



# Financial Threat Analysis

**Illicit Finance Threat Involving Wildlife Trafficking and Related Trends in Bank Secrecy Act Data**



## Illicit Finance Threat Involving Wildlife Trafficking and Related Trends in Bank Secrecy Act Data

*This report focuses on wildlife trafficking threat patterns and trend information identified in Bank Secrecy Act (BSA) data filed between January 2018 and October 2021.<sup>1</sup> The Financial Crimes Enforcement Network (FinCEN) issued national priorities for anti-money laundering and countering the financing of terrorism policy on June 30, 2021, which included corruption and transnational criminal organization activity as government-wide priorities, and highlighted wildlife trafficking as a transnational criminal organization-related concern. The information contained in this report is intended to provide to the public, including a wide range of businesses and industries, threat pattern and trend information regarding wildlife trafficking. The report also highlights the value of BSA information filed by regulated financial institutions.*

**Executive Summary:** This report seeks to highlight and further inform efforts to combat wildlife trafficking and the associated movement of illicit proceeds, which are estimated to be between \$7 and \$23 billion per year, or approximately one quarter of the amount generated from the legal wildlife trade.<sup>2</sup> FinCEN is calling attention to this threat<sup>3</sup> because of: (1) its strong association with corruption and transnational criminal organizations (TCOs), two of FinCEN’s national anti-money laundering and countering the financing of terrorism (AML/CFT) priorities;<sup>4</sup> (2) a need to enhance reporting and analysis of related illicit financial transactions;<sup>5</sup> and, (3) wildlife trafficking’s

1. This report is issued pursuant to Section 6206 of the Anti-Money Laundering Act of 2020 (AMLA), which requires the Financial Crimes Enforcement Network to periodically publish threat pattern and trend information derived from financial institutions’ Suspicious Activity Reports (SARs) to provide meaningful information about the preparation, use, and value of such reports. The AMLA was enacted as Division F, §§ 6001-6511, of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021, Pub. L. 116-283 (2021).
2. The Financial Action Task Force (FATF), *Money Laundering and the Illegal Wildlife Trade*, June 2020, at p. 13, <https://www.fatf-gafi.org/media/fatf/documents/Money-laundering-and-illegal-wildlife-trade.pdf>; Interpol and The United Nations Environment Programme (UNEP), *Strategic Report: Environment, Peace and Security, A Convergence of Threats*, Dec. 2016, at p. 5, [https://www.interpol.int/en/content/download/5099/file/UNEP-INTERPOL\\_Report\\_The\\_Rise\\_of\\_Environmental\\_Crime.pdf](https://www.interpol.int/en/content/download/5099/file/UNEP-INTERPOL_Report_The_Rise_of_Environmental_Crime.pdf); World Bank, *Illegal Logging, Fishing, and Wildlife Trade: the Costs and How to Combat It*, 2019, at p. 15, <https://thedocs.worldbank.org/en/doc/482771571323560234-0120022019/original/WBGReport1017Digital.pdf>. See also, Daan P, Van Uhm, *The Illegal Wildlife Trade: Inside the World of Poachers, Smugglers and Traders*, 2016, <https://www.springer.com/gp/book/9783319421285>.
3. In November 2021, FinCEN also issued FIN-2021-NTC4, *FinCEN Calls Attention to Environmental Crimes and Related Financial Activity*, <https://www.fincen.gov/news/news-releases/fincen-notice-fincen-calls-attention-environmental-crimes-and-related-financial>.
4. FinCEN, *National AML/CFT Priorities News Release*, June 30, 2021 (containing links to the national priorities and two guidance documents), <https://www.fincen.gov/news/news-releases/fincen-issues-first-national-amlcft-priorities-and-accompanying-statements>.
5. See FATF, *Money Laundering and the Illegal Wildlife Trade*, *supra* at pp. 5-7, (indicating that the financial trail is “rarely” investigated in illegal wildlife trafficking), <https://www.fatf-gafi.org/media/fatf/documents/Money-laundering-and-illegal-wildlife-trade.pdf>; Egmont Centre of FIU Excellence and Leadership (ECOFEL), *Financial Investigations into Wildlife Crime*, Jan. 2021, at p. 6, (“Historically, there have been few financial investigations into wildlife crime around the world.”) <https://egmontgroup.org/sites/default/files/filedepot/external/ECOFEL%20Financial%20Investigations%20into%20Wildlife%20Crime%20Report%20Final%20.pdf>.

contribution to biodiversity loss,<sup>6</sup> damage to fragile ecosystems, and the increased likelihood of spreading of zoonotic diseases.<sup>7</sup>

FinCEN analysis of wildlife trafficking-related SARs filed through late 2021 indicates that wildlife trafficking affects the U.S. financial sector, but that financial institutions' current identification and reporting of potential wildlife trafficking may not reflect the totality of wildlife trafficking and associated illicit financial activity with a nexus to the United States. The number of wildlife trafficking-related SARs filed annually increased year-over-year between January 2018 and October 2021, with a total of 212 SARs filed in this period ("the review period"). While SAR filings have increased, they still appear low in comparison to the estimates of the scale of wildlife trafficking. We assess that the SARs are likely capturing only a small percentage of all wildlife trafficking-associated illicit financial activity. Differentiating between the legal and illegal trade of wildlife (both domestic and international) typically cannot be achieved through financial analysis alone and may be at least one of the reasons for this gap. SARs show that illicit financial activity related to potential wildlife trafficking is usually identified because of its connection to public or already known trafficking activity or because of a law enforcement referral related to wildlife trafficking. Financial intelligence can play an important role in detecting this illegal activity and helps identify offenders, when combined with other information.

