



SAMLIT
South African Anti-Money Laundering
Integrated Task Force

FINANCIAL FLOWS ASSOCIATED WITH **ILLEGAL WILDLIFE TRADE IN SOUTH AFRICA**

November 2021













The work of SAMLIT has been commended by **His Royal Highness, The Duke of Cambridge, Prince William**, in his role as President of the Royal Foundation's United for Wildlife, which has supported the expert working group on illegal wildlife trade.

In a letter to SAMLIT, Prince William wrote:

"This report and related initiatives by SAMLIT and the expert working group are great examples of how - by bringing the public and private sectors together - we can deliver a significant blow to the growing illegal trade in wildlife that is such a threat to our planet. I hope other countries will follow the leadership and commitment shown by you and your colleagues in South Africa, and I look forward to our continued partnership."

ACKNOWLEDGEMENTS

The research contained in this report was conducted, and this report prepared, by the expert working group (EWG) of the South African Anti-Money Laundering Integrated Task Force (SAMLIT), with input from the following members and partners:

 Absa Group Limited	 Capitec Bank	 Citi South Africa	 Financial Intelligence Centre
 FirstRand Group	 Focused Conservation	 Investec Limited	 Nedbank Limited
 Standard Bank Limited	 Standard Chartered South Africa	 United for Wildlife	 Western Union South Africa

The report was made possible by valuable and in-depth contributions from experts and those deeply involved in the combatting of illegal wildlife trade. Whilst it is not possible to name all the contributors, the EWG acknowledges and has profound appreciation for their assistance.

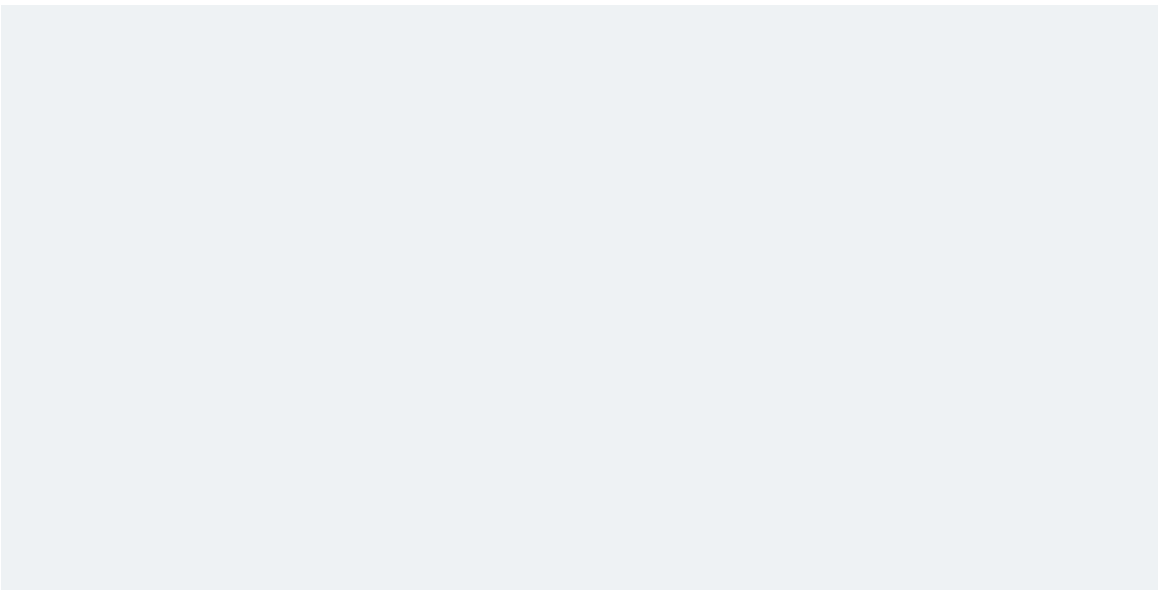
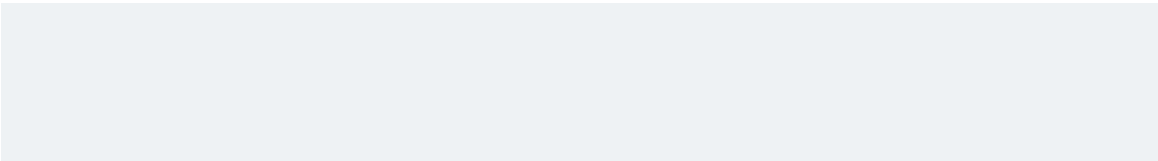
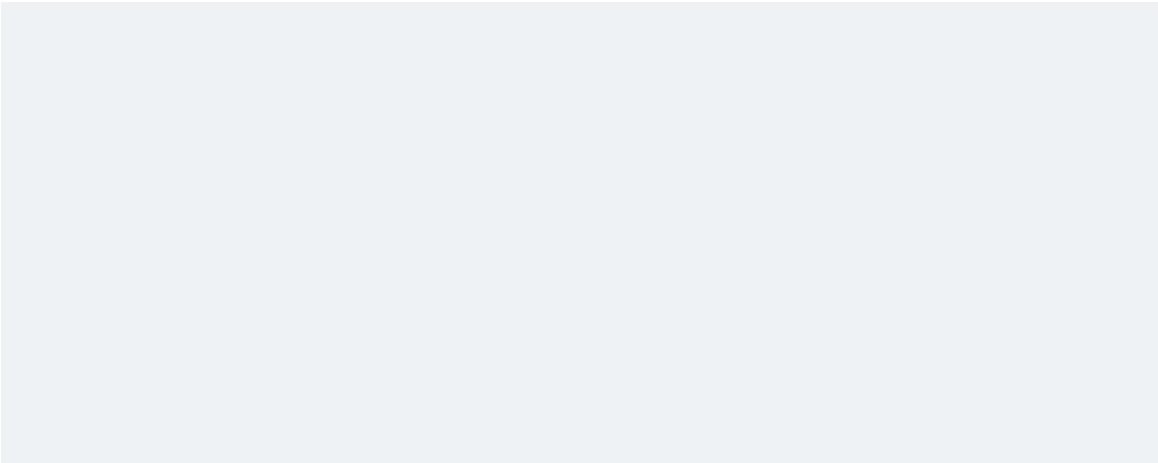
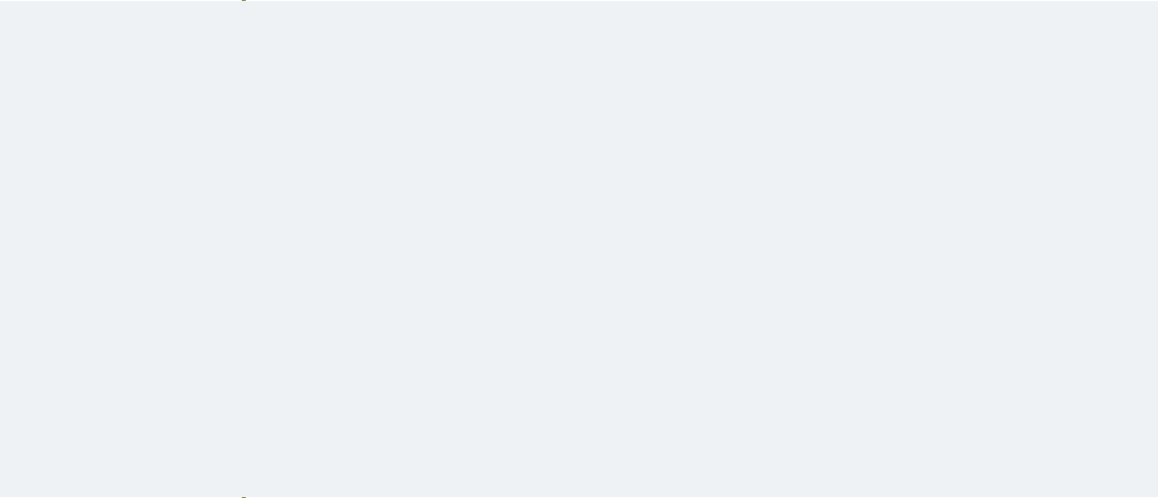
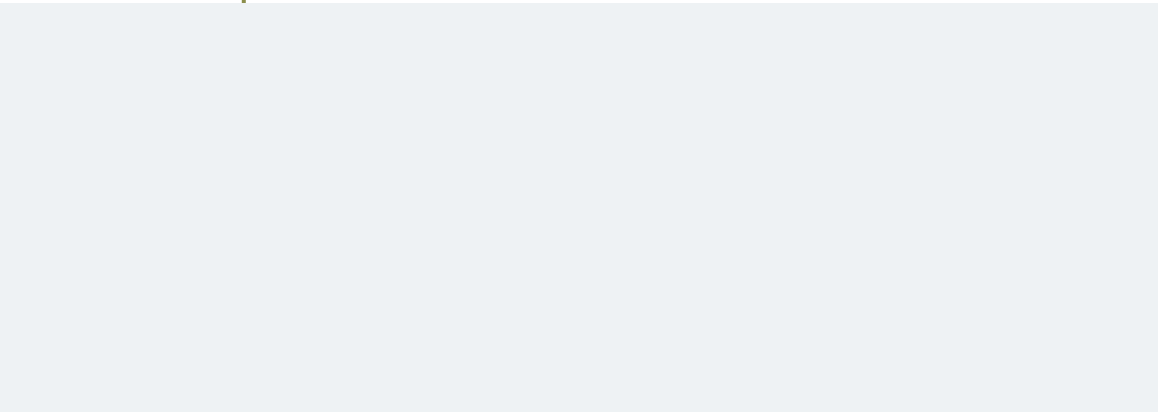
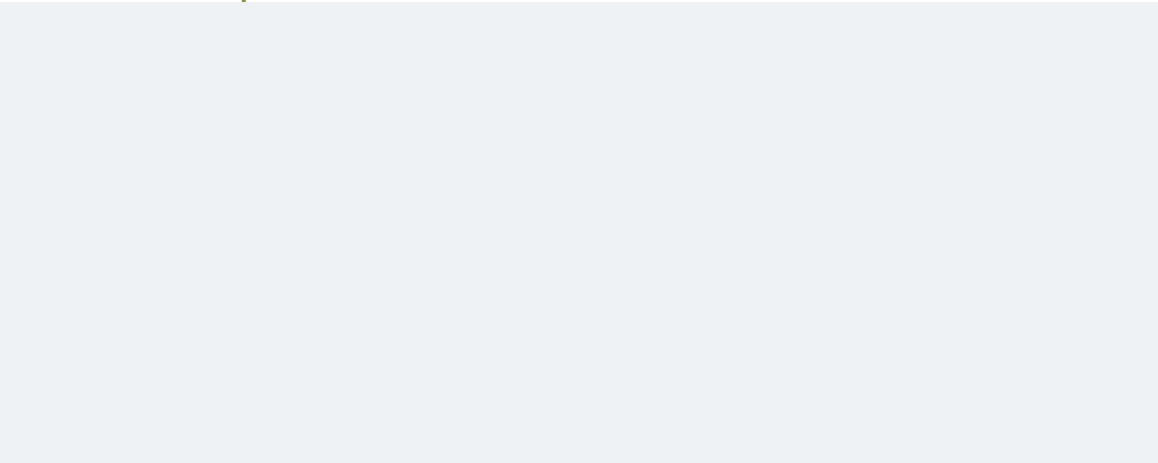
DISCLAIMER

The information contained in this report is provided for the purposes of raising awareness of wildlife crimes and its associated financial flows. The report is based on information collected through research and has not been independently verified.

GLOSSARY

AML	Anti-money laundering
DFFE	Department of Forestry, Fisheries and the Environment
DPCI	Directorate of Priority Crime Investigation of the South African Police Services
EFT	Electronic Funds Transfer
ESAAMLG	Eastern and Southern Africa Anti-Money Laundering Group
EWG	Expert Working Group of SAMLIT
FATF	Financial Action Task Force
FIC	Financial Intelligence Centre
IWT	Illegal Wildlife Trade
MSB	Money Service Business
OECD	Organisation for Economic Co-operation and Development
RTC	Real Time Clearing
SAMLIT	South African Anti-Money Laundering Integrated Task Force
SAPS	South African Police Services
SAR	Suspicious Activity Report
SARS	South African Revenue Service
SIU	Special Investigation Unit
STR	Suspicious Transaction Report
TOG	Tactical Operations Group

CONTENTS



EXECUTIVE SUMMARY

Illegal wildlife trade (IWT) is one of the most profitable criminal enterprises worldwide, but only recently has the focus shifted to investigating and understanding the associated financial flows.



INTRODUCTION AND BACKGROUND

Valued at anywhere between \$7- and \$23 billion per annum¹, illegal wildlife trade is quoted by the World Economic Forum as one of the most profitable criminal enterprises worldwide, alongside arms dealing, drugs, and human trafficking, yet it lacks prominence as a financial crime.

In South Africa, by way of example, between **January and December 2019**, 332 arrests were made, and more than 57 major investigations completed for rhino poaching and rhino horn trafficking alone. These investigations led to 139 convictions, with sentences ranging from two to 15 years, with another six convicted felons receiving sentences of over 15 years². From **January to December 2020**, however, rhino killings declined sharply by 33%³, arrests dropped to 156 and investigations to 25. It is understood that the reason for this trend was that Covid-19 hard lockdowns curtailed the movement of products, within South Africa and internationally. On a positive note, convictions for 44 out of 45 verdict cases were obtained - a 98% conviction rate. Between **January and June 2021**, however, the Kruger National Park alone experienced 715 poacher incursions, resulting in the poaching of 132 rhino and one elephant, and leading to the arrest of 40 alleged poachers. Countrywide, arrests for rhino poaching and trafficking for the same six month period already stand at 125, with a loss of 249 rhinos. During this time, 14 cases were completed, leading to 20 convictions - a 93% conviction rate.⁴

Until recently, there has been limited attention given to investigating and understanding financial flows associated with IWT. Instead, offenders have been prosecuted for predicate offences such as poaching, possession, or trafficking of wildlife products. As a result of this limited focus on the financial side of IWT, authorities have not been effective in identifying and disrupting illegal networks, or in prosecuting higher-level offenders who operate in criminal organisations involved in IWT.

The South African Anti-Money Laundering Integrated Task Force (SAMLIT) was established in December 2019 as a collaborative public-private partnership between the regulatory authorities, represented by the Financial Intelligence Centre (FIC), the Prudential

Authority of the South African Reserve Bank, and the domestic and international financial institutions registered in South Africa. SAMLIT's objectives include assisting in combatting financial crime, effectively and efficiently, and enhancing a collective understanding of financial crime trends.

In June 2020, 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 setting its objectives, the EWG elected not to include flora in their investigation to limit the scope of the research. The EWG recognises the devastation caused by illegal logging, cycad trading and the rapidly escalating succulent trade, amongst others, and the significant value of these illegally traded products.

The work done by the EWG was not intended to repeat the work already done by various bodies or interest groups, and it drew its insights from a number of reports, most prominently those presented by ESAAMLG⁵, OECD⁶, FATF⁷ and TRAFFIC⁸, details of which are included in **Annexure 1.5**.

The objectives of the EWG were to:



Increase knowledge among financial institutions, law enforcement and prosecuting authorities about the financial flows linked with common IWT supply chains.



Assist financial institutions in identifying red flag indicators regarding financial flows that may be associated with IWT.



Encourage effective coordination between financial institutions and law enforcement in identifying and disrupting financial flows connected to IWT.



Increase the prospects of success in detection, financial investigation and money laundering prosecutions linked to IWT.

SNAPSHOT OF WILDLIFE TRADE IN SOUTH AFRICA



PRODUCT FLOWS

Wildlife and wildlife products from South Africa are in high demand globally, with China and other Asian countries representing the largest markets. Criminal networks have established a supply chain on the movement of illegal wildlife products through various stages, from source to poaching, and then through various transit points until reaching the consumer at its destination. Ultimately, the end-user is the enabler of the whole chain, as the demand for these products drives the crime and related prices.

Organised crime groups operate as global multinational businesses, connecting local resources to global markets through complex and interlinked networks. These networks facilitate the movement of illegal trade in wildlife through various channels from source to destination.

