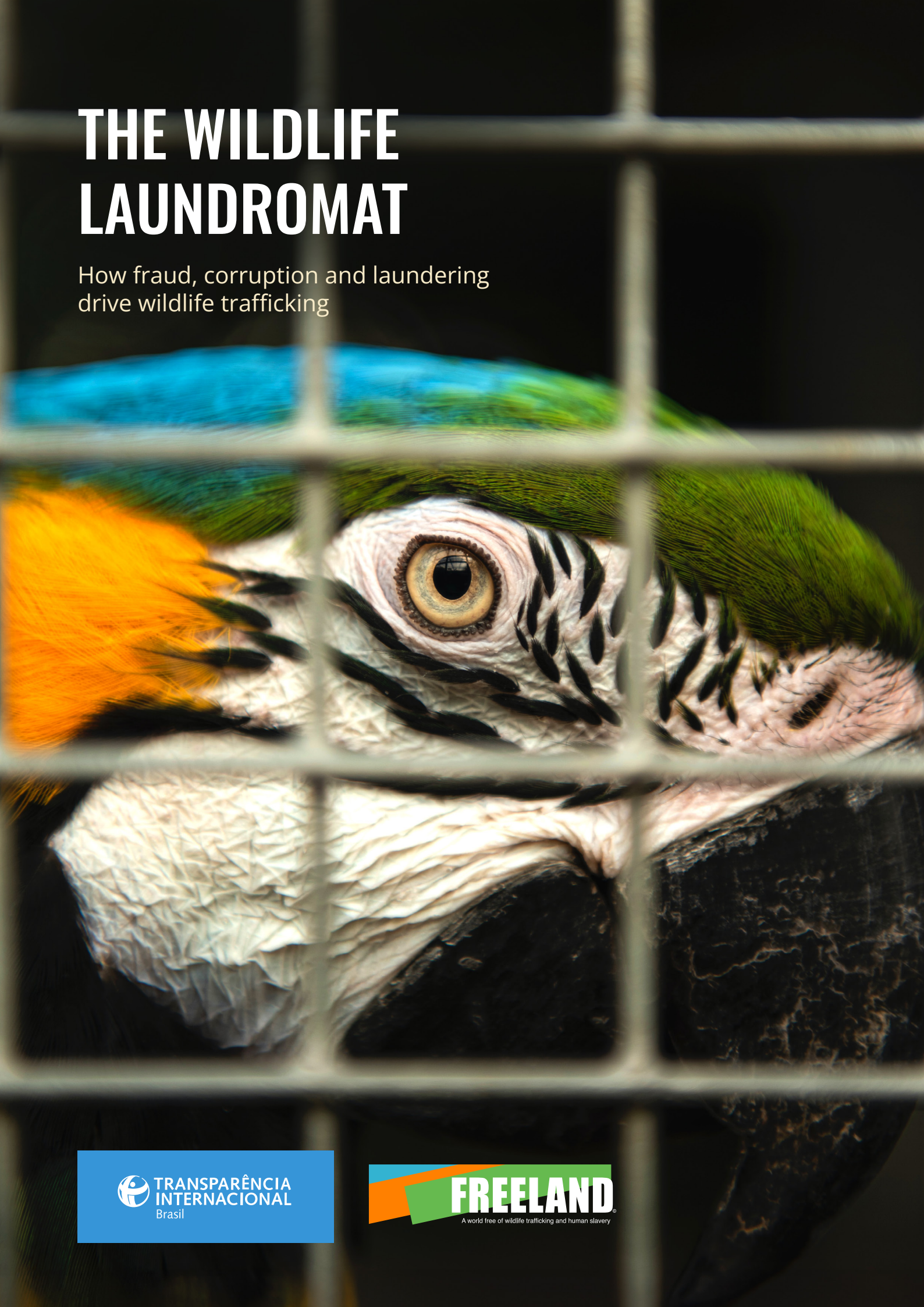
THE WILDLIFE LAUNDROMAT

How fraud, corruption and laundering drive wildlife trafficking



TRANSPARÊNCIA INTERNACIONAL Brasil

FREELAND
A world free of wildlife trafficking and human slavery

THE WILDLIFE LAUNDROMAT

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THE WILDLIFE LAUNDROMAT:
how risks of fraud, corruption, and laundering enable wildlife trafficking