**Convergence with Corruption and TCOs:** Corruption<sup>8</sup> enables various forms of wildlife trafficking and occurs at several points in the wildlife supply chain. SARs in this dataset identified various levels of potential foreign government corruption. Likewise, transnational syndicates are continuing to grow and diversify, with increasing involvement in wildlife trafficking and also other forms of serious crime, including fraud, tax evasion in some countries, drug trafficking, and illegal logging.<sup>9</sup> FinCEN assesses TCOs have an increasing role in facilitating the movement of both wildlife and related money laundering because of the increase in the movement of bulk wildlife product using established trade routes consistent with the experience, organization, and sophistication of TCOs. Also, given the profit motivations of TCOs, wildlife trafficking is appealing as it is a low-risk and high-reward crime.<sup>10</sup>

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6. FATF, *Money Laundering and the Illegal Wildlife Trade*, *supra* at pp. 5 and 7. In addition, in June 2021, G7 leaders recognized the "interdependent and mutually reinforcing crises" of biodiversity loss and climate change. *G7 2030 Nature Compact*, June 2021, at p.1, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1001131/G7\\_2030\\_Nature\\_Compact\\_PDF\\_120KB\\_4\\_pages\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1001131/G7_2030_Nature_Compact_PDF_120KB_4_pages_.pdf).
  7. FATF, *Money Laundering and the Illegal Wildlife Trade*, *supra* at p. 7; *see also*, UK Department for Environment, Food & Rural Affairs and the Rt. Hon. Lord Goldsmith, *UK Commits Additional £7.2 Million to Tackling Illegal Wildlife Trade*, Oct. 1, 2021 (referring to illegal wildlife trafficking resulting in the depletion of carbon sequestering abilities), <https://www.gov.uk/government/news/uk-commits-additional-72-million-to-tackling-illegal-wildlife-trade>; Congressional Research Service (CRS), *Wildlife Trade, COVID-19, and Other Zoonotic Diseases*, Updated Feb. 19, 2021, at p. 1, <https://crsreports.congress.gov/product/pdf/IF/IF11494>.
  8. Corruption is identified by the United States as a national security threat. "Corruption corrodes public trust; hobbles effective governance; distorts markets and equitable access to services; undercuts development efforts; contributes to national fragility, extremism, and migration; and provides authoritarian leaders a means to undermine democracies worldwide." The White House, *Memorandum on Establishing the Fight Against Corruption as a Core United States National Security Interest*, June 2021, <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/06/03/memorandum-on-establishing-the-fight-against-corruption-as-a-core-united-states-national-security-interest/>.
  9. FATF, *Money Laundering and the Illegal Wildlife Trade*, *supra* at p. 7.
  10. Interpol and UNEP, *Strategic Report: Environment, Peace and Security, A Convergence of Threats*, *supra* at pp. 53-54.

***The Importance of Global Financial Markets in the Wildlife Trade:*** FinCEN identified funds transfers between depository institutions as the most common wildlife trafficking-related payment mechanism in SARs. These same SARs show that funds potentially associated with wildlife trafficking move through the financial systems of some of the world’s largest economies, as well as to countries that are a focus for wildlife trafficking.

***Commonly Trafficked Species and Associated Products:*** The United Nations (U.N.) estimates that in excess of 7,000 different species are illegally trafficked.<sup>11</sup> FinCEN identified SARs referencing 12 of the most commonly trafficked animals or species, including reptiles, big cats, and turtles, as well as some of the most commonly trafficked animal parts, such as ivory.<sup>12</sup>

***Potential Wildlife Trafficking Financial Indicators:*** In June 2020, the Financial Action Task Force (FATF) published financial indicators related to wildlife trafficking and described the results of a study of 50 jurisdictions, including the United States.<sup>13</sup> Because the financial indicators provided by FATF incorporate global activity, FinCEN is highlighting and providing indicators that may occur most commonly involving wildlife trafficking with a nexus to the United States.

**Scope and Methodology:** FinCEN queried SARs for keywords related to wildlife trafficking. From the resulting reports, FinCEN reviewed and verified each SAR to remove any false positives. The final dataset comprises 212 SARs filed between January 1, 2018, and October 31, 2021 (“the review period”), with total suspicious activity exceeding \$1 billion. This figure includes SARs that describe continuing suspicious activity or amend earlier reporting (29 percent of SARs in this dataset), as well as SARs that report on expanded networks involved in potential illicit activity, and not only those engaged in laundering the proceeds of wildlife trafficking. While SAR filings have increased, they still appear low in comparison to the estimates of the scale of wildlife trafficking. We assess SARs are likely capturing only a small percentage of all wildlife trafficking-associated illicit financial activity.