Wildlife criminals use a variety of concealment and smuggling techniques, relying on complex routes to avoid detection. Trade in illegally obtained wildlife also converges with other illegal products, such as narcotics or arms, and other criminal activities, for example, collusion and bribery.



ACTORS

The organised crime ecosystem comprises many layers in the supply chain. Role players extend from local and professional poachers, to intermediaries working alongside corrupt government or municipal officials and informants, to source and facilitate the flow of illegal commodities along various routes. Logistical networks, including politically connected export firms, coordinate the consolidation, shipment and onward international export, clearing or import of the illegal commodity.

Often, the product is co-mingled with other commodities such as sugar, maize, or fuel to disguise the wildlife product. A combination of individuals and businesses facilitate trade at all levels, from local middlemen and women dealing in small quantities, or corrupt officials taking advantage of bribes to supplement their income, to small-scale exporters seeking extra profits by including a consignment of the illegal goods in their regular activities.



FINANCIAL FLOWS

The range of financial flows varies immensely, depending on where in the supply chain the transaction takes place. The key observations cited in this report provide further context on the most common mechanisms used to transfer funds between actors in the supply chain.



RESEARCH METHODOLOGY

In addition to conducting research into existing reports and reference documents to understand existing available literature on financial flows connected to IWT, the EWG's approach included four main streams:



INTERVIEWS



Interviews with a selection of individuals and organisations, ranging from informed sources and investigators in the wildlife industry, to government organisations such as the Department of Forestry, Fisheries and the Environment (DFFE), the South African Police Service's Directorate of Priority Crime Investigation (DPCI) and non-profit organisations investigating IWT, such as TRAFFIC and Global Initiative. The intention was to better understand the wildlife crimes and gather any insights on associated financial flows.

SURVEY



A survey among South African banks and money remitters to gain insight into their understanding of IWT and identify the extent to which their existing anti-money laundering (AML) control frameworks have been adapted to detect and mitigate the risk of IWT.

ANALYSIS



In-depth analysis of suspicious and unusual transaction and activity reports (STRs/SARs) conducted by the FIC, to gain insight into the characteristics of actors, sources of funds, financial flows and payment methods associated with wildlife crime. The objective was to inform the profiles that could be used by accountable institutions to calibrate their transaction monitoring capabilities to better detect potential IWT-related transactions and improve intelligence.

CASE REVIEWS



Retrospective case review workshops of past IWT cases with the FIC, DPCI and financial institutions, to test the effectiveness of such workshops as a mechanism to identify trends, profiles, or typologies, as well as transfer knowledge and foster collaboration between the financial institutions and law enforcement.

KEY OBSERVATIONS

While this research did not seek to explore the actual wildlife crimes that precede any financial crime, many engagements led naturally to a discussion on how wildlife and wildlife products are poached and trafficked from South Africa.

What was striking were the views expressed by contributors to this research as to the **simplicity and ease with which both wildlife and financial crimes are committed**.

The latter can be ascribed to an incomplete understanding around IWT and its associated financial flows, the **suspected use of informal financial schemes** such as Hawala, **and payment with mechanisms that evade the formal financial system** such as barter trade, casino chips, or simply the use of cash. The extent to which front companies are implicated in IWT crimes is alarming, especially those linked to import and export activity and cash-intensive businesses.

Survey respondents and interviewees named the **accurate identification of IWT-related financial flows** as the biggest challenge facing financial institutions, given the similarities with other crime types, and the co-mingling of transactions associated with legitimate business. Much reliance is placed on adverse media screening, at best a reactive control.

The research done by the EWG, particularly the mining of previously filed suspicious and unusual transaction and activity reports by the FIC, was vital in developing our understanding of the profiles and financial behaviour of IWT criminals. By combining this information with other data sets, the EWG gained insight into the profile of the IWT criminal (e.g. occupations, industries and entity types), an idea of transactional behaviour and transaction values, and IWT location hotspots. These are included in this report as annexures. As the EWG applied its learnings, it became clear that using the indicators in a single dimension would likely produce too many results, and so users of this report and its annexures are encouraged to **test combinations of these indicators** to create multi-dimensional views of potential criminals, and identify which

combinations are most effective. Some examples have been included in the [annexures](#).

Transaction monitoring and analysis, combined with related financial investigations, are essential in understanding the financial flows associated to IWT. Although not yet at optimal levels this plays an important part in identifying the role-players and complex structures operating in South Africa. It further assists in helping to establish the relationships and links across the supply chain – for example, individuals or businesses conducting financial transactions on behalf of the main syndicate members.



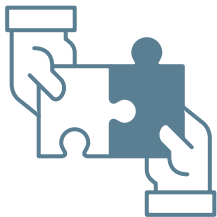
It is, however, reassuring to see the extent to which this transnational crime has been elevated in both public and private sector, in recent years. We note:



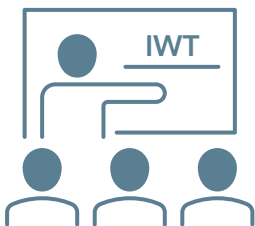
The growing trend among law enforcement, prosecutors, and government agencies to **examine the financial flows more closely**. Indeed, some mentioned that financial flows have now become one of the primary points of their investigations, as they can expose wider networks, aid in identifying and prosecuting syndicate leaders, and lead to longer sentences for those convicted of IWT crimes.



Where possible and applicable, **charges of money laundering and racketeering** are included in the charge sheet once a suspect has been arrested.



Law enforcement and prosecuting authorities continue to evolve their understanding of the financial flows and typical amounts associated to the different levels in the IWT supply chain, and are excited about the prospects of **collaborating with the FIC and financial institutions** to improve this understanding mutually.



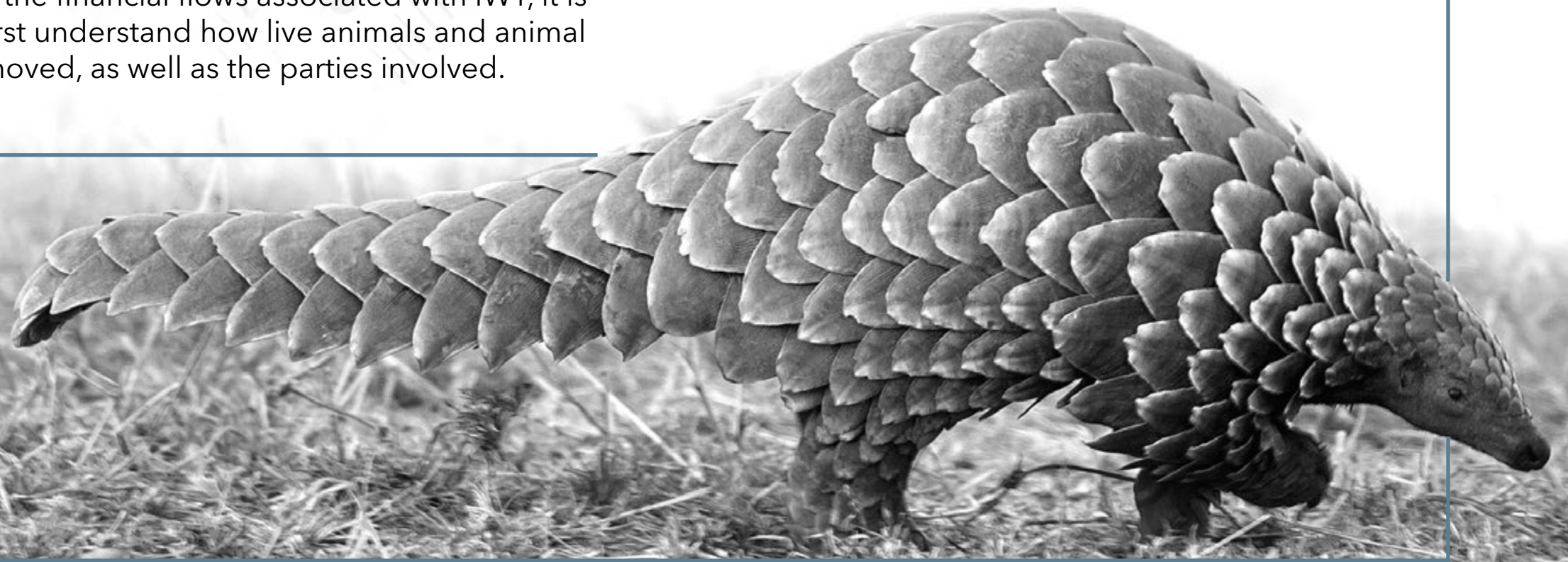
Of the survey respondents, 41% of financial institutions indicated that they have created **training and awareness programmes** specific to IWT for their investigators.

The EWG also collaborated with the FIC to expand the environmental crime categories on the FIC's reporting system, goAML, to enable better categorisation, by accountable and reporting institutions of STRs/SARs related to such crimes, which includes IWT.

One of the biggest gains made by the EWG was enabling **collaboration between law enforcement and the private sector**. Even within the private sector, there is little collaboration between different industries – for example logistics companies and financial institutions. Many contributors support the idea to create a broader, ongoing interest group to foster such ongoing collaboration. Members of the EWG have begun to explore the mechanics to facilitate such collaboration.

UNDERSTANDING WILDLIFE TRADE IN SOUTH AFRICA

To understand the financial flows associated with IWT, it is important to first understand how live animals and animal products are moved, as well as the parties involved.



COMMODITIES

Africa is one of the world's richest suppliers of IWT, and South Africa plays a devastating role as both source and transit country for the trafficking of illegal wildlife products every year. The most popular products originating in the country include rhino horn, abalone, and pangolin, with ivory being moved through South Africa in transit to the East.

RHINO HORN

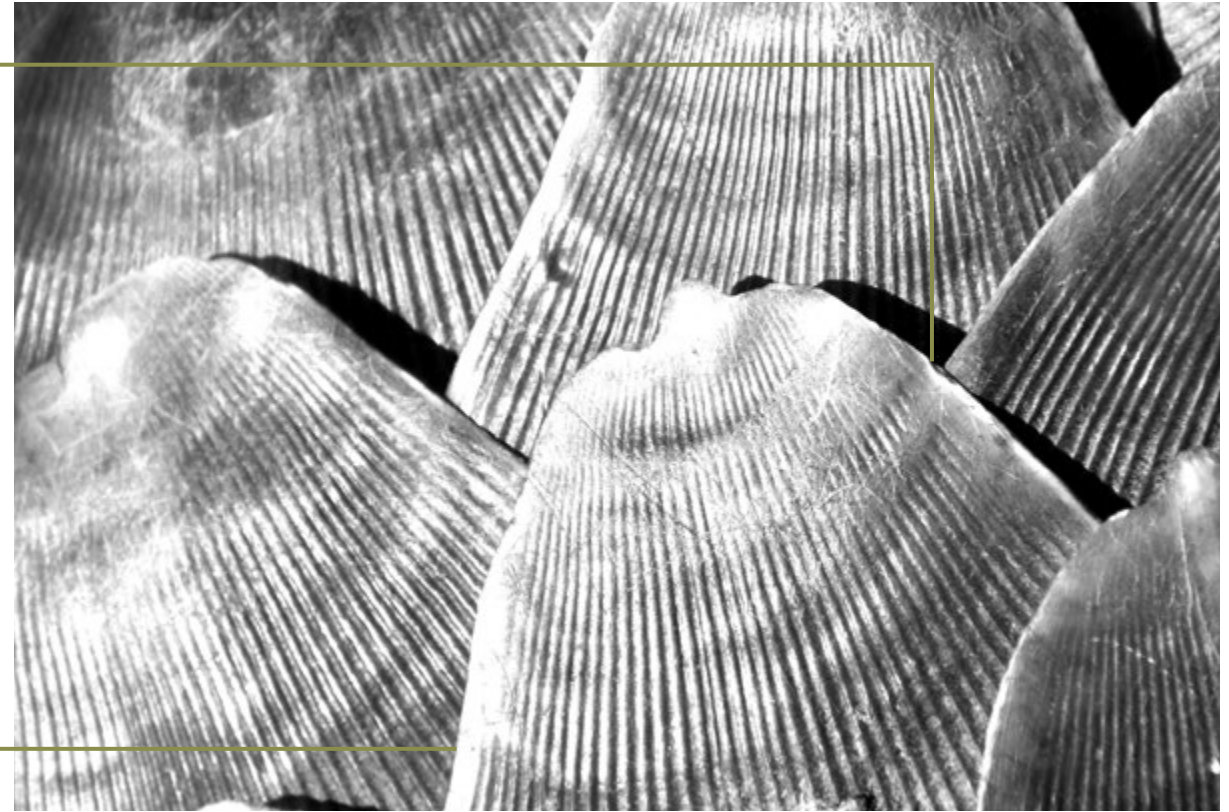
Most of the illegal rhino horn entering the market originates in South Africa, which holds approximately 80% of the world's last remaining rhino. According to the DPCI, **the methods of smuggling rhino horn out of South Africa have, to date, not been sufficiently exposed**, with most poaching incidents identified as having occurred in the Kruger National Park. This is contiguous with Limpopo National Park in Mozambique, where many rhinos were taken by Mozambican poachers easily entering, traversing, and exiting the two parks.

The market for rhino horns is greatest in Far Eastern countries, specifically China and Vietnam. Live animal traffickers tend to use direct flights to transport the animals, but rhino horn traffickers are more likely to move contraband through circuitous routes and airports, which they regard to have inadequate detection methods and insufficient knowledge on smuggling methods. Rhino horn traffickers are also able to exploit legal loopholes for the import and export of trophies, smuggling rhino horn or other illegal wildlife products as legal wildlife commodities. Poachers and traffickers in the Xaysavang Network (an international wildlife trafficking syndicate facilitating the killing of endangered elephants, rhinos, pangolins, and other species, for products such as ivory and rhino horn²) had horns from poached rhinos mounted as hunting trophies for export by taxidermists. The trophies provided the cover for getting the horn from South Africa into Asia, where it entered the black market as rhino horn for medicinal purposes.¹⁰



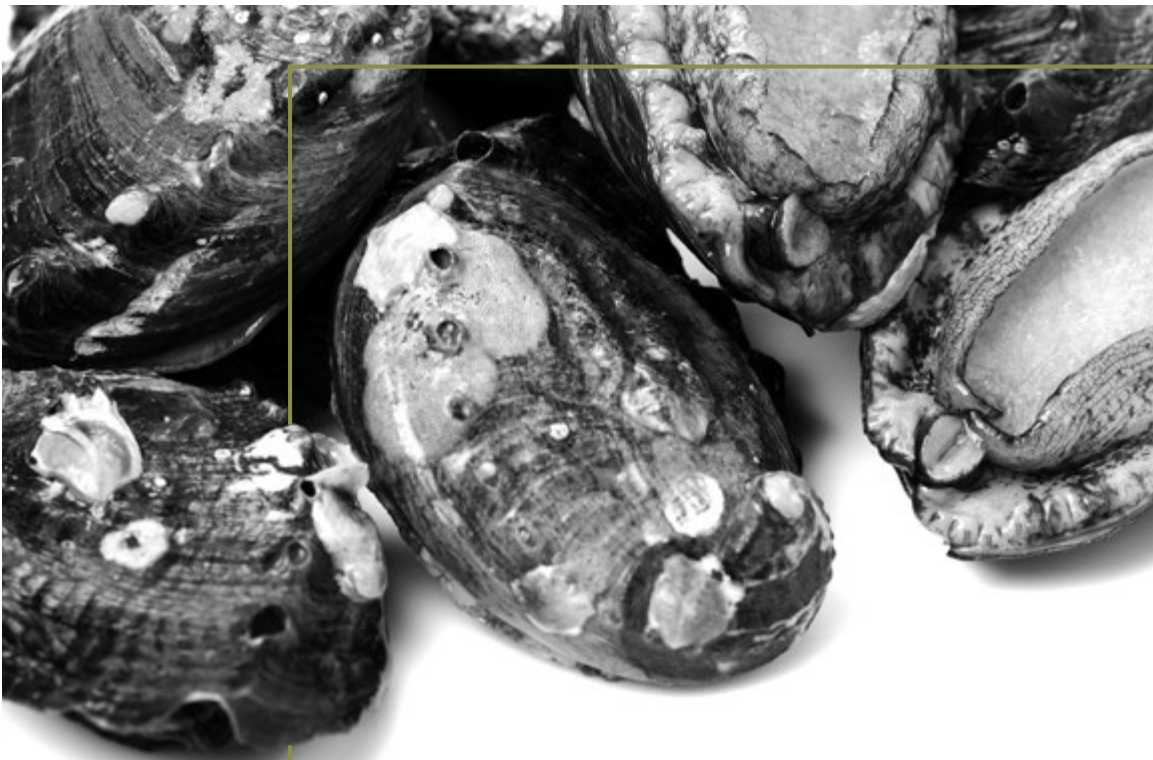
PANGOLIN

Pangolins are currently the most trafficked wild animal. Their meat is considered a delicacy, their scales are used in traditional medicine and their skin processed into leather products. Little information exists on the global trafficking routes used to transport these pangolins, but leading non-governmental organisation, TRAFFIC, identified China and the United States of America to be the most common destinations for international pangolin trafficking, while Europe was identified as an important transit hub for African pangolins. Whole animals were significantly more likely to be transported by land, relative to the other transport modes and commodities, and large-quantity shipments involving whole animals tend to be exclusively traded within Asia.¹¹



ABALONE

Abalone is easily smuggled out of South Africa thanks to the porous borders between the country and its neighbours, enabling large volumes of contraband to be transported without detection. Abalone, whether obtained legally or illegally is in high demand in East Asia, where it is considered a status symbol and a delicacy. Hong Kong forms the epicentre of the international trade, importing shipments from South Africa, Australia, Indonesia, Japan, and a handful of other countries to supply a booming local market, with secondary importers occurring in markets like China, where there is increasing demand for high-end products such as abalone.¹² Lesotho is a high priority for the transportation of abalone in bags, disguised to resemble a bag of potatoes. The abalone are then transported to Zimbabwe, and on to the Far East, notably China and Vietnam.



