve their response to IWT. In November 2019, the Department of Forestry Inspection (DoFI) invited the World Wide Fund for Nature (WWF), TRAFFIC and RUSI to pilot a new capacity-building exercise in the form of a multi-agency review of two contemporary wildlife trafficking investigations. This Newsbrief explores some of the outcomes of this exercise and the potential value of conducting similar reviews in other contexts.

The Illegal Wildlife Trade in Lao PDR

IWT in Lao PDR is dominated by sophisticated, well-funded and regionally networked organised crime groups (OCGs). In January 2018, the US Treasury Department issued sanctions against the so-called 'Zhao Wei' transnational OCG for their alleged involvement in money laundering and the trafficking of wildlife and narcotics through the Kings Roman Casino, situated in the Golden Triangle Special Economic Zone in Lao PDR. Furthermore, a UN Office on Drugs and Crime assessment, published in July 2019, suggests that wildlife trafficking networks in Southeast Asia are decentralised, but 'often well-organized and involve highly specialised actors at various stages of the trafficking, each

involving their own methods, routes and markets'.

Elephant ivory, for example, is mostly trafficked into landlocked Lao PDR from Vietnam and Thailand – two other regional IWT hotspots with global significance. According to Save the Elephants, until 2016, up to 90% of all large-volume ivory consignments shipped into Vietnam previously would have been moved directly to China, but in 2017 these hauls were increasingly diverted from Vietnam to large urban areas in Lao PDR. From there they are sold in predominantly Chinese-owned retail outlets to predominantly Chinese tourists, who are often bussed in by complicit tour guides. These shops not only advise customers on how to evade customs controls as they travel back over the border, but also offer door-to-door shipping for larger items, with payments often taken via WeChat or card in person. In some cases, payment is taken only when the goods have safely arrived.

Encouraging Signs: The Changing Nature of Legislation and Enforcement in Lao PDR

In the past, Lao PDR took a fragmented approach to tackling IWT, particularly those cases involving illegal products originating from outside the country, and domestic timber trafficking. In 2016, the Secretariat of the Convention on International Trade in Endangered Species of Wild

Lao PDR has become a leading market for the illegal ivory trade. Most of this ivory flows from Africa to Vietnam and then overland to major urban centres in Lao PDR. Chinese tourists are the biggest market for ivory sales. Courtesy of tonyo_au/pixabay.



Fauna and Flora (CITES) concluded that the country's laws were too 'vague, ambiguous or inadequate to tackle the problem' of wildlife trafficking. The same report also criticised the absence of any prosecution for wildlife trafficking between 2012–16.

Recognising this threat to its international reputation, the government of Lao PDR has taken [several measures](#) over the past three years to combat IWT by improving the regulatory environment. This includes the promulgation of a new Penal Code (May 2017, with proclamation on 17 October 2018), raising penalties to a maximum of LAK 10 million (\$1252), with imprisonment terms of three months to five years for domestic wildlife trafficking offences. Crucially, given the nature of the threat in Lao PDR, the Penal Code also introduced provisions specifically designed to target transnational organised crime; individuals operating as part of an OCG will now face imprisonment for five to 10 years, and a fine triple the value of the item in question. Moreover, in 2015, Lao PDR introduced environmental crime, illicit

trafficking and smuggling as [predicate offences](#) to money laundering – making financial investigations possible in wildlife trafficking cases.

Although this has not yet resulted in any publicly reported wildlife-focused financial investigations, this legislative reform has been accompanied by an increase in enforcement action more broadly. Issued on 8 May 2018, Prime Minister Order No. 05 (PMO5) directed Ministers, Heads of Ministry-Equivalent Organisations, the Vientiane Capital Governor and Provincial Governors across the Lao PDR to take strict action on wildlife law enforcement, including compliance with national laws and international legal frameworks such as CITES. According to WWF, there has been a subsequent '[dramatic reduction](#)' in the open trading of illegal wildlife products, including ivory, pangolin and rhino products following PMO5. In 2018, DoFI and the Environmental Police reportedly carried out 15 specific law enforcement actions, with the value of products seized exceeding \$750,000.

More recently, the Prime Minister's office endorsed PM90, which

established a taskforce of senior officials to oversee all issues relating to anti-money laundering (AML) and financial crimes. On 8 January 2020, the taskforce issued Instruction No. 1, encouraging investigating authorities to pursue AML charges and financial investigations in IWT cases. While these positive strides do not negate the fact that there is [much more to be done](#) to close IWT markets in Lao PDR, they represent an important indication of the willingness of the Lao PDR authorities to make a more concerted effort to tackle IWT as a form of transnational organised crime – an objective that demands the integration of financial investigations to be successful.

Lessons Learned: Piloting Interactive Multi-Agency Case Reviews in Lao PDR

At the invitation of DoFI, in November 2019, WWF, TRAFFIC and RUSI convened a multi-agency case review of two recent ivory trafficking investigations. This proactive approach is in line with Lao PDR's commitment

to developing ‘[needed competencies](#)’ to tackle IWT, as reaffirmed in its National Ivory Action Plan Progress Report in 2018.