### Wildlife Trafficking

Wildlife trafficking, also known as the illegal wildlife trade (IWT), involves the illicit trade of protected animals, animal parts, and derivatives thereof, including procurement, transport, and distribution, in violation of international or domestic law, and money laundering related to this activity. Wildlife trafficking is a major transnational organized crime, which generates billions of dollars of criminal proceeds each year.<sup>14</sup> Wildlife trafficking fuels corruption, threatens

11. United Nations Office on Drugs and Crime (UNODC), *World Wildlife Crime Report, Trafficking in Protected Species*, 2016, at pp. 4 and 14, <https://www.un-ilibrary.org/content/books/9789210580557/read>.

12. References to most commonly traded wildlife or wildlife parts included ivory, rhinoceroses, elephants, reptiles, big cats, turtles, pangolins, sharks, tortoises, corals, raptors, and totoabas.

13. FATF, *Money Laundering and the Illegal Wildlife Trade*, *supra* at p. 5 and Annex A.

14. *Id.* at p. 7.

biodiversity, and can have a significant negative impact on public health and the economy. To move, hide, and launder their proceeds, wildlife traffickers exploit weaknesses in financial and non-financial sectors, enabling further wildlife crimes and damaging financial integrity.<sup>15</sup>

Wildlife trafficking uses many of the same routes and methods used by drug traffickers and others engaged in illicit trade and can vary depending on the species.<sup>16</sup> Common smuggling techniques include concealing items in personal bags and falsely identifying goods as legal wildlife or other products.<sup>17</sup> IWT ranges from a single live animal to multi-ton commercial shipments, with the latter becoming increasingly common.<sup>18</sup>

## Convergence with Corruption and Transnational Criminal Organizations

Corruption<sup>19</sup> “fuels and abets transnational organized crime, and is particularly rife in high-value wildlife trafficking.”<sup>20</sup> FinCEN found references and activity indicative of corruption and TCO involvement in wildlife trafficking-related SARs.

**Corruption:** FinCEN identified a possible nexus between corruption activity and wildlife trafficking in 10 percent of the wildlife trafficking-related SARs (21 SARs).<sup>21</sup> Corruption enables various forms of wildlife trafficking and occurs at several points in the wildlife supply chain.<sup>22</sup> The corrupt activities include bribes to foreign government officials—including forest rangers, shipping agents, customs officers, and others—in exchange for information, ignoring illegal activity, not prosecuting, or otherwise facilitating access to obtaining and transporting wildlife. Corruption in the wildlife supply chain may occur more often in wildlife source countries and be more difficult to detect.

15. FATF, *Money Laundering and the Illegal Wildlife Trade*, *supra* at p. 5.

16. See UNODC, *World Wildlife Crime Report, Trafficking in Protected Species*, 2020, at Chapters 2-7, <https://www.unodc.org/unodc/en/data-and-analysis/wildlife.html>.

17. ECOFEL, *Financial Investigations into Wildlife Crime*, *supra* at p. 26; USFWS Website, *Wildlife Inspectors*, accessed Dec. 10, 2021, <https://www.fws.gov/northeast/le/wildlifeinspectors.html>.

18. U.S. Department of the Interior, *Ten Things Poachers Don't Want You to Know About Wildlife Trafficking*, Sept. 9, 2020, <https://www.doi.gov/blog/10-things-poachers-dont-want-you-know-about-wildlife-trafficking>.

19. “Corruption takes on many forms and is used to further various illicit behaviors.” *The White House, United States Strategy on Countering Corruption*, Dec. 2021, at p. 6, <https://www.whitehouse.gov/wp-content/uploads/2021/12/United-States-Strategy-on-Countering-Corruption.pdf>. Types of corruption include grand corruption, administrative corruption, kleptocracy, state capture, and strategic corruption. *Id.*

20. UNODC, *Links Between Corruption And Wildlife Crime Highlighted At UN Anti-Corruption Conference*, Nov. 6, 2017, <https://www.unodc.org/unodc/en/press/releases/2017/November/links-between-corruption-and-wildlife-crime-highlighted-at-un-anti-corruption-conference.html>.

21. FinCEN analyzed SARs mentioning potential links to corruption, politically exposed persons (PEPs), and referencing embezzlement. SARs can mention one or more of these keywords; this figure only reflects the number of unique reports and not the instances a keyword appeared.

22. See ECOFEL, *Financial Investigations into Wildlife Crime*, *supra* at p. 30, and Organization for Economic Co-operation and Development (OECD), *Strengthening Governance and Reducing Corruption Risks to Tackle Illegal Wildlife Trade*, 2018, at pp. 66-80 (examining various aspects of corruption across the supply chain), [https://read.oecd-ilibrary.org/trade/strengthening-governance-and-reducing-corruption-risks-to-tackle-illegal-wildlife-trade\\_9789264306509-en#page1](https://read.oecd-ilibrary.org/trade/strengthening-governance-and-reducing-corruption-risks-to-tackle-illegal-wildlife-trade_9789264306509-en#page1).