PRODUCT FLOWS

South Africa's biggest wildlife reserve, the Kruger National Park, is home to many of the largest populations of wildlife and endangered species in the world. As such, it is confronted with an alarmingly high rate of illegal activity, suffering devastating wildlife losses to poaching, despite the implementation of expensive and intensive protection measures. This is due, in part, to the extreme poverty of those living alongside the Kruger National Park, as well as widespread corruption.

Poachers target animals in demand by higher-level syndicate members. Once the animal has been captured, or the animal part poached, it changes hands, often many times, before reaching its ultimate destination.

When the contraband is being transported to its destination, it moves through various routes to avoid detection and obscure its origin. It can be disguised in various ways, being wrapped in tin or aluminium foil, to prevent X-ray scanners from producing clear images and obfuscating ivory, rhino horn, weapons and ammunition. Contraband can also be concealed with legitimate cargo, hidden in luggage, in taxidermy, inside logs, in the trunk of a car, in public transport or air freight, and has even been found disguised inside boxes of wine, custom-made clothing or hair rollers. Containers holding illegal products are frequently switched from one vessel to another, with the illegal trade of the contraband taking place at various ports.¹³ **Large shipments are less likely to be scrutinised and allow the IWT to move more freely, evading custom controls through fraud, forgery, and bribery of officials.**

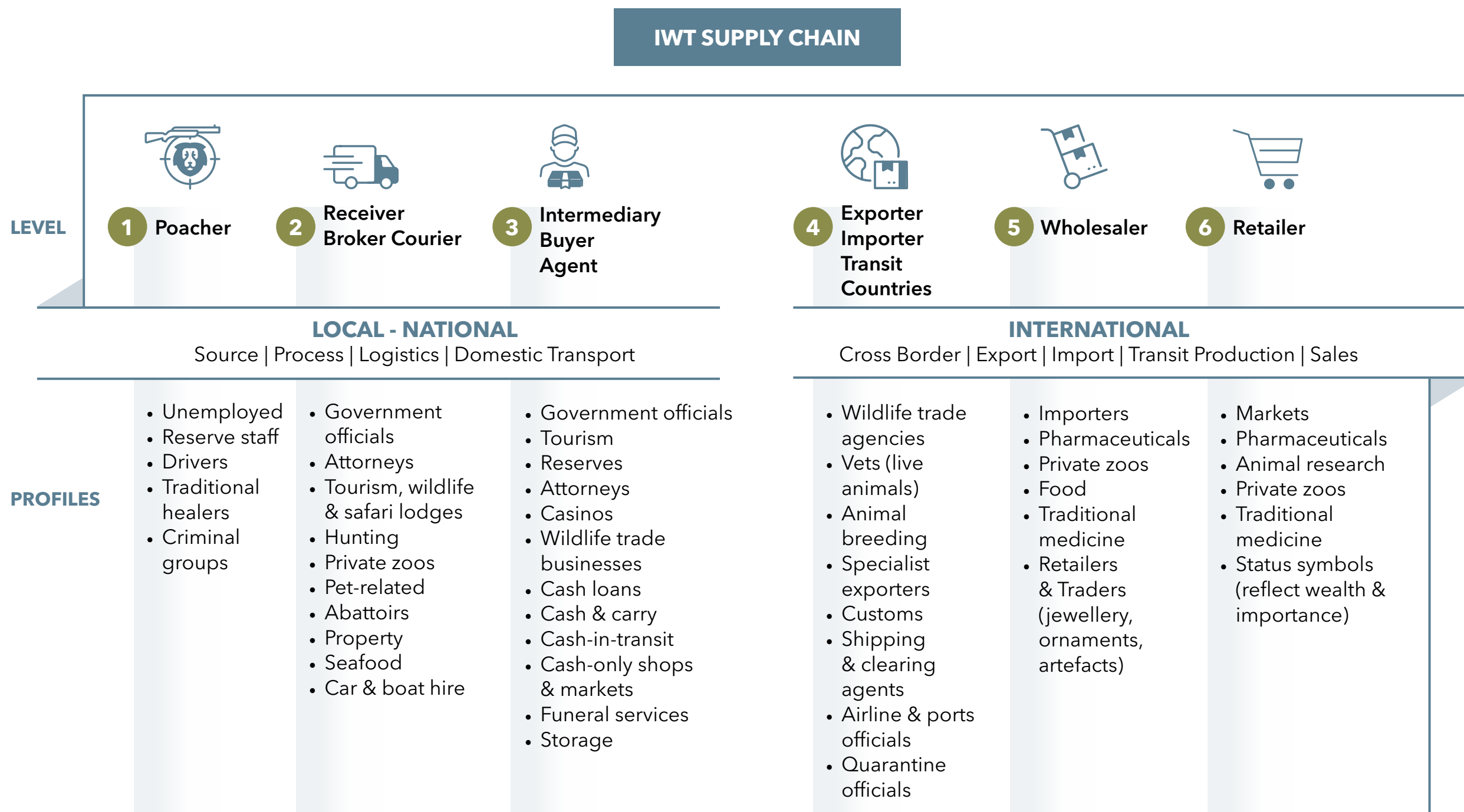
IWT is often blended with various other crimes for the supply chain to operate undetected while maximising profitability. In South Africa, Chinese Triad gangs active in trafficking abalone to Asia also have longstanding drug and human trafficking operations. Abalone trafficking has become intertwined with other forms of organised crime through a transnational market.¹⁴

In some countries, **wildlife laws only protect animals indigenous to their jurisdictions**, and thus wildlife or plant products originating from other countries can be moved legally. This creates a haven for traffickers to use these destinations as transit hubs. Routes used by other illicit networks are also used for wildlife trafficking, where it is often found together with weapons or drugs. In some instances, goods are bartered as payment (e.g. the sale of illegal wildlife for drugs) making it very difficult to trace illicit activity unless it is picked up by public officials at ports of entry or exit. Syndicates frequently rely on a network of complicit officials, including custom officials, immigration, or port personnel, across source, transit and destination countries in order to avoid detection. Syndicates often engage with prospective buyers through private groups on social media platforms or via encrypted mobile messaging platforms.



ACTORS IN THE VALUE CHAIN

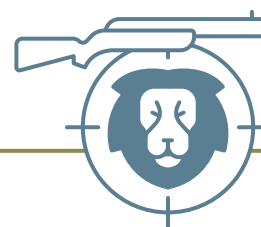
Through research and interviews, approximately six levels, or actors, in the end-to-end IWT supply chain have been identified.



Variations of these actors occur all the time – in some instances, levels three and four can appear to be a joint venture with level three organising the IWT and level four exporting the goods. At other times, levels four and five will be involved in export. One exception highlighted in the interviews was the notorious Ndlovu gang¹⁵, which comprised a syndicate of about five family members, who conducted all roles themselves, with devastating success, and without any formal syndicated support.

Syndicate leaders seldom source the product, relying rather on local controllers in source countries, who oversee the illegal sourcing of wildlife from local poachers, breeders, or farmers. The paymaster, not the kingpin, manages the sourcing, collection and payment to the poachers and all lower-level facilitators.

POACHERS



Poachers make relatively high returns for their illegal activity but are the lowest paid in the entire value chain, despite the high risks involved. At this level, **poverty is a major driver for wildlife crime**, with poachers poorly educated, and living in poor communities, unable to sustain and support their families. Social pressure exists to join gangs and gang members' lifestyles become aspirational. These individuals tend to operate within the reserves and are solicited to assist in sourcing products. Syndicates have been known to offer loans to poachers for their families, luring them in and allowing them to accumulate debt to sustain their loyalty.

According to the DPCI, **gangs of poachers are known to often enter through the western border of the Kruger National Park**, with the assistance of South African citizens who know the area. To avoid army patrols, some poachers cross legally from Mozambique, and stay with relatives or accomplices in South Africa, before entering the park.¹⁶ Poachers operate mostly at night, in groups of three and four, with full moon a favourite time to be out looking for wildlife. A typical group would comprise one man carrying a rifle (borrowed or hired, and fitted with a silencer if available), a second with an axe or machete and a third with a few provisions. Occasionally, they may include a member armed with an AK-47 assault rifle. In most instances they carry cell phones, but no radios or night vision equipment. They hunt in jeans and

t-shirts, some barefoot or wearing running shoes and sandals instead of boots.¹⁷ Poachers from poor communities do not have the resources of professional poachers, and will usually attack the wildlife from up close, immobilising the animal and removing the horns roughly using an axe or similar tool. Professional poachers have well-structured operations, using high technology methods such as tranquiliser guns, helicopters, veterinary drugs, cyanide poison and high calibre weapons, including firearms with silencers. These poachers rely primarily on middlemen higher up in the value chain for weapons, ammunition, and night goggles. These intermediaries also support the poachers with transport and intelligence.

Illegal abalone harvesting in South Africa is highly organised and usually controlled by organised crime groups managing drug trafficking too. Abalone poachers are colloquially called divers.

Recently, there has been an increase in divers in the Eastern Cape, a major source of supply for illicit abalone.¹⁸ Throughout the Western and Eastern Cape, abalone poacher networks appear to be very structured, with buyers and middlemen paying divers, and divers paying their own assistants and service providers. These would include carriers and spotters and, in the case of boat-based operations, skippers, deck assistants, and boat owners.¹⁹

TRANSPORTERS



Transporters typically involve intermediaries, who often act as a connector, collecting product from multiple poachers, packaging them, and passing them to national centres for processing or export. To collect the raw product, they coordinate poaching events, maintain radio contact with poachers, collect horns and carry or transport them through secret routes to the point at which they pass them on to the next person in the distribution chain.

Domestically, common modes of transport noted at a municipal or provincial level include game reserve vehicles (game viewers and staff vehicles), and official or private vehicles of corrupt municipal staff and officials. **Goods moved between provinces tend to move by road.** Cash-and-carry vehicles are frequently used, usually accompanied by a “pilot vehicle” as a lookout along the road, as well as other, more inventive methods such as ambulances, hearses or funeral parlour vehicles. Motorcycles, car-hire and diplomatic vehicles are often quoted as chosen forms of transport.

Local intermediaries, such as packers and transporters, help to move the wildlife and prepare it for export. Local port facilitators ensure that the shipments make it through custom controls. The paymasters usually deal with the poachers and handle payments to the various role-players involved, ensuring funds are received and dispersed. These intermediaries usually organise the crime groups and facilitate the international smuggling, by using front companies and corrupt authorities.

Internationally, goods travel via air or sea shipment – often falsely labelled or declared as other merchandise. The product is often processed into items such as jewellery, carried in hand luggage, or concealed with other products such as engine parts, wine boxes, artwork or electronics. A favourite practice is to hide items with strong smelling products such as animal hides, dried fish or coffee, to conceal the aroma of the wildlife product or confuse sniffer dogs. Rhino horns tend to be moved to foreign countries through shipping containers by mainly Chinese and South African nationals who set up structures to move horns via the Congo and to China as the destination.

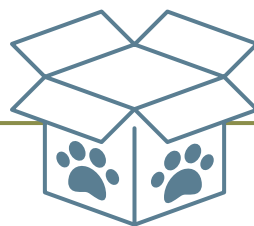
FRONT OR SHELL COMPANIES



Front or shell companies are mainly used in both source and destination countries by criminals for the IWT. Organisations operating and claiming to be engaged in protecting wildlife through a legal structure have, in some cases, been linked to IWT. These include zoos, wildlife farms, endangered species breeding facilities and captive breeding operations, that traffic in both legitimate and illegitimate products from South Africa. Legal breeders are known to launder wild animals through their facilities,

contributing to the difficulty in pinpointing illicit transactions and illegal activities. This can be for various reasons, such as a higher demand for wildlife than the quota of the legal trade allows. **Demand is the driver of the crime** and the high demand for these wildlife products will continue to drive illegal trade simply because of the lucrative nature of the business. Buyers also place higher value on illegal wildlife products when they are considered rare and uncommon, further driving up prices.

DESTINATION OR CONSUMER MARKET



The **destination or consumer market** is where the animals and their derivatives are sold to the end user, which typically involves catering and jewellery sectors, as well as food markets, farms, circuses, and pet stores, to name a few.

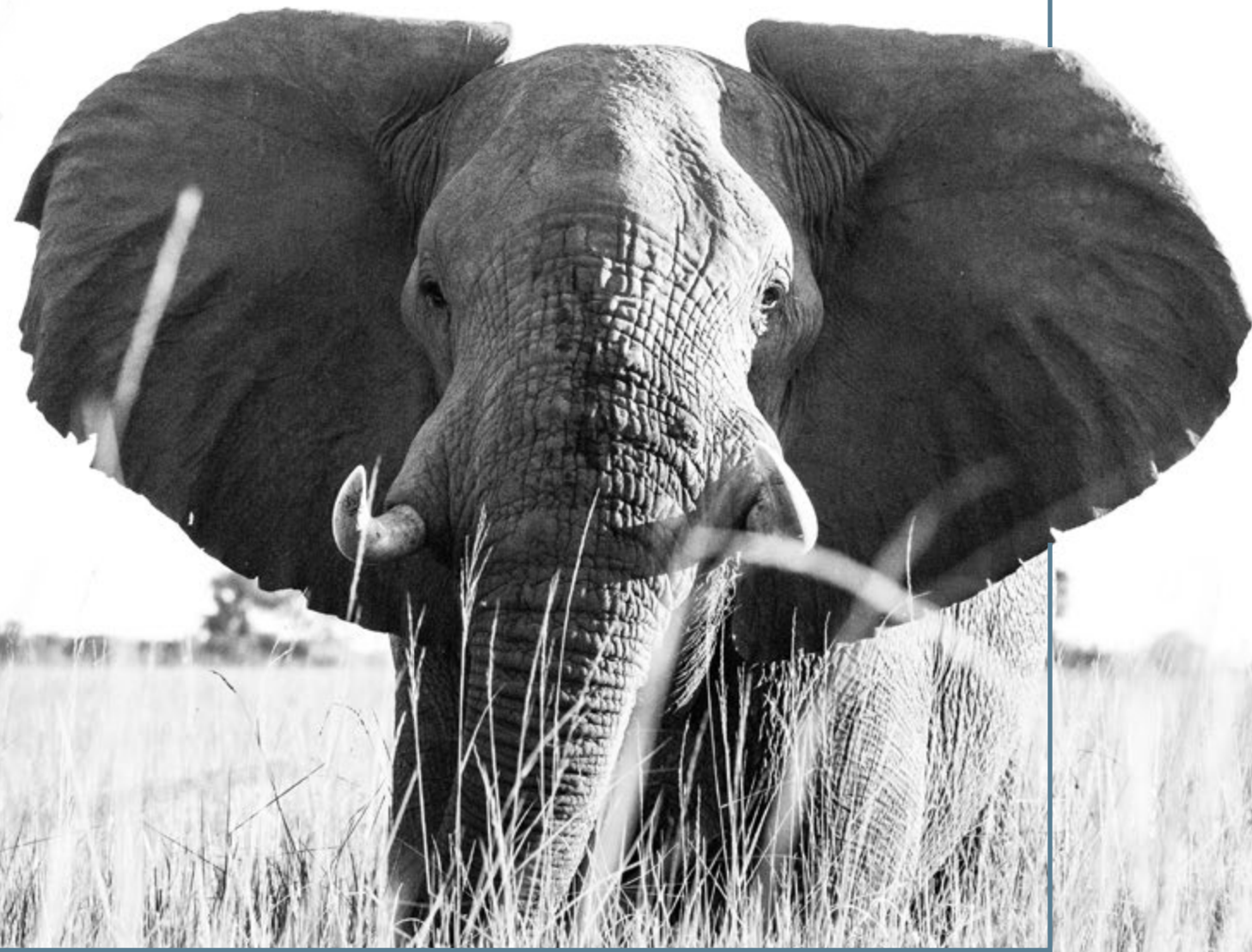
Many contributors to this research commented on the role of **corruption as a major enabler for IWT**. In a few cases in South Africa, rangers

entrusted with safeguarding wildlife were found to have killed, dehorned rhino, and transported the horns to the traffickers. It was said that by moving in government vehicles, they often were not subjected to searches. Corrupt facilitators enable the illegal trade in wildlife to occur by accepting bribes, issuing fake or forged CITES permits or licenses - or simply turning a blind eye to illegal activities.