The agencies involved in the exercise included DoFI, relevant Provincial Offices of Forest Inspection, the Economic Police and the Anti-Money Laundering Intelligence Office (AMLIO). All agencies except AMLIO are members of the LAO-Wildlife Enforcement Network (LAO-WEN), the national inter-agency coordination mechanism for wildlife crime, which has been given new momentum under PMO5 and is currently chaired by DoFI. LAO-WEN is currently supported by ‘P-WEN’ models in most of the provinces in Lao PDR. Guided by an experienced financial investigator, the exercise aimed to:

- Identify missed opportunities for financial action during the original investigations.
- Discuss the application of Lao PDR’s AML and financial crime architecture to wildlife trafficking.
- Encourage further use of financial investigation by local agencies.
- Explore the role of domestic agencies in combating wildlife trafficking as a financial crime.
- Establish first steps for triggering a financial investigation.
- Encourage inter-agency working across government.
- Demonstrate the effectiveness and impact of financial investigations to encourage and support further policy development.

The investigations selected by DoFI for review were chosen based on the types of cases frequently and typically confronted by wildlife crime investigators in Lao PDR. To maintain confidentiality and the ability to pursue further action against the individuals

identified in the course of these investigations, the tactical details of these cases are not discussed in this article. While follow-up actions are not the aim of such reviews, participants were encouraged to consider options for further action under Lao PDR’s AML and financial crimes legislation.

The role of financial investigation in identifying and disrupting wildlife crime has grown in profile in recent years

For the purposes of this analysis, the two selected cases are identified as Case A and Case B. Case A involved the seizure of less than 100 kg of ivory, as well as smaller volumes of pangolin scales and rhino horn, from a retail establishment. Case B involved the seizure of less than 5 kg of ivory, also from a retail establishment.

By using familiar and real investigations in a closed-door setting, participants were able to have candid discussions about where opportunities to collect financial evidence are commonly missed in cases of a similar nature. For instance, participants noted that in all future cases involving retailers, documents such as receipts, logbooks, inventories and invoices should be seized at the scene. Card readers, as well as QR codes used to take WeChat payments, were examples of physical evidence that should be collected at the scene. Guided by the facilitators, participants were able to reflect on the value of developing financial intelligence to better understand criminal networks, even if these leads are not used in evidence.

Practical policy recommendations also emerged from the workshop. It was observed, for example, that to guarantee effective inter-agency cooperation, AMLIO could join LAO-WEN and provide guidance on the application of the relevant Lao PDR financial crime legislation.

AMLIO could also potentially provide future training on the identification, handling and assessment of financial evidence and in turn encourage the private sector, including financial institutions, to report on typologies associated with wildlife crime. By returning to the initial stages of each investigation, participants gained a practical knowledge and understanding of how a financial investigation should be initiated, and the roles of each of their respective agencies. In turn, the facilitators provided supporting guidelines on what types of cases are most suitable for financial investigation.

In line with the principles of these guidelines, formal requests are being made to the Central Public Prosecutor’s Office to reopen and allow financial investigations into both cases examined in November 2019. To ensure the sustainability of this approach, on 31 December 2019, the Director-General of DoFI established a dedicated team within the department to coordinate all financial crime investigations and prosecution relating to the environment.

Conclusions

The role of financial investigation in identifying and disrupting wildlife crime has grown in profile in recent years. A financial response to wildlife crime featured [prominently](#) in the 2018 IWT London Conference, and the Financial Action Task Force (FATF) – the global AML standard setter – has [committed to](#) focusing on the financial dimension of wildlife crime over the next year.

There are several excellent examples of government and NGO-led studies that use a financial investigation approach to identify broad strengths and weaknesses at a national level. These include the Wildlife Conservation Society’s 2018 study of judicial proceedings in the [Republic of Congo](#), with a similar analysis conducted in [Zimbabwe](#) by Space for Giants. Expanding this model to consistently include a financial analysis would be valuable,

and where studies such as these have already been performed, these cases could be revisited from a financial perspective to generate new leads.

Multi-agency case reviews are also an opportunity to guarantee ongoing interaction and community building between the agencies needed to run successful financial investigations. Where best practice or areas for improvement are observed, feedback from such exercises may provide agencies such as financial intelligence units or national wildlife authorities with a justification for the application of specialist resources to future wildlife trafficking cases. This validation is especially important where these techniques have not led to 'concrete outcomes' such as asset recovery, which remains out of reach for many countries.

Documenting evidence of best practice in the financial investigation of wildlife crime is a key output for the FATF's programme of work under its Chinese Presidency this year. Financial investigations are a labour-intensive but absolutely essential tool in disrupting organised crime. It is time they were used in all IWT investigations. Case reviews such the one conducted in Lao PDR are a practical way of improving the response to IWT as a financial crime.

Alexandria Reid

Alexandria is a Research Analyst in the National Security Studies group at RUSI.

Tom Keatinge

Tom is the Director of the Centre for Financial Crime and Security Studies at RUSI.

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