The U.S. Department of State has identified six jurisdictions—Cambodia, Cameroon, Democratic Republic of the Congo, Laos, Madagascar, and Nigeria—as “countries of concern,” based on serious concerns that either high-level or systemic government involvement in wildlife trafficking has occurred.<sup>23</sup> FinCEN found 25 percent of SARs (54 SARs) in this dataset referenced one or more of these jurisdictions.<sup>24</sup>

***Transnational Criminal Organizations:*** FinCEN identified seven SARs that highlighted potential organized crime involvement related to possible wildlife trafficking. In 2021, the U.S. Fish and Wildlife Service (USFWS) indicated that wildlife trafficking is now “largely carried out by international criminal organizations that are well structured, highly organized, and capable of illegally moving large commercial volumes of wildlife and wildlife products and laundering its proceeds.”<sup>25</sup> In 2013, the Congressional Research Service pointed to a series of U.N. studies on wildlife trafficking highlighting the involvement of TCOs as a source of concern. According to this series, criminal syndicate involvement was “significant and growing” in some areas of wildlife trafficking and included heavy involvement of Chinese, Japanese, Italian, and Russian organized crime.<sup>26</sup>

Finally, a recent U.S. law enforcement action has highlighted the convergence of alleged TCOs that possibly engaged in wildlife trafficking, including shark finning, but also potentially other illicit activities, such as drug trafficking and money laundering.<sup>27</sup> FinCEN identified five SARs that referenced drugs or narcotics and wildlife trafficking.

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23. U.S. Department of State, *2021 END Wildlife Trafficking Report*, Nov. 4, 2021 (explaining that The END Act Report does not reflect a positive or negative judgment of the listed countries or indicate that these countries are not working diligently to combat wildlife trafficking), <https://www.state.gov/2021-end-wildlife-trafficking-report/>.

24. SARs can mention one or more of these jurisdictions; this figure only reflects the number of unique reports and not the instances any specific jurisdiction appeared. Pursuant to The Eliminate, Neutralize, and Disrupt (END) Wildlife Trafficking Act of 2016, <https://www.congress.gov/bill/114th-congress/house-bill/2494>, the U.S. Department of State published the 2021 END Wildlife Trafficking Report and identified 28 countries of focus based on the conclusion that they were a “major source of wildlife trafficking products or their derivatives, a major transit point of wildlife trafficking products or their derivatives, or a major consumer of wildlife trafficking products” and six countries as “countries of concern” based on evidence their “governments actively engaged in or knowingly profited from the trafficking of endangered or threatened species.” The END Act Report does not reflect a positive or negative judgment of the listed countries or indicate that these countries are not working diligently to combat wildlife trafficking. U.S. Department of State, *2021 END Wildlife Trafficking Report*, *supra*.

25. Stephen Guertin, Deputy Director for Policy, USFWS, *Testimony Before the House Committee on Natural Resources Subcommittee on Water, Oceans, and Wildlife regarding Wildlife Trafficking and the Growing Online Marketplace*, Apr. 27, 2021, at p. 1, <https://naturalresources.house.gov/imo/media/doc/Guertin%20FWS%20Testimony%20WOW%20Ov%20Hrg%2004.27.21.pdf>.

26. See Liana Sun Wyler, Pervaze A. Sheikh, CRS, *International Illegal Trade in Wildlife: Threats and U.S. Policy*, July 23, 2013, at p. 4 (referencing three U.N. reports), <https://sgp.fas.org/crs/misc/RL34395.pdf>.

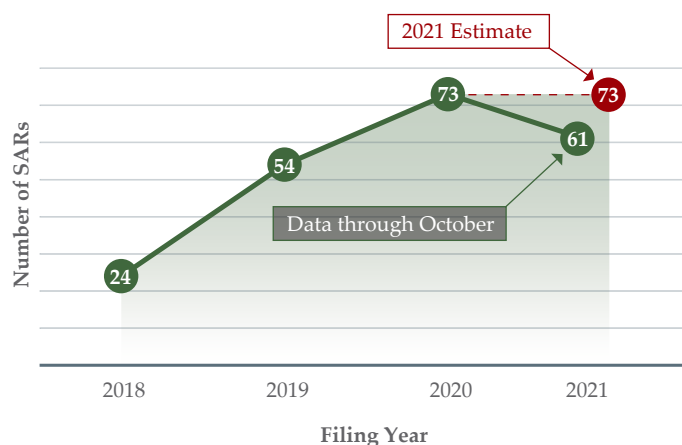
27. See Department of Justice (DOJ), *International Money Laundering, Drug Trafficking And Illegal Wildlife Trade Operation Dismantled*, Sept. 3, 2020, <https://www.justice.gov/usao-sdga/pr/international-money-laundering-drug-trafficking-and-illegal-wildlife-trade-operation#:~:text=Initiated%20by%20the%20U.S.%20Fish%20and%20Wildlife%20Service,U.S.%20Attorney%20for%20the%20Southern%20District%20of%20Georgia.>

## Wildlife Trafficking-related Financial Activity Reporting Appears to be Trending Up

Reporting of suspected wildlife trafficking-associated illicit financial activity may be trending up, according to SAR data. This trend potentially reflects an increasing overall prevalence of wildlife trafficking activity, as well as improved detection and reporting of possible illicit activity by financial institutions, which may be related to increased awareness of reporting obligations pertaining to wildlife trafficking, internal initiatives to combat wildlife trafficking, including coordination with law enforcement, and a willingness to report. Overall, wildlife trafficking-related SARs filed between January 2018 and October 2021 trended up, increasing at least 154 percent within this period. If current average monthly SAR filing trends continue, SARs filed in 2021 will meet or exceed the amount of SARs filed in 2020.