RESEARCH METHODOLOGY

The overarching objectives of the EWG were to improve the understanding of financial flows associated with wildlife crimes and improve the collaboration between law enforcement, financial institutions, government agencies, and other affected organisations.



The EWG’s approach included four main streams:

Stream	Objective	Approach	Outcome
 STAKEHOLDER INTERVIEWS	To understand the IWT supply chain and associated financial flows in South Africa, and particularly to gain insights of any hotspots, product flows and transport practices.	Conducted interviews with selected individuals and organisations, ranging from informed sources in the wildlife industry, to government organisations such as the DFFE, DPCI and non-profit organisations investigating IWT, such as TRAFFIC and Global Initiative.	19 organisations interviewed
 SURVEY	To gain insight into the understanding and approach to IWT by banks and money remitters. To identify the extent to which their existing AML control frameworks are adapted to detect and mitigate the risk of IWT manifesting in institutions.	Conducted a short survey among South African banks and money remitters.	22 institutions responded.
 MINING OF SUSPICIOUS AND UNUSUAL TRANSACTION AND ACTIVITY REPORTS (STRS/SARS)	To gain insights into the characteristics of actors in the IWT chain, understand their transactional behaviours and provide insight that can help accountable institutions better calibrate their transaction monitoring capabilities.	The FIC conducted in-depth analysis of STRs/SARs filed previously by accountable and reporting institutions. The FIC provided its analysis of profiles, transactional behaviour, common trends and other thematic observations to the EWG as input into this report.	63 cases, 25 keywords, 1 792 individuals, 3 358 businesses, and names arising in the interviews as well as open-source data were reviewed.
 CASE REVIEWS	To test the effectiveness of multi-agency and private sector workshops as a mechanism to identify trends, profiles or typologies, as well as transfer knowledge and foster collaboration between the financial institutions and law enforcement.	Conducted a review and analysis of an IWT case by the FIC, DPCI and financial institutions.	A review of six suspects in an IWT case being investigated by the DPCI. DPCI, the FIC, five banks and two money remitters participated.



RESEARCH OUTCOMES

Wildlife trafficking has taken on the form of a transnational organised crime, akin to narcotics, human and arms trafficking.

STAKEHOLDER INTERVIEWS

The EWG interviewed representatives of 19 organisations spanning various industries and sectors involved in countering wildlife trafficking. The interviews focussed on understanding product flows and financial flows and explored the interviewees' perceptions of the effectiveness of control measures in place to combat IWT in the public and private sectors.



- Government agency - Domestic
- Government agency - International
- Intergovernmental agency
- Non-governmental - International
- Private Organisation - Conservation
- Private Organisation - Logistics
- Private Organisation - Other



THEMATIC FINDINGS FROM THE INTERVIEWS

Interviewees shared developments within their own organisations as well as those concerning wildlife trafficking and illegal trade. It was evident that wildlife trafficking has taken on the form of a transnational organised crime, akin to narcotics, human and arms trafficking. Noteworthy findings from the interviews are:



The breadth and depth of research conducted by domestic and international agencies and private conservation organisations has expanded, and the **availability of public research is raising awareness and knowledge** of the subject of IWT.



Government departments such as the DFFE have created multi-disciplinary teams, including analysts responsible for reviewing data received from national and provincial authorities, as well as other sources. Outcomes of these investigations are forwarded to law enforcement authorities for investigation, and where relevant, to the FIC for investigation, who may forward a request to financial institutions for further information.



The **logistics company** interviewed demonstrated an appreciation of how its services can be used to transport wildlife products both domestically and internationally. In response, training programmes and new reporting procedures have been implemented. Ideally, goods are inspected at the origin of their journey, and again only at transit or their final destination. According to the interviewee, many logistics companies keep blacklists of customers known or suspected to have trafficked wildlife products, to prevent such customers from using their services in the future.



Private sector organisations and NPOs have been established in response to poaching incidents, focussing on animal treatment, rehabilitation, and rewilding.



Private security firms and law enforcement authorities are more willing to collaborate with other parties affected by wildlife trafficking than previously. See “Other observations” ([page 46](#)).



Domestic and international government agencies are collaborating with DPCI to share information, resources and, where appropriate, putting extradition processes in place.



The role played by **casinos** was emphasised. In the first instance, they offer a payment mechanism for criminals via casino chips. Alternatively, acting as a legitimate business attracting investments from international companies (primarily Asian), they channel money into South Africa to pay for wildlife under the guise of legitimate flows between international investors and local casinos, often with Asian ownership.



Several interviewees held the perception that **attorney firms** are often used, perhaps unknowingly, to conceal proceeds from IWT in their trust accounts. They speculated that there was a lower likelihood of proceeds being detected among other client's funds held by attorneys in the same trust account. This has not been verified through the FIC's analysis of STRs/SARs filed by accountable and reporting institutions.

INDUSTRY SURVEY

ON IWT RISKS AND MITIGATION

The data collected from 22 banks and money remitters in South Africa provided insight into their understanding of IWT, associated financial crimes and the responses deployed by these institutions to combat IWT. It was reassuring that **50%** of the surveyed entities stated that they have **prioritised the combatting of financial flows associated with IWT**.

86%

Of financial institutions did not have a **specific system** in place to detect IWT

0%

No financial institution has investigators solely dedicated to IWT



46%

Engage external organisations to detect IWT



27%

Successfully identified IWT cases through external collaboration



LAW ENFORCEMENT

Engagement with law enforcement has been cited as the most beneficial external source to identify IWT-related cases

Risk mitigation controls used by financial institutions



Adverse media screening
82%



Training
41%



Transaction monitoring
47%

22
COMPLETED SURVEYS

59%
of financial institutions have not performed IWT-related **awareness training**

73%
of financial institutions have not performed a bespoke IWT **risk assessment**



KEY LEARNINGS FROM THE SURVEY

The most salient outcome from the survey responses provided was the **reliance placed on external intelligence** to support the identification of potential IWT risks within the financial institutions.

Institutions felt one of the best practices to address IWT was the **collecting and sharing of intelligence**. In contrast, cooperation, feedback, and pro-active intelligence sharing have been cited by respondents as a major challenge for investigation and prosecution, followed by perceptions of corruption and resource constraints.

The biggest challenge facing financial institutions was **accurate identification of IWT-related financial flows**, given the similarities with other crime types, and the co-mingling of transactions associated with legitimate business.

Most financial institutions have **between one and five investigators** focusing on IWT-related cases, but none have investigators solely dedicated to IWT. Of the financial institutions surveyed, 55% mentioned that they have not investigated any IWT-related cases over the last three years, with only 18% confirming that the cases reported led to successful prosecution of IWT offenders.

The **primary detection control** noted by the financial institutions was the screening of clients and parties to a transaction against adverse media databases. Some financial institutions emphasised the use of existing transaction monitoring technology to identify suspicious transactions that could potentially relate to IWT. However, the majority responded that they did not have a specific system in place to detect IWT.

Training and awareness have not been fully utilised to upskill investigators, with only 41% of financial institutions confirming the use of bespoke IWT awareness training to upskill staff tasked with detecting and investigating money laundering associated with IWT.

Finally, 27% of financial institutions responded that they had no strategies currently in place to encourage the **reporting of IWT** to the appropriate authorities.

The survey showed that **some progress has been** made in addressing IWT as a financial crime risk. However, it is not consistently prioritised across the industry, and further **upskilling is required** to effectively detect, disrupt, and deter IWT.



DATA MINING OF SUSPICIOUS AND UNUSUAL TRANSACTION AND ACTIVITY REPORTS



METHODOLOGY FOR DATA MINING

The FIC analysed suspicious and unusual transaction and activity reports (STRs/SARs), hereinafter referred to as “reports” in this section, filed by accountable and reporting institutions relating to IWT, to uncover the characteristics of actors, sources of funds, financial flows and payment methods associated with wildlife crime.

The Financial Intelligence Centre Act, 2001 (Act 38 of 2001) prohibits the FIC from sharing the contents of the regulatory reports it receives from financial and non-financial institutions. As such, the FIC provided only its observations and intelligence as an input into this report and at no time was the content of any STR/SAR report shared with other members of the EWG.





PREVIOUS IWT CASES

The analysis covered all IWT-related proactive and reactive financial intelligence reports produced by the FIC to law enforcement authorities from 1 April 2019 to 31 March 2020.

The FIC analysed **63 cases**, supported by 201 STRs/SARs related to environmental crimes. These reports identified 236 individuals, 204 entities and 124 accounts. The contents of the reports were then reviewed to identify common trends or role players connected to the cases and create relevant profiles from that information.



IWT-RELATED KEYWORDS OR INDICATORS

A search of the database, for the period 1 April 2019 to 31 August 2020, using **25 known keywords associated with IWT**, identified 5 071 reports containing the keywords. On analysis, 118 IWT-related reports and 266 potentially related reports were identified for further scrutiny.

Only the contents of the 118 IWT-related reports were used to extrapolate trends or role players, as no direct links could be made to IWT in the 266 reports considered potentially related to IWT.



RELATED ROLE PLAYERS

Occupations: The FIC's STRs/SARs database was searched for occupations typically associated with IWT, for example, individuals working in tourism or hospitality, veterinarians or pet shops, butchers, taxidermists, mining, managers or diplomats.

A total of **1 792 individuals** with occupations matching IWT-related keyword searches were identified. These individuals were matched to **265 STRs/SARs** and assessed for links to IWT crimes. Where links were established, the information was used in the profiling described below.

Business entities: The FIC's STR/SAR report database was searched for any business or entity with a name relating to the wildlife industry, for example, lodges, game farms, hunting, butchers, abattoirs, environmental consultants, national parks, veterinarians, or pet shops.

A total of **3 358 businesses or entities** matching IWT-related keyword searches were identified and matched to **278 STRs/SARs** and assessed for links to IWT crimes. Where links were established, the information was used in the profiling described below.

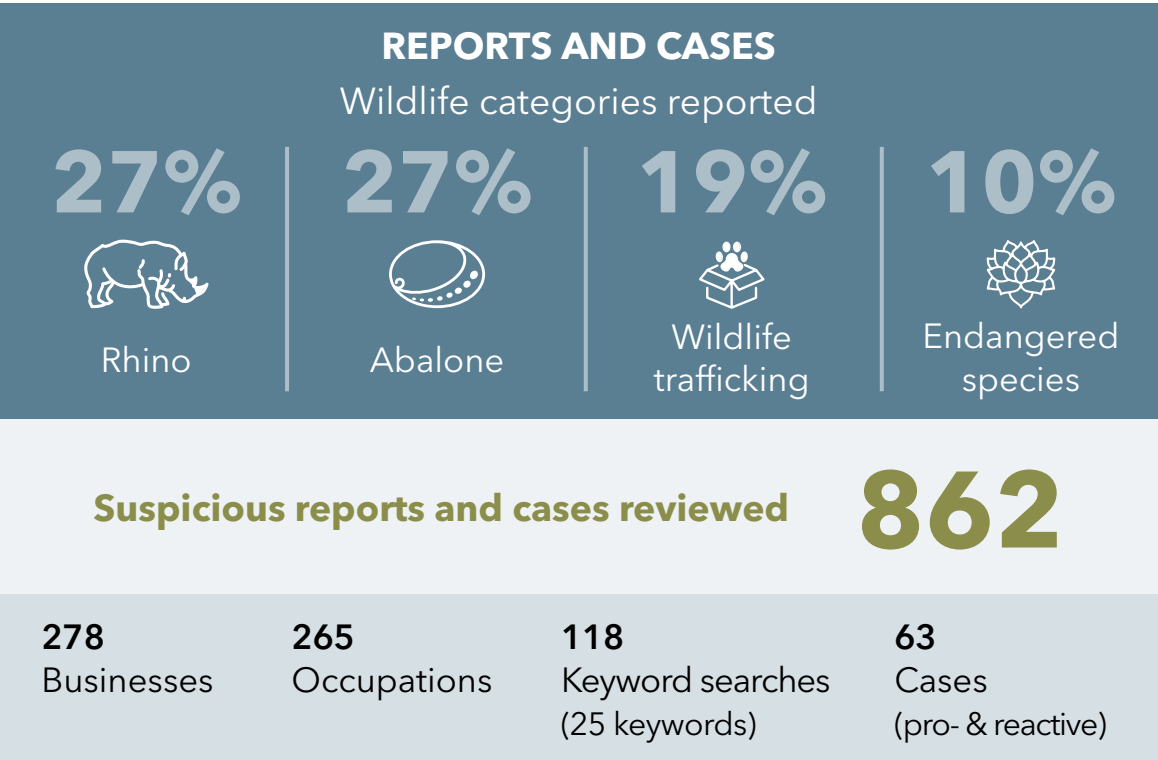


ROLE PLAYERS IN OPEN SOURCE MEDIA

Adverse media: Adverse media links contained in reported STRs/SARs were used to compile a list of wildlife crime suspects and their identification numbers where applicable. These names were made available to the EWG members for further due diligence to assess exposure within their entities, and to identify and report any further suspicious transactions.

DATA MINING

Suspicious and unusual transaction and activity reports
1 April 2019 to 31 March 2020



TRANSACTIONAL ACTIVITY

Account Activity

BUSINESS ACCOUNTS without business-related expenses	PERSONAL ACCOUNTS without living expenses	INABILITY to confirm source of funds or wealth	Abuse of MINOR ACCOUNTS
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Deposit References

Secret; happy; crypto currencies; luno/VALR; complicated codes e.g. YISHANGLVYOUXI5223630003110768; taxidermy; villa payment; hunting trophies; hunting package; MOOLA; Asian names e.g. Lin, Chen, Liang, Gao, Huan, Qian



INCOMING FUNDS

Cash deposits **24%**
Electronic payments **16%**
Real Time Clearing (RTC) **11%**
Gambling **1%**

OUTGOING FUNDS

ATM withdrawals **16%**
Point of sale purchases **14%**
Electronic Funds Transfer (EFT) **8%**
Debit orders **5%**

Various payment methods were identified for incoming and outgoing funds related to accounts under investigation. Characteristics of these payments were round amounts, large amounts, cash deposits and withdrawals conducted from various locations in SA, card purchases abroad, casino spend, and money remittances described as gifts.