May/2024

This report is part of the project "Countering Wildlife Trafficking in Central and South America," coordinated by Freeland with the support of the United States Bureau of International Narcotics and Law Enforcement Affairs (INL) and in partnership with Transparency International Brazil, WWF Brazil, and IFAW. Aiming to enhance the effectiveness of combating wildlife trafficking at the regional scale, the project seeks to increase the detection and ban of these illicit activities, reinforce investigative and international cooperation capacities, improve criminal prosecution and ruling capabilities, and strengthen transparency and efforts to combat related corruption and laundering.

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A full Portuguese version of this report is available at:
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TRANSPARÊNCIA INTERNACIONAL Brasil

FREELAND

TRANSPARENCY INTERNATIONAL is a global movement present in over 100 countries with one purpose: to build a world in which governments, businesses, and people's daily lives are free from corruption. In Brazil, we work to produce specialized knowledge, mobilize local anti-corruption groups, and raise awareness and commitment in the public and private sectors to transparency and integrity practices, among other activities.

Freeland is an international organization that helps protect vulnerable people and wildlife from organized crime and corruption, while revitalizing ecosystems and communities for a safer world. Freeland's vision is a world free of wildlife trafficking and human slavery. Freeland-Brazil is headquartered in São Paulo and its regional mission is to conserve biodiversity by fighting the illegal trade in wildlife.

The **U.S. Department of State** and its Bureau of International Narcotics and Law Enforcement Affairs (INL) work to keep Americans safe by countering crime, illegal drugs, and instability abroad. INL works to build capacity within partner country law enforcement agencies to prevent several types of crimes, including international wildlife trafficking.



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FOREWORD

This work was carried out within the scope of the "Expanding the Detection, Investigation and Prosecution of Transnational Wildlife Trafficking and Fostering Interagency Coordination" project, supported by the United States Bureau of International Narcotics and Law Enforcement Affairs (INL). The project is led by Freeland, with that partnership of Transparency International Brazil, WWF-Brazil and the International Fund for Animal Welfare (IFAW). It has four main objectives, namely:

1. Increase the detection of transnational wildlife trafficking
2. Strengthen investigative proceedings in cases of transnational wildlife trafficking
3. Strengthen criminal proceedings relating to these cases
4. Identify and counter money laundering and corruption practices related to this type of crime

The project proposes a series of actions to fight wildlife trafficking activities in Brazil. These actions seek to increase the detection of this type of crime and encourage the use of investigative tools to identify professional trafficking networks, to support solid criminal proceedings to dismantle such networks, and to close loopholes that allow corruption and money laundering associated with wildlife trafficking. The overall goal is to disrupt the illegal wildlife trade, strengthen the fight against this multifaceted crime, and challenge the perception that it is a crime with high margins and low risk.

FOR A WORLD FREE OF WILDLIFE TRAFFICKING AND CORRUPTION

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Foto de Flávio Jota de Paula

EXECUTIVE SUMMARY

"Empty forests" was the term used to describe South American forests suffering from the overexploitation of their animals (REDFORD, 1992). Despite the ban on sport and commercial hunting in Brazil, the trade in wild animals, their parts, and products has continued in illegality, enabled by multiple acts of fraud, corruption and money laundering. In addition to the impact on animal welfare and biodiversity, which leads to the loss of ecosystem services, wildlife trafficking can have other serious consequences, like facilitating the emergence of new infectious diseases such as COVID-19 and the expansion of organized crime and illicit activities.

At a global level, estimates of revenue from wildlife trafficking sum up to billions of dollars every year and lead to the death of millions of animals. Brazil's rich and unique biodiversity and the existence of both significant domestic and international demand for wildlife, make the country particularly vulnerable to trafficking. Although the potential profit of this illicit economy is high, efforts to counter wildlife trafficking are insufficient to curb and effectively disrupt it in this massive country.