It is still too early to observe clear reporting trends and changes related to wildlife trafficking due to the COVID-19 pandemic, but lockdown measures taken by governments may have forced organized criminal groups to adapt and change their dynamics.<sup>28</sup> Those changes might result in illicit wildlife markets going even deeper underground, additional risks for corruption, and shifts in market and transportation methodologies in the longer term.<sup>29</sup>

**Figure 1. Number of Wildlife Trafficking-related SARs, 2018 to October 2021<sup>30</sup>**



## Depository Institutions File the Majority of Wildlife Trafficking-related SARs

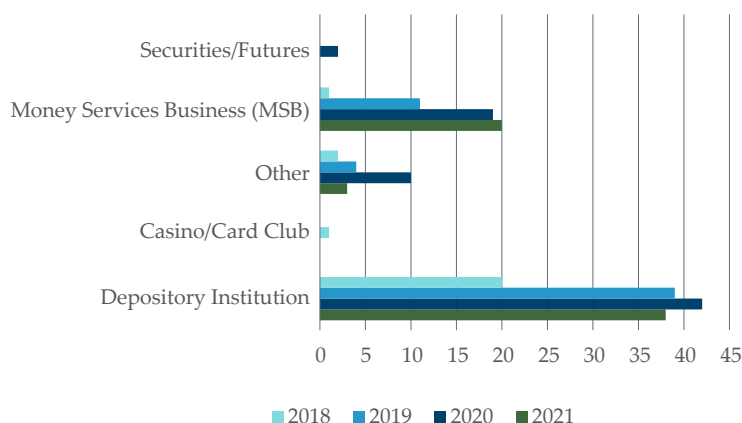
During the review period, depository institutions filed the majority of wildlife trafficking-related SARs, or 66 percent. In addition, money services businesses (MSBs) submitted nearly a fourth of such SARs, or 24 percent. Other types of financial institutions, including casinos and those dealing with securities and futures, submitted roughly 10 percent of such SARs.

28. UNODC, *World Wildlife Crime Report*, 2020, supra at p. 34.

29. *Id.*

30. As of October 31, 2021, financial institutions filed 61 potential wildlife trafficking-related SARs. If current SAR filing trends continue, FinCEN estimates a total of at least 73 potential wildlife trafficking SARs for the 2021 calendar year.

Figure 2. Potential Wildlife Trafficking-related SARs by Institution Type, 2018 to October 2021<sup>31</sup>



### Majority of Wildlife Trafficking-related SARs Highlight Funds Transfers

FinCEN identified funds transfers between depository institutions as the most common potential wildlife trafficking-related payment method reported in SARs. These funds transfers were mentioned in nearly 67 percent of the SARs in this dataset.

*Other Wildlife Trafficking-related Payment Methods:* A myriad of funding mechanisms can facilitate wildlife trafficking, in addition to funds transfers between depository institutions. FinCEN identified MSB transfers in 17 percent; cash in 12 percent; peer-to-peer transfers<sup>32</sup> in 10 percent; checks in eight percent; and automated clearing house transfers<sup>33</sup> in seven percent of the wildlife trafficking-related SARs.<sup>34</sup> The use of a potential informal value transfer system (IVTS) or convertible virtual currencies (CVCs) were mentioned in less than one percent of the SARs FinCEN reviewed.

### Financial Activity Includes Focus Countries for Wildlife Trafficking

Wildlife trafficking is commonly discussed in terms of source, destination, and transit countries. FinCEN recognizes that corresponding financial activity may also involve countries not directly involved in the actual trafficking of animals or animal parts, and observes that money laundering can occur in and between any of these points.<sup>35</sup>

31. The “Other” category of financial institutions primarily includes holding companies, but also those that do not file SARs as a member of another category, such as some financial technology companies.

32. Peer-to-peer transactions are electronic money transfers made from one person to another through an intermediary, typically referred to as a P2P payment application.

33. The Automated Clearing House (ACH) is primarily used for electronic funds transfer (EFT). With ACH, funds are electronically deposited in financial institutions, and payments are made online.

34. SARs can reference multiple payment mechanisms.

35. As noted by FATF, illicit actors can take advantage of the weak regulatory environments in some financial centers to further money laundering activity. FATF, *Money Laundering and the Illegal Wildlife Trade*, *supra* at p. 18.