LOCATIONS AS RECORDED IN REGULATORY REPORTS



The FIC's analysis of geographical information in the reports built a picture of hotspots, showing areas where wildlife crimes were more pervasive. At the same time transaction locations were also profiled, as the financial transaction related to the wildlife crime can occur in a location different to the crime itself. This information proved less useful, as some reporting institutions default their transaction location to their regional or head office. Details of hotspots from data mining and the other research are included in [Annexure 1.2](#).

FACILITATORS OF WILDLIFE CRIME AND CORRUPTION



Politically influential persons
(domestic & foreign)

Diplomats



Officials from
DFPE, Sanparks, SAPS, SIU and
municipalities



Persons employed in
leisure, tourism or hospitality,
veterinary surgeons, environmental
practitioners, butchers and taxidermists

FINDINGS



Collaboration with NGOs and
authorities may assist in obtaining
IWT intelligence and help identify
proceeds faster and more accurately.



Absence of financial
flows in the financial
system is due to
extensive use of cash.



Insights into IWT actors and
businesses gained.
Gaps in involved parties and
payment methods identified.



The creation of Tactical
Operations Groups
(TOGs) may shed light
on client behaviour and
produce actionable
financial intelligence.



Many reports
were based
on information
obtained from
adverse media.



Corrupt officials or politically influential
persons did not appear in the reports,
despite being major facilitators in IWT.



Transaction flows between
different levels of the IWT
supply chain were not clear.



The uptake of crypto currency
in IWT is still low but must be
monitored for future trends.





THEMES FROM THE DATA MINING

Data mining of the STRs/SARs provided insights into wildlife trade actors and business entities, but also highlighted **gaps in the understanding of who the criminals were and the payment methods they used.**

During the interviews, most interviewees shared a strong sense that **the use of cash by perpetrators was the main reason that IWT transactions are difficult to trace** in the financial system. The absence of substantial financial flows in reported transactions corroborated this notion.

Transactions that were reported and could be attributed to IWT were limited in terms of revealing flows between level one actors (typically poachers) and any interactions higher up the chain. The most useful information arose from reports where specific actors known to be involved in IWT were identified, and where the FIC could then scan the database for any related parties or accounts.

It was also noted that the submission of many of the **reports were triggered by adverse media.** The reporting person may be suspicious of a transaction or activity in a client account but has no corroborating evidence to report the crime as being related to IWT.

Closer collaboration between non-profit organisations and authorities may assist in obtaining richer data regarding perpetrators and their activities, and ultimately identifying the proceeds of crime more quickly and accurately.

It was very conspicuous that few reports on politically influential persons (domestic and international) appeared in the analysis conducted by the FIC. Information obtained from the interviews indicated that **corruption was a major facilitator in committing IWT crimes.** However, regional organisations dealing across southern African countries state that proving the flows to be linked to IWT is significantly more complex in regions that see high volumes of cash transactions.

The data mining exercise indicated that the **uptake of crypto currency transactions** in relation to IWT crimes is still **relatively low.** This evolving technology is becoming more popular amongst criminals, however, and should be monitored for future trends.



CASE REVIEWS

The EWG facilitated two IWT case reviews with the DPCI, which proved useful in two ways:

1 **Financial institutions could guide the DPCI** on the information they hold that could enhance the criminal investigation

2 **DPCI could guide the financial institutions** on investigative and evidence collection and preservation practices. Understanding the modus operandi of the wildlife criminals allows the financial institutions to improve their investigation and reporting of financial crimes.



OBSERVATIONS FROM THE CASE REVIEWS

- The analysis done by the FIC and financial institutions, when combined, **confirmed the prevalence of cash** being used in IWT, as there was very little evidence of suspicious behaviour in the bank accounts of the suspects identified by DPCI, with cash transactions observed by the money remitters.
- The suspects were **very active gamblers**, often visiting the same casino multiple times. The imbalance between the value of purchased chips and that cashed in later, raises suspicions that chips may well be used to pay actors in the IWT supply chain rather than making more traditional payments, a fact mentioned in some of the interviews with conservationists and law enforcement. Suspects appeared to be either laundering proceeds by depositing cash at the casino to convert into chips or put onto a casino card, and then withdrawing similar, and sometimes lesser amounts shortly thereafter.

- Links could be drawn between various parties involved in different cash-intensive businesses registered by the suspects and their known associates, elevating the **concern over the use of front companies**. Many of the companies connected to these suspects were noted to be from industries that would make regular imports and exports, raising the risk of concealment of illegally obtained wildlife and wildlife products.
- There was a noticeable **convergence of businesses in similar areas**, and in one case the multitude of businesses registered at the same residential address was concerning.
- A money remitter picked up older transactions connected to one suspect, receiving money from China into South Africa, from where it was paid on to Zimbabwe. Another individual connected to the case showed many small transactions to Peru, Singapore and Taiwan.
- **Money movements occurred primarily in small amounts**, with the exception of a few large casino transactions, begging the question as to how the syndicates are funded internationally and raising suspicions around the use of informal schemes such as Hawala.

FUTURE WORKSHOPS

- Participants agreed that similar case reviews would be useful in the future to gain insight as to how the perpetrators are using the financial system. [See page 46](#) for additional commentary on this topic. DPCI also confirmed that the two case reviews gave insight into the lifestyles of their suspects.
- It is recommended that such case reviews become regular exercises to continuously enhance the understanding of both DPCI and financial institutions. This practice is becoming more widespread, with the Laos Department of Forestry and Inspection leading two similar case reviews in November 2019 with great success and [insight gained](#)²⁰.

OBSERVATIONS AND DISCUSSION

The overall theme concluded that the methods of payment and laundering become more sophisticated higher up in the supply chain, and that basic cash or barter trade happens at the lower levels.

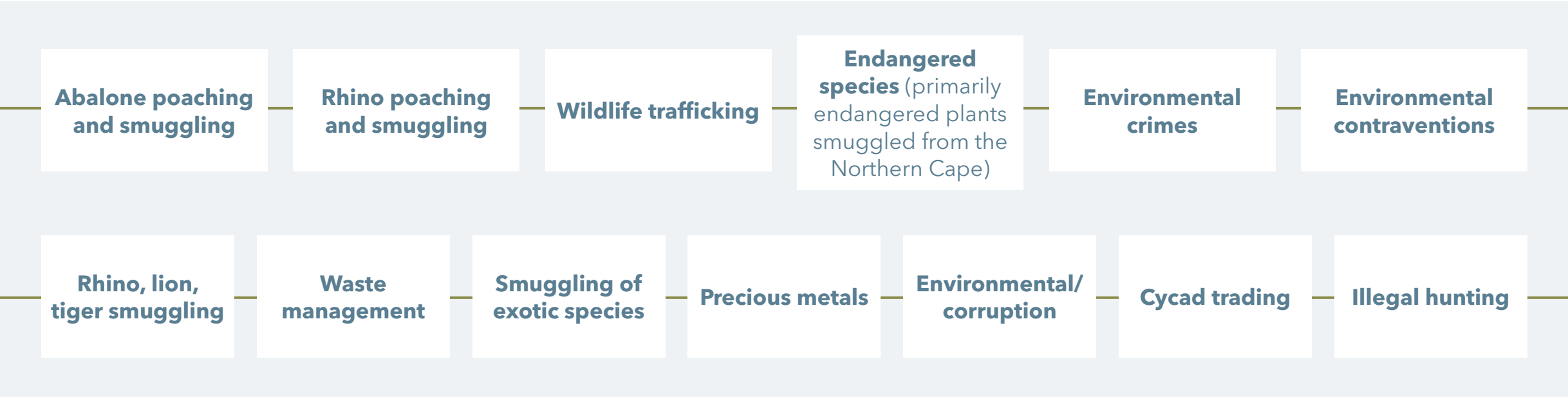


PROFILES

PROFILING OF STRS/SARS LINKED TO PREVIOUS IWT CASES

The **63 environmental crime cases** analysed by the FIC were connected to 201 STRs/SARs, featuring 236 individuals, 204 entities and 124 accounts related to IWT.

The cases were classified into the following wildlife categories:



The analysis of individuals, entities and the types of transactions indicated slight differences when it came to rhino poaching, broader IWT or endangered species cases.

Analysis by the FIC into **rhino poaching cases** revealed perpetrators to be primarily Chinese, with some Vietnamese, and occupations were most often listed as self-employed or unemployed. Farm employees in South Africa were also noted to be involved, albeit to a lesser extent. Analysis of business accounts showed little business-related expenditures – such as salaries or tax – corroborating the concern raised in the stakeholder interviews over the use of front or shell companies. Personal accounts often showed no salary credits, living expenses or debit orders.

Cases of **suspected smuggling or poaching of endangered species** also featured Chinese and Vietnamese nationals. Notably, occupations tended to be listed as managerial or in engineering. This could be explained by the Northern Cape’s prominence as a mining region, as well as its being the source of many trafficked plant species. References to businesses included travel and estate agents, and employers included trading businesses such as China Town, wholesalers, cash and carry, and Chinese restaurants.

Interestingly, none of the cases reflected the involvement of a politically influential person.

Bank account analysis featured deposit references that tended to include Asian names or long codes. Incoming funds were most commonly cash, in large or round amounts, from multiple locations and frequent transactions, while outgoing funds tended to be via ATM cash withdrawals and point of sale purchases, including excessive card spending locally and abroad. Endangered species cases also referenced LUNO and VALR, indicating possible crypto currency payments. All crime types reflected the trend of rapid disposition of payments.

For detailed analysis please see [Annexure 1.4](#).

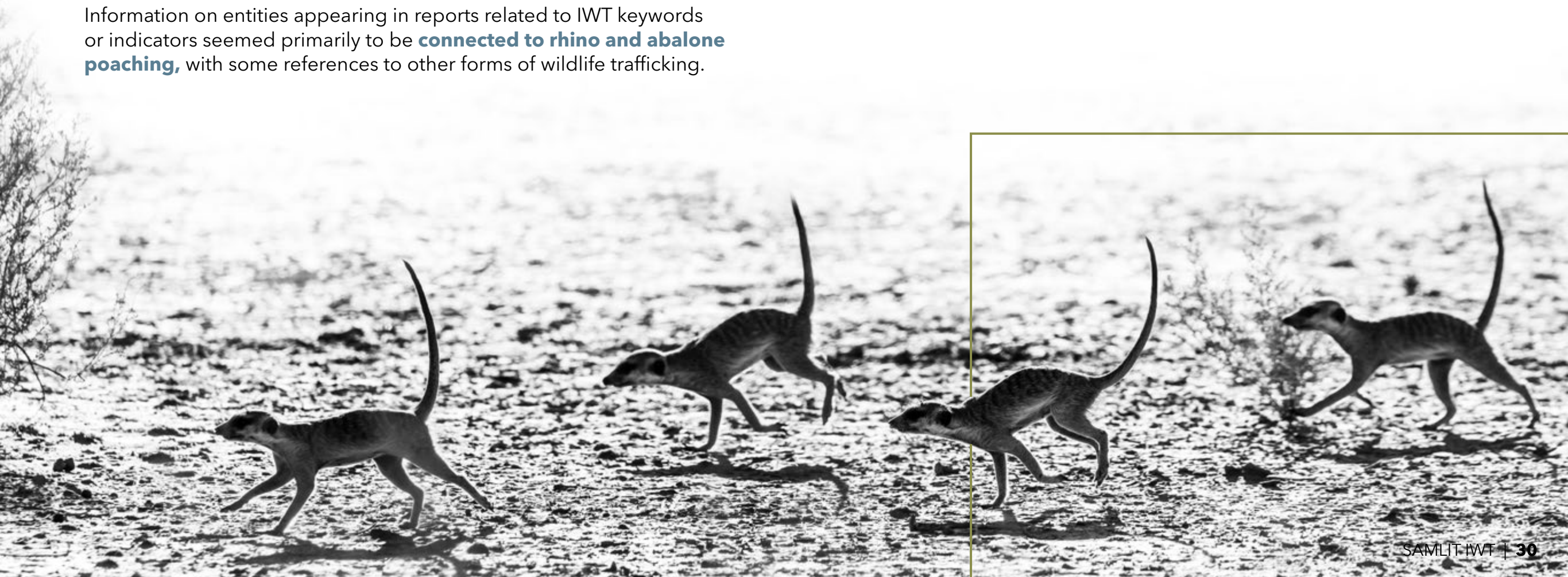
PROFILING OF STRS/SARS LINKED WITH IWT-RELATED KEYWORDS OR INDICATORS

The characteristics of reported persons or entities, and their transacting patterns in STRs/SARs containing IWT-related keywords, are summarised in [Annexure 1.4](#).

Information on entities appearing in reports related to IWT keywords or indicators seemed primarily to be **connected to rhino and abalone poaching**, with some references to other forms of wildlife trafficking.

Many of these STRs/SARs were submitted after the reporter had noted adverse media relating to the perpetrator, by which time the perpetrator would have been arrested, convicted, awaiting conviction, or released on bail.

Individuals named in the reports were noted to be South African or Zimbabwean, but in most reports submitted, nationality was not stated. Their **occupations** were listed as self-employed or unemployed, while vulnerable parties such as students, pensioners and home executives were connected to rhino and abalone transactions. Farming and company directors, again, were occupations connected to rhino poaching, as was one police constable. In most instances the employer of the reported person was **unknown**, although many of them appeared to be employed on game farms, ranches, plant nurseries, and holiday resorts. **Officials** from SANPARKS, DFFE, SAPS, SIU, as well as a municipality appeared in various STRs/SARs, as facilitators in abalone, rhino poaching and other wildlife crimes.





Business accounts involved featured no business-related expenditures such as salaries, or tax, and personal accounts showed no salary credits, living expenses or debit orders. Funds moved quickly in and out of accounts, some minors' accounts were used, and people were unable to explain the source of their funds or wealth. Few reports reflected the suspected involvement of a politically influential person.

Reported **deposit references** included some of the following keywords: secret, moola, mampies, happy, hunting package, villa payments, taxidermy, hunting trophies, names of individuals or entities involved in crime or code references with long alpha-numeric values.

A variety of payment methods were identified for incoming transactions into suspicious accounts. The most common was through **cash deposits** (24% of reported transactions), via ATM and branch cash deposits, primarily in **round or large amounts, and multiple transactions**, conducted from various locations in South Africa, but many of which were made at airports.

Incoming funds mostly occurred via electronic payments (16%), RTC (11%), immediate transfer credits, SWIFT payments (1%), cheques (1%) and money received from gambling institutions (1%). Internal transfers from different account holders of the same bank (9%) featured prominently. It was also noted that funds were often sent in the same amount to different individuals on a regular basis.

Funds exited reported accounts most frequently via ATM **cash withdrawals** (16% from different regions in SA) and **point of sale purchases** (14%).

Other transaction types also frequently noted included electronic transfers (8%), debit orders (5%), internal transfers to account holders at the same bank (4%), casino spend (1%), airtime and prepaid purchases (1%), Western Union and Moneygram transactions (1% of payments described as gifts) and cash send (1%).

Other indicators relating to payments included funds disposed of in short succession after receipt, disbursed in different geographical regions, high value payments, regular card purchases from the same place and gambling accounts. Transfers to investment accounts featured alongside immediate large cash withdrawals after deposits.

PROFILING OF STRS/SARS LINKED TO RELATED ROLE PLAYERS

The FIC analysed **individuals with occupations matching to IWT-related keywords**. These were occupations typically associated with IWT, for example individuals working in tourism or hospitality such as game lodges or hunters, as well as veterinarians, pet shops, butchers, taxidermists, mining, managers or diplomats.

Specific attention was given to diplomats, who could potentially pose a higher risk for the IWT category. Most reports about these individuals indicated involvement in the movement of funds, however, it could not be confirmed that funds deposited or received resulted from IWT. This was because the intelligence received in the STRs/SARs does not always contain sufficiently clear information on whether the clients, entity or account is involved in IWT. As mentioned previously, the EWG subsequently collaborated with the FIC to expand the IWT-related categories on the FIC's reporting system, go-AML, to improve the categorisation of STRs/SARs.

