



Circular No: 09/2020
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Traders and Declaring Agents

Dear Sir/Madam

ADVISORY: COMBATING MONEY LAUNDERING FROM ILLEGAL WILDLIFE TRADE

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

2 Wildlife traffickers use several “established” methods to launder their proceeds. Such methods include using front companies, which are often linked to the import-export sector and also the legal wildlife trade, to co-mingle licit and illicit proceeds.

Role of Trade Sector

3 The trade sector has a crucial role to play in combatting financial flows from the illegal wildlife trade. Wildlife traffickers use services provided by financial institutions, as well as non-financial institutions such as traders and declaring agents to move and hide their illicit proceeds.

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

Illegal Wildlife Trade Risk Indicators

5 The Financial Action Task Force’s (FATF) Money Laundering and the Illegal Wildlife Trade report was released on 25 Jun 2020 (at <https://www.fatf-gafi.org/publications/methodsandtrends/documents/money-laundering-wildlife-trade.html>). The report includes a list of risk indicators to assist the trade sector in

identifying potential suspicious transactions and behaviour patterns indicative of money laundering linked to illegal wildlife trade. This list can be found in Annex A. Traders and declaring agents with STRO Online Notices And Reporting platform (SONAR) accounts for filing of Suspicious Transaction Reports (STRs) may also make reference to the red flag indicators relating to illegal wildlife trade published by the Suspicious Transaction Reporting Office (STRO) in Jun 2020. Traders and declaring agents are encouraged to incorporate these risk indicators and red flag indicators into their customer due diligence checks to identify and report suspicious transactions.

Reporting Suspicious Transactions

6 We also wish to reiterate that under Section 39 of the Corruption, Drug Trafficking and other Serious Crimes (Confiscation of Benefits) Act, Cap 65A, all persons have the legal obligation to file a STR to the STRO if they know or have reasonable grounds to suspect that any property may be connected to criminal activity, in the course of their trade, profession, business or employment. Failure to file a STR may constitute a criminal offence.

7 Every person in Singapore and every Singapore citizen outside of Singapore also have the duty to provide information on property and financial transactions belonging to terrorist and acts of terrorism financing under Sections 8 and 10 of the Terrorism (Suppression of Financing) Act to the Police. The disclosure of terrorism financing information can be made to STRO in a STR. Failure to provide information may constitute a criminal offence.

8 More details on how to file a STR can be found here: <https://www.police.gov.sg/Advisories/Crime/Commercial-Crimes/Suspicious-Transaction-Reporting-Office>

Yours faithfully

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This circular is prepared with inputs from the Commercial Affairs Department.

(This is a computer-generated circular. No signature is required.)

We hope that this circular has been written in a way that is clear to you. If not, please let us have suggestions on how to improve this circular at <https://form.gov.sg/#!/5f323c88c2ae5c0011b56e27>.

Annex A: List of Illegal Wildlife Trade Risk Indicators

The risk indicators identified below have been developed by FATF based on country experiences in investigations and cases, open source information as well as information provided by the United for Wildlife (UfW) Financial Taskforce and the Basel Institute.

The risk indicators are intended to assist traders and declaring agents in identifying potential suspicious transactions and behaviour patterns that could be indicative of money laundering linked to the illegal wildlife trade. However, one indicator alone is not likely to be sufficient to suggest illicit activity. These risk indicators should be contextualised with broader information on client profiles, and information obtained from the public sector.

Clients (individuals and corporates) are:

- a) involved in international trade companies, including import-export, freight forwarding, customs clearance, or similar, operating in long high-risk corridors or ports¹ for illegal wildlife trade supply and demand with raw or squared wooden logs, plastic waste or pellets, frozen food, fish maws, various kinds of beans, stone or quartz blocks.
- b) using common containers, consignees, transporter, clearing agents, or exporters as seen in other suspected illegal wildlife trade cases.
- c) in an activity involving politically exposed persons and wealthy business persons, particularly those with environmental, game, or forestry oversight or environmental or wildlife-related businesses.
- d) involved in private zoos, breeders, (exotic) pet stores, safari companies, pharmaceutical companies making medicines containing wildlife, wildlife collectors or reserves and other legal wildlife-related entities.
- e) corporate clients domiciled in jurisdictions where criminals frequently transit through, or sell, illegal wildlife.

¹ Based on FATF's report on Money Laundering and the Illegal Wildlife Trade released in Jun 2020, ports with reported high volume of illegal wildlife seizures in recent years include Port of Lomé, Port of Dar es Salam, Port of Manila, Port of Mombasa, Port Sihanoukville, Port of Apapa, Matadi Port in the Democratic Republic of Congo; Haiphong Port in Viet Nam; Tien Sa port of Danang, Viet Nam; Apapa port of Lagos, Nigeria; Hangzhou Port, Zhejiang Province, China. The list is not exhaustive.

Transactions and client account include:

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

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