**U.S. Top Reported Transactional Source and Destination in SARs:** SARs describe potential wildlife trafficking-related illicit financial activity most frequently associated with transactions originating with or benefiting U.S.-based accounts (106 SARs reference U.S.-based accounts sending transactions and 89 SARs reference U.S.-based accounts receiving transactions).<sup>36</sup> “The reach, speed, and accessibility of the U.S. financial system make it an attractive target to money launderers, transnational organized crime syndicates, and other bad actors.”<sup>37</sup> Also, the United States is one of the world’s largest markets for legal and illegal wildlife and wildlife products.<sup>38</sup> These factors may contribute, at least in part, to the number of SARs referencing U.S.-based entities, though many foreign transactions would not be reflected in SAR data because SARs are only filed by U.S. institutions. FinCEN assesses that United States involvement in wildlife trafficking includes acting as a source, destination, and transit location for wildlife and wildlife products.<sup>39</sup> For example, from at least June 2017 to December 2018, turtles were illegally smuggled from the United States to Hong Kong Special Administrative Region.<sup>40</sup> In November 2021, the United States served as a destination country for allegedly trafficked elephant ivory and white rhinoceros horn from the Democratic Republic of Congo.<sup>41</sup> Finally, the United States served as a transit location in a case involving a U.S. law enforcement seizure of 42 box turtles at the Port of Memphis that were shipped from Mexico and destined for Asia.<sup>42</sup> Additionally, the United States can be a potential money laundering location for wildlife trafficking-related illicit finance as illustrated by multiple SARs.

**Other Jurisdictions Highlighted in SARs:** Annually, the U.S. Department of State, in consultation with the Departments of the Interior and Commerce, and with the United States Agency for International Development, publishes a list of “focus” countries in the Eliminate, Neutralize, and Disrupt (END) Act Report. These countries are considered a “major source of wildlife trafficking products or their derivatives, a major transit point of wildlife trafficking products or their derivatives, or a major consumer of wildlife trafficking products.”<sup>43</sup> The END Act Report does not reflect a positive or negative judgment of the listed countries or indicate that these countries are not working diligently to combat wildlife trafficking.<sup>44</sup>

36. FinCEN reviewed SARs where transaction information was available and where FinCEN could determine the location of originating and receiving parties. Not all SARs in this dataset included transactional information.

37. FinCEN, *Testimony of FinCEN Director Kenneth A. Blanco before the Senate Committee on Banking, Housing and Urban Affairs*, Nov. 29, 2018, <https://www.fincen.gov/news/testimony/testimony-fincen-director-kenneth-blanco-senate-committee-banking-housing-and-urban>.

38. USFWS, *Budget Justifications and Performance Information Fiscal Year 2020*, at p. LE-2, <https://www.fws.gov/budget/2020/FY2020-FWS-Budget-Justification.pdf>.

39. FinCEN identified 18 SARs with activity indicative of a U.S.-based entity acting as the source for wildlife or wild products and 25 SARs with activity indicative of a U.S.-based entity acting as the recipient of wildlife or wild products.

40. DOJ, *Foreign National Sentenced for Money Laundering Funds to Promote Turtle Trafficking*, Oct. 6, 2021, <https://www.justice.gov/opa/pr/foreign-national-sentenced-money-laundering-funds-promote-turtle-trafficking>.

41. Homeland Security Investigations, *HSI Investigation Leads to Arrests for Ivory and Rhinoceros Horn Trafficking*, Nov. 16, 2021, <https://www.ice.gov/news/releases/hsi-investigation-leads-arrests-ivory-and-rhinoceros-horn-trafficking>.

42. USFWS, *U.S. Fish and Wildlife Service Works with Partners to Rescue Rare Turtles at Memphis Port of Entry*, May 24, 2021, <https://www.fws.gov/southeast/articles/service-works-with-partners-to-rescue-rare-turtles-at-memphis-port-of-entry/>.

43. U.S. Department of State, 2021 END *Wildlife Trafficking Report*, *supra*.

44. *Id.*

## FINANCIAL THREAT ANALYSIS

The 2021 END Act Report listed 28 foreign countries<sup>45</sup> fitting this criteria, and some of these countries (highlighted in figure 3) were commonly referenced in SARs for sending and receiving potential wildlife trafficking-related payments.

**Figure 3. Number of SARs Referencing Location of Accounts Sending and Receiving Potential Wildlife Trafficking-related Payments<sup>46</sup>**

Location of Sending Party	Number of SARs	Location of Receiving Party	Number of SARs
United States	89	United States	106
People's Republic of China	35	People's Republic of China	30
Hong Kong Special Administrative Region	28	Hong Kong Special Administrative Region	27
United Arab Emirates	26	United Arab Emirates	27
Vietnam	25	Kenya	22
Kenya	20	United Kingdom	21
Uganda	20	Singapore	13
Canada	19	Tanzania	13
South Korea	15	Canada	12

45. *Id.* The 2021 Focus Country List consisted of Bangladesh, Brazil, Burma, Cambodia, Cameroon, Democratic Republic of the Congo, Gabon, Hong Kong Special Administrative Region, India, Indonesia, Kenya, Laos, Madagascar, Malaysia, Mexico, Mozambique, Nigeria, People's Republic of China, Philippines, Republic of the Congo, South Africa, Tanzania, Thailand, Togo, Uganda, United Arab Emirates, Vietnam, and Zimbabwe.