Among the **channels used for movement of money** were money remitters and foreign exchange dealers. The analysis conducted by the FIC revealed that tourism or hospitality staff often received money remittances from multiple individuals and different offshore jurisdictions, and the funds were often received in multiple orders consecutively. It was also frequently reported that the funds were then wired to another jurisdiction shortly after receipt.

Foreign exchange transactions showed individuals in occupations mentioned in the opening paragraph above exchanging large amounts of funds into foreign currency or exchanging large foreign currency for rand with no apparent reason. It was also observed that several tour and travel guides exchanged large values of foreign currency (mainly USD) for rands.





When the source of funds was queried by the institution filing the report, the reason provided by the client was that the funds received were gifts. Some individuals were seen to exchange high value foreign currency amounts after returning from foreign travel or having purchased foreign currency without a clear description of purpose of the purchase, or frequent consecutive exchanges of foreign currency. These transactional behaviours cannot be linked directly to illegal wildlife trafficking, but the patterns, together with the behaviour of the individuals, raise suspicions, and could be construed to be indicators of IWT, given their profession and the influence they exercise.

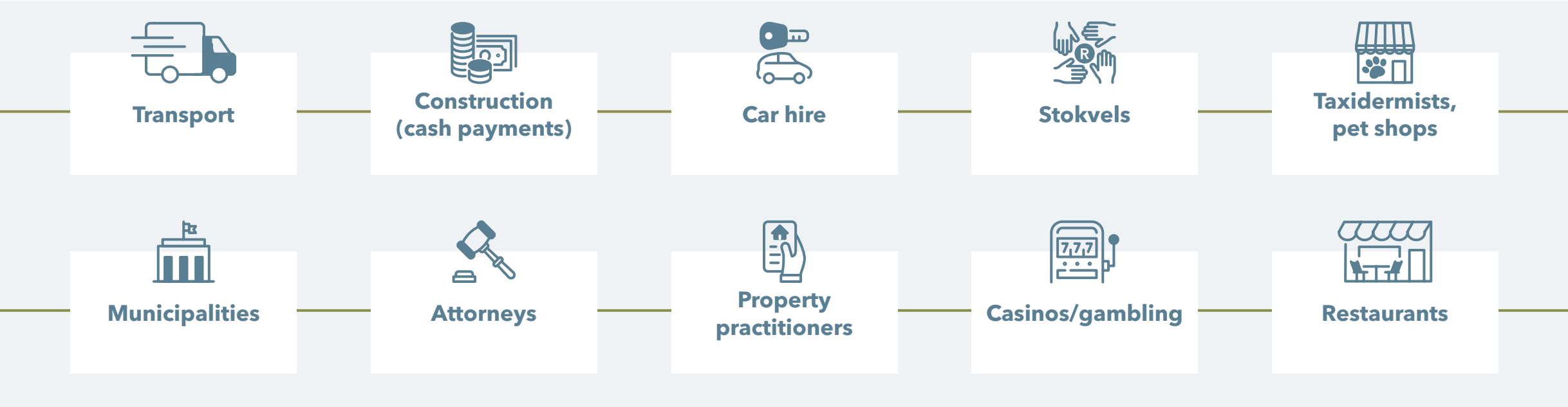
The FIC extracted data from STRs/SARs on **business entities matching to IWT-related keywords**. Common trends and role players identified showed many transactions to be conducted through multiple ATM cash deposits and EFTs. Transactions for entities were also identified to be usually conducted by company directors, the majority of whom were South African nationals. The FIC observed in its analysis of reports that often, shortly after the funds were received, they were immediately withdrawn through cash withdrawals, point of sale purchases, multiple debit orders or EFT payments.

None of the reports linked to these business entities could be confirmed to be connected to IWT, as the intelligence received from these STRs/SARs did not conclusively indicate that the funds transacted through these businesses and its accounts, or by its directors, were as a result of IWT.

IDENTIFICATION OF REPORTS CONTAINING ROLE PLAYERS IN OPEN-SOURCE MEDIA

The FIC identified certain individuals who were reported by accountable or reporting institutions, whose names appeared in adverse media connected to IWT. Through the FIC's STR/SAR database, **39 individuals from various nationalities were identified and profiled**. Most of the individuals' profiles were stated as self-employed, with the minority employed by companies involved in marine conservation or birding. The method of payments noted in the STRs/SARs were multiple electronic banking transfers coupled with multiple cash deposits. Many of the reports received related to adverse media and were analysed by the FIC and disseminated to the law enforcement agencies where appropriate.

INDUSTRIES MENTIONED BY EXPERTS INTERVIEWED DURING THE EWG’S WORK INCLUDED:



LOCATIONS

A full list of IWT “hotspot” locations is contained in [Annexure 1.2](#). This list was compiled from all aspects of the research conducted.

The FIC’s analysis of STRs/SARs revealed slight **differences in the locations of IWT crimes and transactions**. The data is, however, slightly misleading, as some accountable and reporting institutions report the location of the transaction incorrectly, using the location of their head office as a default.



Figure 1:
*Illegal wildlife trade crime locations
as reported in regulatory reports*

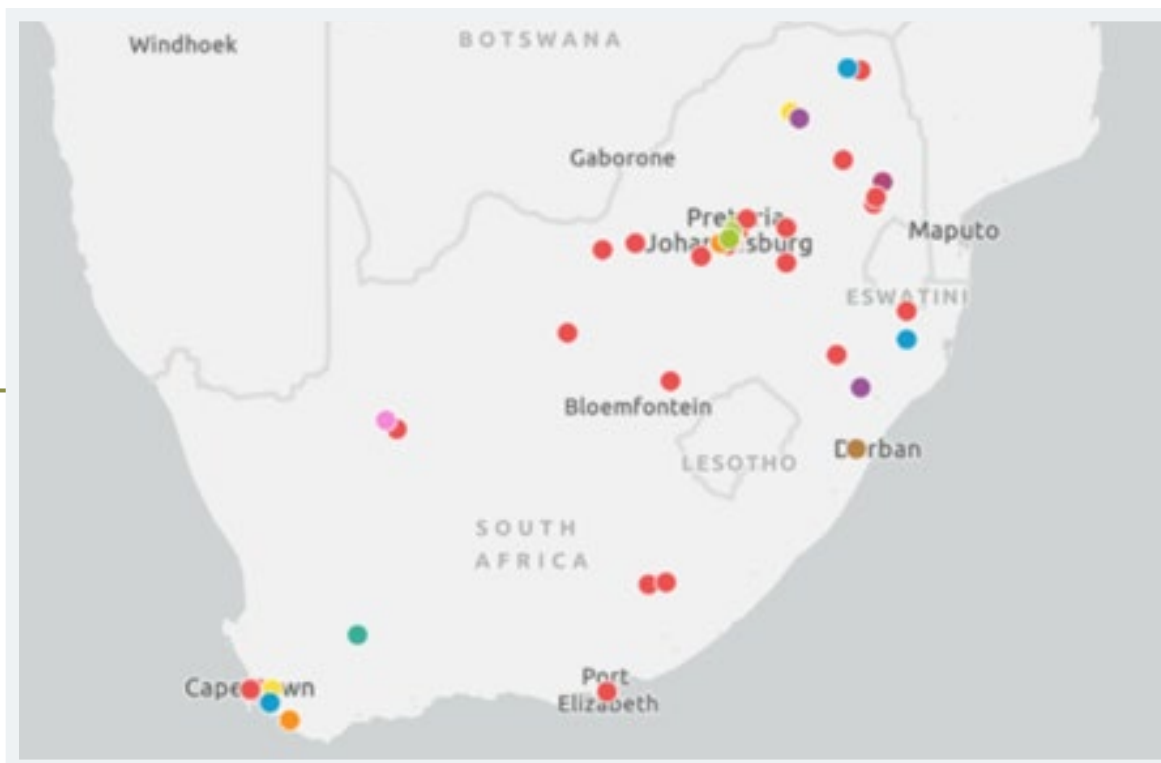


Figure 2:
Illegal wildlife trade **transaction locations** as reported
in regulatory reports

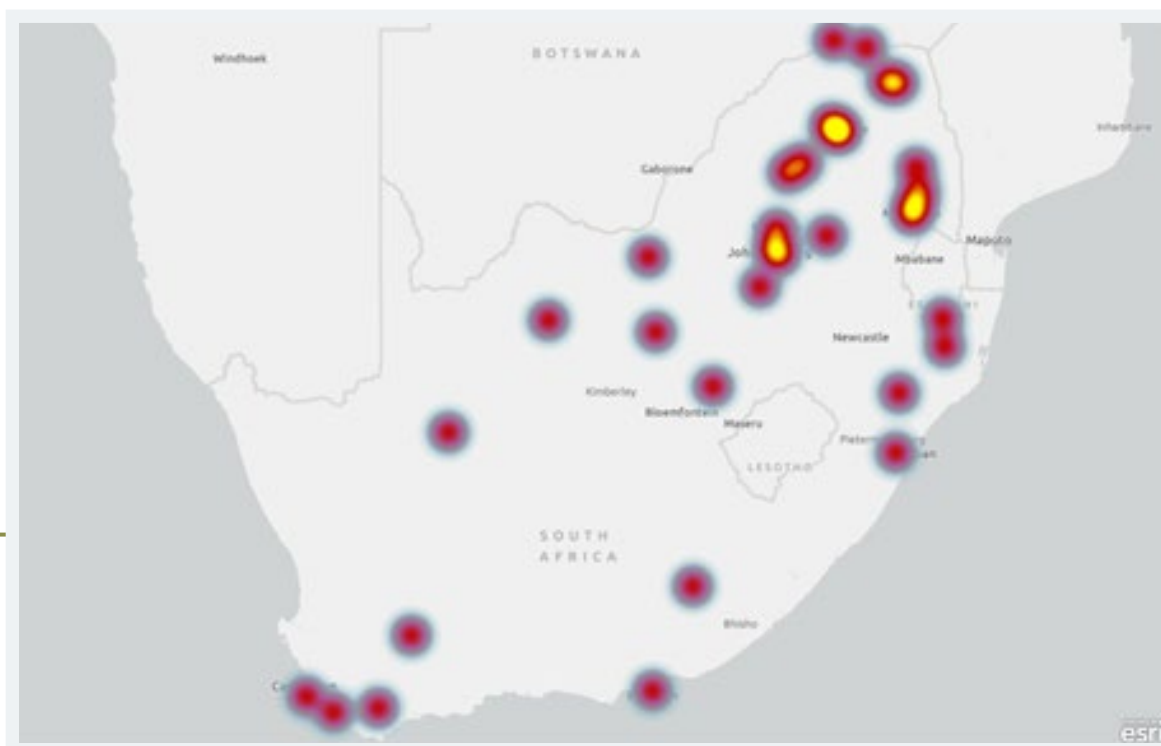


Figure 3 references the wildlife crimes reported, showing the known rhino poaching hotspots in Mpumalanga, Limpopo and KZN, with the Western and Eastern Cape regions featuring abalone poaching and the transit area in Gauteng.

Figure 3:
Illegal wildlife trade **crime locations** by area as
reported in regulatory reports

COMMON METHODS OF LAUNDERING PROCEEDS FROM IWT IN SOUTH AFRICA

All of our research pointed to cash still being highly prevalent in the trafficking of wildlife and wildlife products. The overall theme observed by the EWG aligns to that of previous research reports which concluded that methods of payment and laundering become more sophisticated higher up in the supply chain, and that basic cash or barter tends to happen at the lower levels.



CROSS BORDER

When questioned as to how funds entered the financial systems, common responses from survey respondents and interviewees included the use of **front companies and enablers**. Many of these businesses appeared to be legitimate, but analysis of their transactions pointed to large incoming flows, and showed few legitimate business expenses, such as rent, salaries, insurance and income tax or VAT payments to or from the South African Revenue Service (SARS). Co-mingled funds in the transactional accounts of implicated persons or businesses were noted in numerous investigations, as well as payments from known or suspected syndicate members linked to IWT. Transactions associated with illicit activity were noticed amongst seemingly legitimate business-related transactions.



Often, a network of front companies is created, and accounts established with local banks to move money via the formal banking system. These funds are disguised as legitimate income from the front company's activities or sometimes use the international trade system (trade-based money laundering). One example featured trade in marine products to mask ivory shipments, used by a Chinese ivory smuggling group operating out of Tanzania. Locally registered companies held accounts at two different banks in both USD and Tanzanian shillings. In other instances, illicit shell trading companies were used to receive incoming funds or money mules were used to accept deposits and move across borders with bank cards.

Money mules are individuals paid by a syndicate member to either allow them to take over their bank account or, in some instances, open an entirely new bank account in their own name, after which they hand over the card and banking information to the syndicate member to use at will. This way the syndicate can transact without being directly linked to crime. The person being paid deploys a sense of wilful blindness and often does not know why, or to what extent, their account is being used.^{20 21}

It is not uncommon for the money flows associated with IWT to be **linked to other crimes**, such as fraudulent documentation or paperwork, trade-based money laundering including over-, under-, or fictitious invoicing, as well as corruption to facilitate the inflow of funds into South Africa.

The most common responses as to how IWT-related funds move across the borders was through the money transfer system, such as EFTs, money service businesses (MSBs), and informal remittance systems (particularly into offshore accounts). **Casinos and retail stores are often used to transfer funds back into South Africa.** Currency coming back into South Africa is often USD or Euro.

Funds leaving South Africa are predominantly in USD, Canadian dollars, Euro or Thai Baht, and are moved out of the country through suspected cash smuggling and money transfer systems. Money remitters and other similar services are used to transfer smaller amounts of money from Asia to China to cover additional expenses such as shipping costs. The use of money transfer systems (also known as money remitters) and bulk cash

smuggling has been noted - especially in Central Africa. Money changers often have accounts at local banks in Africa, and money is deposited as Chinese Renminbi in China and paid out in US dollars in the African country.

An analysis performed by DFFE noted that **far more funds were being sent out of South Africa by wildlife traffickers, than were coming into the country**, but they did caution that co-mingling of legal and illegal trade can skew the results. In the ESAAMLG region, the suspicion is that funds are moved in the form of cash or via Hawala payments.





WITHIN SOUTH AFRICA

Unusual cash deposits and EFTs into park rangers and other informers' accounts, and **unusual cash spending** for flashy or expensive items such as cars and houses (or boats in the case of abalone poachers) - particularly in areas close to the Kruger National Park or reserves - should ring alarm bells. In many instances, **the need for lifestyle audits was repeatedly emphasised**. Suspects caught for poaching or trafficking wildlife or wildlife products can seldom afford legal counsel or pay bail, but often end up doing so through support from higher levels in the syndicate.

Many respondents noted that traffickers mask IWT activities under the cover of seemingly legitimate wildlife- or animal-based businesses. The use of the **legal wildlife industry to mask illegal trade** is prevalent in South Africa. This includes wildlife breeders, hunting, taxidermy, and legal wildlife trade exporters. The **link to corruption** allows some of this activity to occur using under-declared or prohibited species alongside legal exports.

Given the intermingling of illicit and legitimate businesses, and the high use of cash, it was noted that often only after the apprehension of the criminal smuggling the actual goods, can a money trail be created, working backwards from the end point. Specific mention was made of balance sheets and income statements not matching up to the cash flows in the bank accounts.

Another respondent mentioned examining more closely lodges or private reserves that advertised rhino, or spent money on dehorning rhino, but did not have high security expenses. Two syndicates in Mpumalanga and Limpopo were said to have strong connections into construction and transport businesses, as well as cash-in-transit businesses.



CASH

Cash remains one of the most prominent methods of transferring value amongst IWT actors, which remains difficult to track as, in many ways, the transfer of ownership circumvents the formal financial system altogether. Law enforcement agencies often find large amounts of cash when raiding homes or offices linked to suspected IWT cases.

Poachers are mostly paid in cash or “send-cash” options that create vouchers, redeemable at selected retail till-points or ATMs. Cash is the preferred and most frequently used method of payment as it minimises the risk of detection and allows for easier flows between legal and illegal economies. Cash transactions make it difficult to trace the linked role-players because this greatly limits the financial footprint. Entry level poachers earn between R2 000 and R5 000, receiving payment after the goods have been delivered. As the levels in the value chain rise, so too do the earnings, depending on the species being traded.

Cash is often laundered through the purchase of vehicles or boats (abalone), and via the construction industry, where building materials are purchased through cash, after which completed houses are sold legitimately. **Cash-in-transit and transport industries feature heavily in the IWT industry.** Cash intensive businesses such as Chinese shops or markets easily combine illegal cash with other legitimate cash deposits.



BANK TRANSFERS

EFTs are primarily associated with actors involved higher up in the supply chain.

Syndicate leaders may also make payments to members for miscellaneous expenses, including vehicle hire and domestic accommodation, which makes it difficult to establish links to those involved, based on transaction descriptions or references. It is difficult to establish the main person controlling the entire syndicate because of the complexity of the transactions, where various business and personal accounts are used to co-mingle funds, as well as the use of a spouse or relative’s account on the main member’s behalf.



GIFT OR PAYMENT CARDS AND VOUCHERS

Three interviewees noted **the use of gift and payment cards to make payments to level two or three intermediaries**, as an alternative to moving value through the IWT value chain. One respondent noted a case where vouchers (iTunes and Google Play) were purchased from a supermarket with cash, to be sold online. On raiding a property, the police confiscated rhino horns, as well as R2.7 billion worth of vouchers, which had been originally purchased via one supermarket. Prepaid cards (iTunes, Visa, phone cards) provide a convenient and portable currency whereby traffickers can pay for poaching and related services in source jurisdictions, and transfer funds internationally. Unlike bulk cash shipments that can be detected by scanning equipment or sniffer dogs, prepaid cards are easy to move across international borders undetected, and can be sold globally via e-commerce platforms, or used to purchase high-end electronics, which can be resold for ‘clean’ cash.

Airtime vouchers were also noted to be easily moved across borders. These airtime purchases conducted via EFT are critical to investigations. A paymaster is used to distribute payments to various accounts and accomplices - big cash deposits are paid into a paymaster account, who then transfers funds quickly out of the account, via EFT, ATM withdrawals or cell phone money transfers. Numerous small amounts are often moved to several different accounts, particularly minor accounts, via payments to partners, children, or other family members.



CELL PHONE PAYMENTS/MOBILE MONEY

Mobile money payments are very **prominent in the lower levels of the value chain** and often physical cell phones, with their sim cards, swap hands between the criminals to further create confusion for anyone attempting to analyse and profile the users' behaviour and transactions.



ATTORNEY TRUST ACCOUNT PAYMENTS

During the EWG's interviews, several respondents mentioned the suspected use of **attorney trust accounts**, to conceal the proceeds of IWT. It was not possible to confirm this through the analysis done by the FIC in its mining of STRs/SARs, due to such reports not having been made to the FIC. It was speculated that intermediaries in the IWT-chain transfer funds or even cash to attorneys, who then allegedly move such funds into the respective trust accounts, from where they can be refunded legitimately. The **purchase of properties** either through cash or the attorney trust account has also been noted, with the result that funds do not reflect in the personal bank statements of the suspect.





THE ROLE OF CASINOS

Casinos appear to feature in various roles.

The use of **casino chips as payment, particularly to level two and three intermediaries**, was highlighted in several interviews and many of the individuals discussed in the case reviews were known to frequent gambling institutions. The casinos have dutifully reported any large cash deposits and suspicious behaviour, but it is clear from the reports submitted by casinos that many individuals return to the same casino believing that their behaviour has gone undetected.

As mentioned in our case review comments, these parties appear to be active gamblers who visit the same casino multiple times. The imbalance between the value of purchased chips and that “cashed-in” later, raises suspicions that chips may be used to pay actors in the IWT supply chain rather than making more traditional payments, a fact supported by the interviews with conservationists and law enforcement. Actors appeared to be laundering money by depositing cash at the casino to convert into chips or put onto a casino card, and then withdrawing similar, and sometimes lesser amounts shortly thereafter.



OTHER RED FLAGS

One indicator that came up repeatedly was references to **“flashy” lifestyle expenses**, especially when featured in high-risk industries. For example, purchasing expensive jewellery, diamonds or gold linked to businesses such as wildlife breeding or hunting.

Other references were made to **stokvels and funeral services**, receiving large or frequent deposits, and not reflecting corresponding business expenses.

In the Western Cape, level two or three players were noted to be **boat owners or diving companies**, hiring out rubber ducks and other boats, which were used by poachers diving for abalone. Many of these individuals were said to be involved in, or connected to, poachers and gangs, who traded in both abalone and drugs.





In many instances, **bartering** for small items of wildlife products in exchange for drugs, weapons, or sometime food or cattle, were noted to take place.



PAYMENT AMOUNTS AND TRANSACTION DETAILS

The EWG’s research and experience in analysing accounts has shown repeatedly that these indicators are most effective when looked at holistically, in conjunction with one another. For example, looking at the lifestyle of a municipal worker, receiving regular funds in specific amounts over and above his or her salary, and with strange payment references to IWT keywords such as “pet shop” or “moola”.

AMOUNTS MENTIONED BY MULTIPLE RESPONDENTS

<div> 1 Poacher</div> <div> 2 Receiver Broker courier</div>	<div> 3 Intermediary Buyer Agent</div> <div> 4 Exporter Importer Transit countries</div>
<div>Level 1 in the supply chain<ul style="list-style-type: none">R2 000 - R5 000 Paid to each of the poaching team, for their role as guide into the reserve, tracker, shooter, or horn carrier. They are paid according to their role, with the shooter usually paid more for his skill and for preserving the safety of the borrowed firearm.R1 000 - R2 000 Frequent or regular amounts of R1 000 or R2 000 paid for information from reserve staff on animal whereabouts. These tend to feature as payments to staff who would usually only receive a monthly salary from a reserve or municipality.Unusual payments received into accounts in October and November (poaching often spikes at this time, to generate funds for Christmas).</div> <div>Level 2 in the supply chain<ul style="list-style-type: none">R25 000 - R35 000 per kilogram Paid to receivers or transport intermediaries based closer to the reserves.</div>	<div>Levels 3 and 4 in the supply chain<ul style="list-style-type: none">R80 000 - R125 000 per kilogram Paid to intermediaries based closer to big transport hubs, primarily in Gauteng. Bank accounts tend to be operated by mainly Chinese nationals and transfers from countries such as China, Hong Kong and Vietnam should be scrutinised, including deposits of large sums of rounded or exact amounts like R100 000.</div>



SUSPICIOUS TRANSACTIONAL BEHAVIOUR IDENTIFIED FROM VARIOUS PERSONAL AND BUSINESS ACCOUNTS



Frequent cash deposits at hotspot branches across the country in round amounts, for example R200, R500, R1 000, R2 000, R5 000, R10 000, R70 000 and R80 000



Frequent cash withdrawals at hotspot branches in amounts like those noted above



Numerous high value card purchases mostly at various upmarket retailers, such as branded clothing stores



Card purchases at various fuel stations, as well as toll plazas not far from the Kruger National Park and game reserves in the area



Numerous large transfers, including inter account transfers between the clients' linked accounts



Numerous airtime purchases made for the maximum limit per transaction



Co-mingling of funds in the accounts of the implicated persons with seemingly legitimate transactions, such as salaries and business-related transactions



Debit order payments referenced to names linked to clients who are known or suspected wildlife traffickers

THE NARRATIVES FOUND ON THE FINANCIAL TRANSACTIONS



Referenced with names of known or suspected traffickers



Names and locations with a combination of numbers



"Rhinus", "Rhinus back was", "Rhinus Final" and the same reference "Rhinus" with a combination of numbers



"Stokvel" and the same reference "Stokvel" with a combination of numbers



"Rent payments" and "utility payments"



ERF stand number references



"Stock sale"



"Pallets" and "Drought Pallets"

IDENTIFYING SUSPICIOUS BEHAVIOUR

It has become quite evident that there is **no singular lens that can be applied when looking for financial flows associated to potential illegal wildlife crimes**. Applying only profile types such as industry codes or occupations delivers far too wide a range of results to analyse and understand. Similarly, using only the amounts listed earlier in this report, delivers far too many examples to investigate and often includes many examples of legitimate transactional behaviour.

Instead, we have found that combining the factors with one another often leads to a far more focused, and therefore smaller range of clients or transactions to investigate.

For example, looking for cash deposits of R5 000 will deliver far too many transactions to investigate. But when combining the R5 000 with one of the hotspots in this report (listed in [Annexure 1.2](#) for ease of reference), and/or one of the occupations mentioned (listed in [Annexures 1.3](#) and [1.4](#) for ease of reference), one is able to narrow down the search for suspicious behaviour. A further enhancement of such data may be the inclusion of toll gate and fuel services transactions to identify individuals travelling to the hotspots and then conducting suspicious transactions around the time they are in these locations.

Due to the existence of the previously mentioned “paymasters” in South Africa, monitoring for bursts in payment activity – either one account receiving money and making many smaller payments, or one account suddenly receiving a large volume of receipts – becomes critical, especially where the activity occurs around one of the IWT hotspots. Similarly, traditional flow-of-funds rules, where an account receives and disburses almost all the funds in short succession, again combined with hotspots, industries or occupations mentioned earlier, may lead to strong alerts for potential suspicious behaviour for IWT.



OTHER OBSERVATIONS

Unsuccessful prosecuting of IWT, lack of centralised reporting and the lack of information sharing are critical challenges that require a structured process to stimulate cooperation.





CHALLENGES TO PROSECUTION

When discussing the challenges to successfully prosecute IWT, respondents identified multiple obstacles. There were some overarching themes throughout the responses. Five individuals noted **legal limitations and insufficient legislation**, as evidenced by weaknesses in the judicial processes, including the inability to convict offenders, weak legal penalties, and insufficient evidence. Five individuals also noted **corruption** as a challenge when it comes to prosecution. Corruption was noted at all levels from police, park rangers, airline staff, shipping companies, politically involved individuals and within the judiciary. Mention was made of the indiscriminate closing of the Skukuza rhino court at the time, which hindered the judicial process, prosecutions, and convictions, and made it dangerous for witnesses to testify.

Respondents noted a **lack of cooperation between various countries**. Some government organisations mentioned that their jurisdiction did not extend outside the borders of the country and, thus, the investigations fell outside their remit.

Other reasons cited include the failure to investigate large seizures, **non-use of intelligence** in investigations and prosecutions and the challenges of finding information and intelligence. Another issue mentioned is the **failure to prioritise wildlife trafficking as a serious crime** in the manner that was suggested in the National Integrated Strategy to Combat Wildlife Trafficking in 2017.²²

A theme emerged around the **poor quality of investigations**, and the failure of law enforcement and prosecutors to conduct thorough investigations, particularly of higher-level criminals. Some respondents stated that various departments and provincial authorities were working in silos, where not all stakeholders had access to the same information, hampering investigations. Lack of visibility of successful prosecutions were cited as reasons why criminal activity was often not reported in the

first instance. Proving the guilt of, and connecting, offenders was hard to do, especially with low level poachers, who would not be convicted, and were easily replaced.

Identifying where cash entered the system or changed to forex was not clear, and one respondent noted **a need to facilitate cooperation not just on financial flows, but also on asset forfeiture and disrupting product flow**. The co-mingling of legal business with illicit trade was highlighted, especially where cash-intensive businesses, such as casinos or Chinese shops, lacked financial trails.



REPORTING OF WILDLIFE CRIMES

Many interviewees stated that the **lack of centralised reporting** was a hindrance to clamping down on wildlife crime. Less-informed people who stumbled upon or became aware of these types of crime are unlikely to know where to report these matters.

The Australian Department of Agriculture, Water, and the Environment, launched an online portal and published a toll-free telephone line for the public to use to report suspected wildlife crimes.²³ The online portal allows for text and images to be added to a report and, while only launched in July 2021, receives approximately 50 allegations each month.

As an add-on to its current environmental crime hotline (0800 205 005), it is recommended that South Africa find a similar method to make it easier for the public to report wildlife crimes.

Interestingly, some reserve employers in protected areas stated during their interview with the EWG that they had their suspicions as to who were involved in wildlife crimes, but insufficient evidence for arrest or dismissal, and that the ability to report these centrally and anonymously would enable the investigation of these individuals.



SHARING OF INFORMATION AND INTELLIGENCE

Throughout the course of the EWG's work, it became evident that multiple organisations collect and keep information about suspected wildlife crimes. During our interviews, four people mentioned the **lack of information sharing**, including between police departments, amongst law enforcement and across borders. Many of the organisations interviewed indicated that they keep lists or databases with information about individuals or organisations suspected of having some form of involvement in wildlife crimes. Due to these parties being disconnected from one another, and in some instances traces of mistrust, information is often not shared.

Many of these organisations indicated an interest in understanding other organisations' data collection and intelligence processes. Where possible, the EWG assisted in making these connections. **There is a need for a more structured process, beyond the work of the EWG, to stimulate cooperation** in this regard, and the EWG is in discussion with various parties to formulate such a structure, outside of the ambit of SAMLIT.



ANNEXURES

Throughout the course of the EWG's work, it became evident that multiple organisations collect and keep information about suspected wildlife crimes. Due to these parties being disconnected from one another, and in some instances traces of mistrust, information is often not shared.



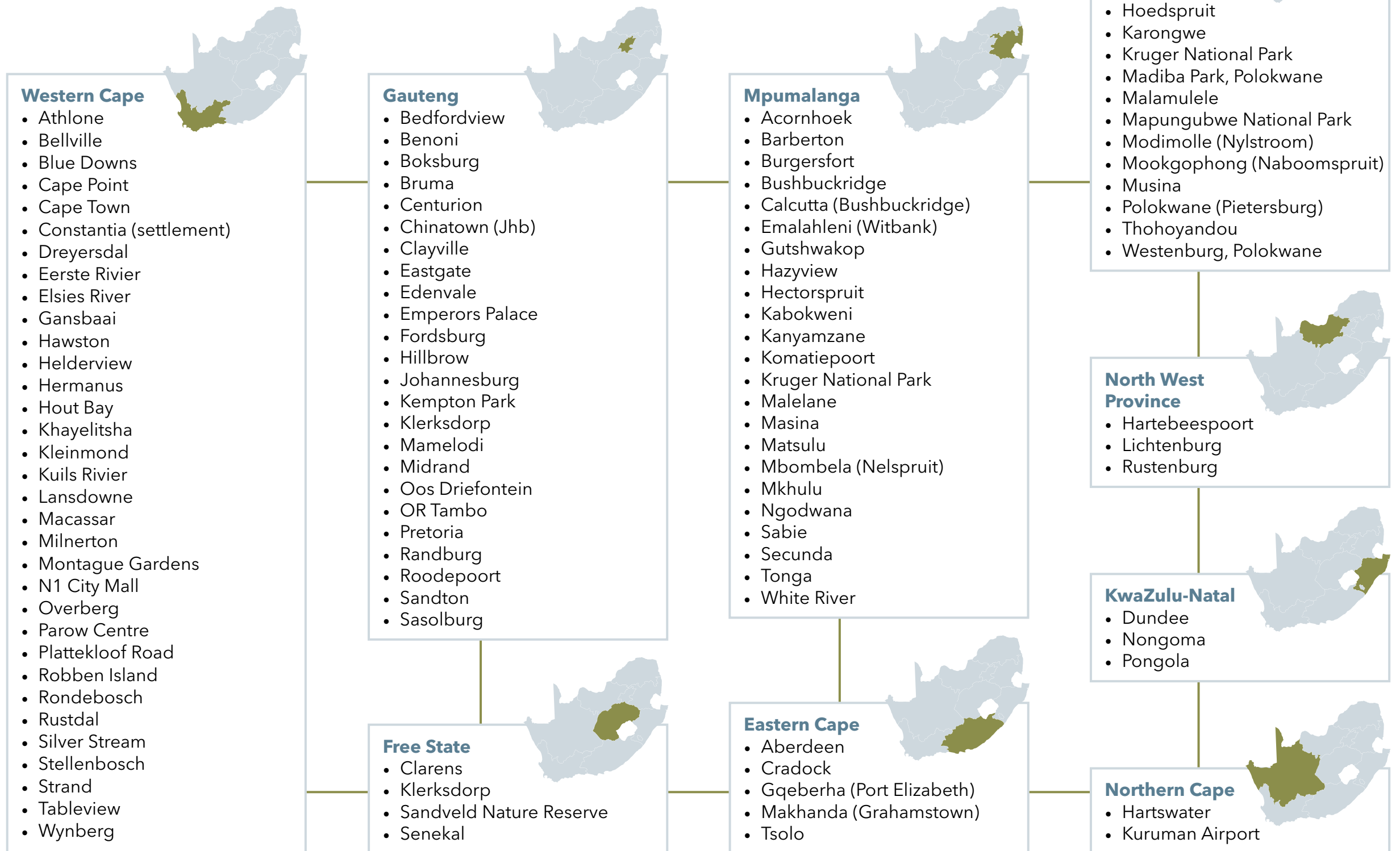
1.1 SUPPLY CHAIN AND FINANCIAL FLOW REPRESENTATION

IWT SUPPLY CHAIN



1.2 HOTSPOT LOCATIONS

Information gleaned from all aspects of the EWG's research identified the following high risk locations:



1.3 FINANCIAL FLOW INDICATORS

As mentioned, the EWG observed that combining the indicating factors often leads to a more focused and smaller range of suspicious activity to investigate. This table, together with the one in [Annexure 1.4](#), may assist as quick references to analysing such combinations.