46. SARs can reference multiple sending and receiving parties and jurisdictions.

## Wildlife Trafficking-related Money Laundering

Apparent money laundering activity was reported in 80 percent (170 SARs) of the wildlife trafficking-related SARs. FinCEN analysis of the potential money laundering associated with wildlife trafficking found in these SARs identified:

- The laundering of proceeds generated by potential wildlife trafficking is similar to the laundering of proceeds generated by other major crimes, including using typologies such as comingling of licit and illicit proceeds or comingling the proceeds of two or more illicit activities.
- While the majority of wildlife trafficking-associated illicit proceeds typically end up in the country where the leader(s) of the wildlife trafficking network are based, laundering also occurs at other stages in the wildlife trafficking supply chain, including laundering proceeds resulting from the poaching and transport of wildlife in source and transit countries.
- Illicit actors or TCOs engaged in wildlife trafficking may handle the laundering of proceeds generated by wildlife trafficking themselves or potentially outsource these financial or laundering elements to a third-party or money laundering organization.

## Commonly Trafficked Wildlife Species and Products Identified in SARs

FinCEN identified SARs referencing some of the most globally trafficked wildlife species and associated wildlife parts, including elephants, rhinoceroses, assorted reptiles, corals, pangolins, big cats, parrots, raptors, tortoises, totoabas, freshwater turtles, ivory, sharks, and sea turtles. For this analysis, FinCEN combined references to both the animal or associated animal part, when applicable.<sup>47</sup> Absent from this dataset were SARs referencing some highly trafficked species, such as eels.<sup>48</sup>

47. For example, SARs that reference tigers or tiger pelts are represented by a singular figure. UNODC, *World Wildlife Report Summary and Overview, 2020*, *supra* at p. 16; see also Stephen Guertin, USFWS, *Testimony*, *supra* at pp. 1-2.

48. SARs may exist outside of this dataset that are related to a highly trafficked species, but were not captured in this study because there was not a direct reference to wildlife trafficking, a species, or an animal part.

**Figure 4. SARs Referencing Commonly Trafficked Wildlife Species or Wildlife Parts<sup>49</sup>**

Species	Number of SARs
Ivory	44
Rhinoceroses <sup>50</sup>	39
Elephants <sup>51</sup>	37
Reptiles <sup>52</sup>	36
Big Cats <sup>53</sup>	24
Turtles	15
Pangolins <sup>54</sup>	12
Sharks <sup>55</sup>	9
Tortoises	5
Corals	3
Raptors <sup>56</sup>	1
Totoabas <sup>57</sup>	1

49. SARs can mention one or more of these keywords and this figure only reflects the number of unique reports and not the instances a keyword appeared.
50. All species of rhinoceros are protected under U.S. and international laws and since 1976, trade in rhinoceros horns has been regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora; see National Park Service, *Interagency Investigation Captures Men Trafficking Horns From Endangered Black Rhinoceros*, Apr. 6, 2018, <https://www.nps.gov/orgs/1563/isb-aids-usfws.htm>.
51. Tusks from Asian and African elephants are the most desired by the global ivory market; see USFWS, *U.S. Efforts to Control Illegal Elephant Ivory Trade and Internal Markets*, Sept. 2012, <https://www.fws.gov/international/pdf/factsheet-us-efforts-to-control-illegal-elephant-ivory-trade.pdf>.
52. This includes SARs that referenced lizards, reptiles, snakes, and pythons.
53. This includes SARs that referenced lions, tigers, jaguars, and leopards, as well as references to their associated animal parts.
54. Pangolins are found in Asia and Sub-Saharan Africa and are covered with overlapping scales. Pangolins are among the most trafficked mammals in the world, mostly driven by the illegal international and domestic trade of their scales; see USFWS, *Pangolins*, accessed Nov. 10, 2021, <https://www.fws.gov/international/animals/pangolins.html>.
55. Shark fins have high monetary and cultural value and are used in some types of food. Fins can be obtained by the practice of shark finning, which is the process of slicing off a shark’s fin and returning the shark to open waters; see USFWS, *DEC: First Successful Shark Fin Case Results in Guilt Felony Plea*, Aug. 10, 2015, <https://www.fws.gov/le/pdf/8-10-15-dec-firs-successful-shark-fin-case-results-in-guilt-felony-plea.pdf>.
56. This includes a SAR that referenced falcons.
57. The totoaba swim bladder is highly prized for use in traditional medicine in Asia. See USFWS, *U.S. Leadership at International Convention Supports Conservation Gains for Wildlife and Plant Species Throughout the World*, Aug. 28, 2019, [https://www.fws.gov/news/ShowNews.cfm?\\_ID=36453](https://www.fws.gov/news/ShowNews.cfm?_ID=36453).