ABALONE	RHINO HORN	LIVE ANIMALS
<ul style="list-style-type: none"> Retail at R8 000 - R24 000 per kg Divers earn R300 - R450 per kg 	<ul style="list-style-type: none"> Poachers R2 000 - R5 000 per trip Intermediary level 2 R25 000 - R35 000 per kg Intermediary level 3 or 4 R80 000 - R125 000 per kg 	<ul style="list-style-type: none"> Meerkats R600 000 for 100 Pangolin R30 000 - R500 000

LEVEL	INDUSTRY & JOB TYPE INDUSTRIES USED AS FRONT BUSINESSES	TRANSACTION TYPE	PAYMENT METHODS	PAYMENT DETAILS
1-2	Job types <ul style="list-style-type: none"> Unemployed Rangers & other game reserve/park employees Traditional healers Drivers Porters 	Cash transactions <ul style="list-style-type: none"> ATM preferences and use of branches in high-risk geographies Rapid ATM deposits and transfers Increasing increments in high-risk geographies 	Low-level poachers typically receive <ul style="list-style-type: none"> Cash payments or deposits Cell phone payments Barter e.g. drugs for abalone ATM cash deposits or withdrawals (often frequently made, same day) Prepaid cards such as iTunes 	
1-2			ATM transactions <ul style="list-style-type: none"> Frequent cash deposits at hotspot branches across the country in round amounts, for example R200, R500, R1 000, R2 000, R5 000, R10 000, R70 000 and R80 000 Frequent cash withdrawals at hotspot branches in amounts of R550, R600, R1 000, R2 000, R5 000 and R6 000 	

LEVEL	INDUSTRY & JOB TYPE INDUSTRIES USED AS FRONT BUSINESSES	TRANSACTION TYPE	PAYMENT METHODS	PAYMENT DETAILS
3-4	Job types <ul style="list-style-type: none"> • Government officials • Tourism employees • Attorneys • Reserves & parks • Municipal officials • Drivers 	Cash transactions <ul style="list-style-type: none"> • ATM preferences and use of branches in high-risk geographies • Rapid deposit and transfers • Increasing increments in high-risk geographies • Structured deposits • Amounts that do not resemble taxable income (round amounts) 	Funds can be co-mingled with seemingly legitimate transactions such as <ul style="list-style-type: none"> • Salaries • Business-related transactions 	
3-4	Industry types <ul style="list-style-type: none"> • Transport • Construction • Taxi • Cash-in-transit • Tourism • Property 	Card purchases <ul style="list-style-type: none"> • Card purchases at fuel stations, or toll plazas not far from the Kruger National Park or game reserves in the area • Numerous high value card purchases mostly at various upmarket retailers, such as branded clothing stores 	Intermediaries and exporters conduct transactions via <ul style="list-style-type: none"> • Banking transfers • Internet banking • Remittances • Online services • Informal banking systems (e.g. fei chen, hawala, hundi) • Online domestic or international transfers 	Names may reference <ul style="list-style-type: none"> • Known or suspected traffickers • Often including Chinese or other Asian names • Names and locations with a combination of numbers
3-4	Wildlife trade businesses <ul style="list-style-type: none"> • Taxidermists • Farms • Breeding facilities • Pet stores • For profit zoos • Donkey skin traders (leather/hides) • Abattoirs • Animal experience companies • Seafood processors • Fishermen • Safari outfitters • Electronics • Recycling exporters • Agricultural businesses 	Transfers <ul style="list-style-type: none"> • Internal transfers from different account holders of the same bank • Regular transfers of the same amount to different individuals • To investment accounts • EFT payments that do not align with client profile • Numerous large transfers, including inter account transfers between the client's linked accounts • Numerous airtime purchases made for the maximum limit per transaction 	Traffickers can make or receive payments from international accounts to <ul style="list-style-type: none"> • Business accounts • Nominee accounts • Accounts of family members • Employees • Mule accounts 	

LEVEL	INDUSTRY & JOB TYPE INDUSTRIES USED AS FRONT BUSINESSES	TRANSACTION TYPE	PAYMENT METHODS	PAYMENT DETAILS
3-4	Processing and consolidation <ul style="list-style-type: none"> • Abattoirs • Warehouses • Restaurants • Taxidermists • Real estate 	Payments and withdrawals <ul style="list-style-type: none"> • Large deposits quickly followed by large cash withdrawals • eWallet payments • Cardless cash transactions • Disbursement of funds in different geographical regions • Debit order payments referenced to names linked to the clients who are known or suspected wildlife traffickers 	Traffickers may use various names to hide illegal proceeds and make payments <ul style="list-style-type: none"> • Employees • Third party nominees • Shell or front companies • Family members • Minor accounts 	Services include phrases such as <ul style="list-style-type: none"> • Safari • Wildlife • Stock sale • Hunting package/trophy • Villa payment • Taxidermy • Pet supplies • Pallets • Bamboo • Rhino • Rhinus (alone or with other descriptors or numbers) • Stokvel • Rent payment • Utility payment • Erf numbers
3-4	For services or equipment <ul style="list-style-type: none"> • Car, boat, equipment rentals • Flights • Weapons • Ammunition • Access to property • Property rental • Storage facilities 	Unexplained funds or wealth <ul style="list-style-type: none"> • Inability to confirm source of funds or wealth • High volume/value of deposits/ payments (outlier) • Business/personal accounts that do not reflect corresponding activities 		
3-4	Cash-intensive businesses including <ul style="list-style-type: none"> • Art dealers • Construction • Transport • Cash loan businesses • Cash-and-carry • Cash in transit • Liquor shops • Electronics businesses 	Other indicators/red flags <ul style="list-style-type: none"> • Unusual payments to government officials or those within tourism- and animal-based businesses in high-risk locations • Frequent cash deposits by attorneys known to represent accused wildlife traffickers • Abuse of minor accounts • Abuse of money service businesses 		

1.4 DATA MINING - DETAILED RESULTS

The characteristics of reported persons or entities, and their **transacting patterns in previous IWT cases** (referred or requested), are summarised below:

CHARACTERISTIC	TREND
Nationality	Primarily Chinese , with some Vietnamese .
Occupation	The occupation of perpetrators named in rhino poaching cases held on record by banks are listed as self-employed and unemployed . The noted trend for occupations of people investigated in cases relating to endangered species appeared to be managerial (general manager/engineering) and miscellaneous sales . The Northern Cape is known for mining operations, which might provide an indication as to the prominence of engineering occupations. Another occupation listed in one case was debt collection .
Businesses used	With reference to IWT , the following businesses were prevalent: Chinese restaurants, general wholesalers, bulk seller of wine, consultancy services and others. In cases relating to endangered species , businesses involved appeared to be travel agencies and estate agents .
Account activity	Account activity relating specifically to rhino poaching cases appeared to be business accounts that featured no business-related expenditure, such as salaries or tax payments. With reference to rhino poaching , and other crime types, personal accounts did not display salary credits, living expenses or debit orders. <i>A trend of rapid disposition of funds was often noted across all crime types.</i>
Employed by	Employers of perpetrators were primarily indicated as trading businesses , including China Town, wholesalers, cash and carry, traders and others. A Chinese restaurant featured prominently in abalone poaching and farm employees were identified in rhino poaching cases. An employee of SAPS was discovered selling endangered plants to Asian countries.
Convictions	Not many examples of convictions were found in the cases examined. However, prominent convictions reported in the media included Deon Cornelius for illegal trade in rhino horn, and Yansen Feng for dealing in rhino horn.

CHARACTERISTIC TREND

Deposit references

Deposit references for **rhino horn transactions** were often noted to be **Asian names or references**, with examples including Lin, Chen, hua luo sui, LIANG, GAO, XIAOQIANG, Huan, QIAN, N GU, QIAN X D. Complicated codes were also found to reference these types of transactions, with one example YISHANGLVYOUXI5223630003110768. When it came to **endangered species cases**, deposit references featured included LUNO and VALR, potentially indicating that payments for endangered plants were made with **crypto currency**.

Politically influential persons

No case referred to law enforcement included a politically influential person.

Incoming funds

A variety of payment methods were identified for incoming transactions into accounts under investigation. The most common included cash deposits through ATM and branch **cash deposits**. The characteristics of these deposits included the use of generally **round or large amounts**, transactions conducted from **various locations** in SA and **multiple transactions**. Payment methods for incoming funds included electronic payments, immediate transfer credits, SWIFT payments and RTC.

Outgoing funds

Funds exited suspicious accounts primarily via ATM **cash withdrawals** (conducted in different regions in SA) and **point of sale purchases**. This included excessive card purchases abroad, electronic transfers (including payments abroad), casino spend, airtime purchases and money remitter transactions (payments described as gifts).



The characteristics of reported persons or entities, and their **transacting patterns in STRs/SARs containing IWT-related keywords**, are summarised as follows:

CHARACTERISTIC	TREND
Nationality	Nationality was not stated in most cases, but where mentioned, suspected individuals were identified as South African , with some Zimbabwean .
Occupation	<p>Self-employed and unemployed individuals appeared to feature most prominently in STRs/SARs related to IWT, especially rhino and abalone poaching.</p> <p>It was also noted that students, pensioners and home executives, who might be more vulnerable to corruption, were used in rhino and abalone poaching transactions.</p> <p>Farming appeared to be a prominent occupation for those facilitating rhino poaching operations.</p> <p>Company directors were also identified to be involved in transactions relating to rhino poaching syndicates.</p> <p>One report also featured a police constable who was allegedly implicated in rhino poaching.</p> <p>Occupations of those involved in other wildlife crimes were not indicated in the STRs/SARs.</p>
Employer	<p>In most instances of the wildlife crime STRs/SARs, the employer of the reported person was unknown.</p> <p>Officials from SANPARKS, DFFE, SAPS, SIU, as well as a municipality appeared in various STRs/SARs, featuring these officials as facilitators in abalone, rhino poaching and other wildlife crimes.</p> <p>Reports indicating suspected perpetrators in rhino poaching were noted to be employed on game farms, ranches, nurseries, and holiday resorts.</p>
Account activity	<p>Some suspicious indicators identified included:</p> <ul style="list-style-type: none">• business accounts not showing business expenditure (such as salaries or tax payments)• personal accounts not including salary credits, living expenses or debit orders• rapid disposition of funds after receipt of incoming funds• abuse of minor accounts, and/or• inability to confirm source of funds or wealth.
Convictions	Many of the STRs/SARs were submitted after the reporter had seen adverse media relating to the perpetrator. By this time, the perpetrator would have been arrested , convicted or awaiting conviction, or released on bail .
Deposit references	<p>Reported deposit references included some of the following keywords:</p> <p>secret, MOOLA, names of individuals or entities involved in crime, Mampies, happy, hunting package, villa payments, taxidermy, hunting trophies or code references with long alpha-numeric values.</p>

CHARACTERISTIC	TREND
Politically influential persons	<p>Very few reports reflected the suspected involvement of a politically influential person in IWT. The limited instances mentioned included rhino poaching, elephant tusks and abalone, with the information source appearing to derive from adverse media. These individuals appear to be largely foreigners.</p>
Incoming funds	<p>A variety of payment methods were identified for incoming transactions into suspicious accounts under investigation. The most common way accounts received money was through cash deposits (24% of reported transactions), via ATM and branch cash deposits, primarily in round or large amounts, or multiple transactions, conducted from various locations in SA. Many cash deposits were made at airports.</p> <p>Incoming funds mostly occurred via electronic payments (16%), RTC (11%), immediate transfer credits, SWIFT payments (1%), Cheques (1%) and money received from gambling institutions (1%).</p> <p>Internal transfers from different account holders of the same bank (9%) featured prominently.</p> <p>It was noted that funds are often sent in the same amount to different individuals on a regular basis.</p>
Outgoing funds	<p>Funds exited reported accounts most frequently via ATM cash withdrawals (16% from different regions in SA) and point of sale purchases (14%).</p> <p>Other transaction types also frequently noted included electronic transfers (8%), debit orders (5%), internal transfers to account holders at the same bank (4%), casino spend (1%), airtime and prepaid purchases (1%), Western Union and MoneyGram transactions (1% payments described as gifts) and cash send (1%).</p> <p>Other indicators relating to payments included:</p> <ul style="list-style-type: none"> • funds disposed of in short succession after receipt • funds disbursed in different geographical regions • high value payments • card purchases from the same place • transfers to investment accounts • immediate large cash withdrawals, and • facilitation of gambling accounts.

- ¹ [Wildlife crime: a \\$23 billion trade that's destroying our planet, Wolfgang Lehmacher, 2016](#)
- ² [Department of Environment, Forestry and Fisheries report back on rhino poaching in South Africa in 2019, February 2020](#)
- ³ [Environment, Forestry and Fisheries on Rhino Poaching in South Africa in 2020, February 2021](#)
- ⁴ [Department of Forestry, Fisheries and the Environment celebrates World Ranger Day and reports back on rhino poaching in South Africa, July 2021](#)
- ⁵ [A Special Typologies Project Report On Poaching, Illegal Trade In Wildlife And Wildlife Products And Associated Money Laundering, Eastern and Southern Africa Anti-Money Laundering Group \(ESAAMLG\), June 2016](#)
- ⁶ [Strengthening Governance and Reducing Corruption Risk to Tackle Illegal Wildlife Trade: Lessons from East and Southern Africa, OECD, 2018](#)
- ⁷ [Money Laundering and the Illegal Wildlife Trade, Financial Action Task Force \(FATF\), June 2020](#)
- ⁸ [Financial Flows and Payment Mechanisms Behind Wildlife Crime, TRAFFIC, March 2021](#)
- ⁹ [The Xaysavang Network](#)
- ¹⁰ [Flying under the radar, page 59, ROUTES Partnership, May 2017](#)
- ¹¹ [The Global Trafficking of Pangolins, TRAFFIC, December 2017](#)
- ¹² [South Africa's illicit abalone trade, TRAFFIC, Oct 2014](#)
- ¹³ [Flying under the radar, page 59, ROUTES Partnership, May 2017](#)
- ¹⁴ [Follow the money, RUSI, September 2017](#)
- ¹⁵ [The State vs Ndlovu, South Africa, UNODC, 2019](#)
- ¹⁶ [Tipping point - Transnational organised crime and the war on poaching, page 12, Global Initiative, July 2016](#)
- ¹⁷ [Tipping point - Transnational organised crime and the war on poaching, page 11, Global Initiative, July 2016](#)
- ¹⁸ [Profile of the illegal abalone fishery in the Eastern Cape Province, May 2009](#)
- ¹⁹ [South Africa's illicit abalone trade, TRAFFIC, Oct 2014](#)
- ²⁰ [Case Closed? Why we should review historic wildlife trafficking cases from a financial perspective, RUSI, March 2020](#)
- ²¹ [What is money muling? Europol](#)
- ²² [National Integrated Strategy to Combat Wildlife Trafficking, February 2017](#)
- ²³ [Stopping the illegal trafficking of Australian Wildlife, Financial Crime Guide, October 2020](#)

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