## Wildlife Trafficking-related Activity Indicators

FinCEN identified at least five indicators linked to potential illicit activity by analyzing wildlife trafficking-related SARs, engaging with U.S. law enforcement, and reviewing wildlife trafficking publications. These are indicators that may occur most commonly with wildlife trafficking involving the United States or the U.S. financial system, and are meant to highlight and supplement information provided by bodies such as FATF.<sup>58</sup> Some indicators may also be associated with licit activity, therefore determining the likelihood of potential wildlife trafficking may be enhanced when multiple indicators are present.

### *Prevalence of Import-Export and Logistics Companies*

FinCEN's analysis of wildlife trafficking-related SARs found international trade companies, including import-export, freight forwarding, customs clearance, logistics, travel agencies, or similar types of companies may be associated with wildlife trafficking, either to knowingly or unknowingly move animals or animal-associated products or parts, or may be used as front companies for the movement or laundering of illicit proceeds.

### *Transactions Involving Wildlife-associated Entities*

Several SARs identified by FinCEN's analysis mentioned private zoos, animal importers, breeders, pet stores, exotic parks, circuses, safari parks, or hunting-related businesses. For example, wildlife trafficking-related SARs referenced hunting (20 SARs), safaris (18 SARs), and zoos (five SARs).

### *Transactions Referencing Wildlife-associated Care or Equipment*

Some illicit actors engaged in wildlife trafficking conduct transactions related to the purchase or maintenance of enclosures, aquariums, food, poaching-related equipment, large game equipment, or harnesses. Wildlife-related medication or veterinary services also may be associated with the storage or care of illegally trafficked animals.

Additionally, transactions appearing to benefit medical or pharmaceutical research could be indicative of animals illegally trafficked for medical research.

### *Convergence with Gold, Jewelry, Precious Metals, and Antiquities*

Payments for wildlife shipping can be masked as payment to gold, diamonds, or precious metals dealers or to precious metal trading business. Additionally, gold, diamonds, and other precious metals might be used to facilitate payment as trade for wildlife or to conceal proceeds of wildlife trafficking. For example, FinCEN identified references to jewelry (11 SARs), gems (seven SARs), gold (six SARs), and precious metals (six SARs) in wildlife traffic-related SARs during the review period.

FinCEN also found that wildlife trafficking may be associated with the antiquities trade and illicit actors may make fraudulent claims regarding the age of animal-related items or parts to avoid restrictions related to their trade, such as ivory.

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58. FATF, *Money Laundering and the Illegal Wildlife Trade*, *supra* at pp. 60-62.

### *Overt or Covert References to Wildlife, Wildlife Parts, or Wildlife Products*

Some SARs indicate that illicit actors may overtly mention wildlife or wildlife trafficking in chats or messages on platforms that support both communication and financial transactions, as well as make references in the information field of a funds transfer. FinCEN assesses that others could use images, symbols, or icons (often linked to the animal or animal part) to covertly mask wildlife trafficking activity.

## **Wildlife Trafficking Detection, Mitigation, and Reporting**

Financial institutions play an important role in identifying wildlife trafficking and protecting the U.S. financial system from wildlife trafficking-associated illicit finance through compliance with BSA obligations. Financial institutions should determine if a SAR filing is required or appropriate when dealing with potential wildlife trafficking. As a reminder, a financial institution is required to file a SAR if it knows, suspects, or has reason to suspect a transaction conducted or attempted by, at, or through the financial institution involves or aggregates to \$5,000 (or, with one exception, \$2,000 for MSBs)<sup>59</sup> or more in funds or other assets and involves funds derived from illegal activity, or attempts to disguise funds derived from illegal activity; is designed to evade regulations promulgated under the BSA; lacks a business or apparent lawful purpose; or involves the use of the financial institution to facilitate criminal activity.

Given the variety of wildlife involved, indicators of illicit activity differ based on what is being trafficked and to what destination. The detection of wildlife trafficking is challenging as it is often comingled with potentially legal activity and does not necessarily bear hallmarks specific to wildlife trafficking. This makes clear and detailed descriptions of the activity that is being identified in a SAR extremely important for the government’s effective use of the information.

As no single indicator is necessarily indicative of criminal or suspicious activity, before determining if the transactions are connected with potential wildlife trafficking activities, financial institutions may wish to consider additional contextual information and the surrounding facts and circumstances, such as a customer’s historical financial activity, whether the transactions are in line with prevailing business practices, and whether the customer exhibits multiple wildlife trafficking-related indicators. Financial institutions may also consider performing additional inquiries and investigations where appropriate.

The information in this report is based on wildlife trafficking-related information obtained from analysis of BSA data, and open source publications, as well as insights from law enforcement and other partners. FinCEN welcomes feedback on this report, particularly from financial institutions. Please submit feedback to the FinCEN Regulatory Support Section at [frc@fincen.gov](mailto:frc@fincen.gov).

59. See 31 CFR §§ 1010.320, 1020.320, 1021.320, 1023.320, 1024.320, 1025.320, 1026.320, 1029.320, and 1030.20. The monetary threshold for filing money services businesses SARs is, with one exception, set at or above \$2,000. See 31 CFR § 1022.320(a)(2).