These efforts are particularly ineffective when hindered by fraud, corruption and laundering practices. Large trafficking schemes adopt such practices not only to undermine law enforcement actions, but also to "launder" wildlife, that is, to conceal its illegal origin and sell it in purportedly legal markets. In this context, "consumers" of wild animals might think they are acquiring a legal specimen when, in reality, they are encouraging trafficking and corruption schemes.

Although the fight against wildlife trade has gained momentum in the international arena, in Brazil these efforts have only just begun. The objective of this report is to clarify how fraud, corruption and laundering practices enable wildlife trafficking, and to propose recommendations to the relevant agencies and institutions.

To this end, we conducted a literature review and interviews with experts to assess weaknesses and gaps in wildlife management control systems, as well as shortcomings in efforts to counter wildlife trafficking. We also analyzed 17 cases that exemplify risks of fraud, corruption and laundering, as summarized in Map 1.

CASE STUDIES
ANALYZED IN THE REPORT



OPERATION MODA VIP
- 2015
- São José do Rio Preto, Barretos (SP); Poconé (MT)

CASE 3 Wildlife products laundered through fraud in tagging systems in the reptile leather supply chain

CASE OF THE MACAW EGGS
- 2010
- Europe

CASE 16 Eggs from endangered Brazilian macaws laundered in European breeding facilities.

OPERATION POSEIDON
- 2017
- Tapajós River Basin

CASE 25 Laundering crime in the case of ornamental fish trafficking

OPERATION KILLIFISH
- 2019
- Belo Horizonte (MG)

CASE 13 Ornamental fish eggs trafficked through mailing services

CASE OF "BRAZIL'S LARGEST TRAFFICKER "
- 2017
- Patos (PB)

CASE 24 Laundering schemes to evade sanctions against trafficking.

CASE NAJA
- 2020
- Distrito Federal (DF)

CASE 20 Influence peddling and interference in police investigations against trafficking schemes.

CASE 22 Trafficked animals laundered by an employee of a wildlife rehabilitation center

CASE OF THE DART FROGS
- 2017
- USA; East of Pará (PA)

CASE 10 Dart frogs laundered through fraudulent CITES permits

OPERATION BOITATÁ
- 2014 – 2015
- Niterói (RJ)

CASE 8 Zoo engaged in parallel trafficking operations of wild animals under its custody.

CASE 15 Rare snake smuggled out of the country and laundered through a transit country

CASE 26 International cooperation for the repatriation of trafficked animals.

OPERAÇÃO LESHY
- 2021
- Guarulhos (SP)

CASE 1 Wildlife trafficking motivated by illegal international trade and biopiracy.

CASE 21 Ineffectiveness of alternative means of resolving criminal cases to hold repeat traffickers accountable

CASE OF THE ZEBRA PLECO
- 2017 – 2022
- Xingu River, Altamira (PA)

CASE 14 Zebra Plecos smuggled through countries with weaker controls

PARLIAMENTARY INQUIRY COMMISSION ON BIOPIRACY
- 2006
- Federal District (DF); Goiânia (GO)

CASE 7 Fraudulent entries in zoo records to disguise the illegal trade of animals.

OPERATION OXÓSSI
- 2009
- Baixada Fluminense (RJ)

CASE 19 Bribery and direct involvement of military police officers in wildlife trafficking schemes

OPERATION FIBRA
- 2014
- Guarulhos, Campinas (SP)

CASE 4 Bribery of environmental agency contractors to input false data into passerine control systems to launder illegally sourced birds

OPERATION SÃO FRANCISCO
- 2010
- Curitiba Region (PR)

CASE 6 Illegally sourced birds laundered through fraud in marking systems (leg bands)

CASE 12 International trafficking of eggs and birds by air using mules

CASE 20 Influence peddling for the dismissal of administrative sanctioning processes

CASE "CRIADOURO FANTASMA"
- 2010
- Santo Antônio da Patrulha (RS)

CASE 5 False declaration of breeding facilities in control systems.

CASE OF THE GIRAFFAS
- 2022
- Mangaratiba (RJ)

CASE 11 Misconduct in the issuance of import authorization for giraffes

CASE 18 Retaliation against environmental agency officers investigating the irregular importation of giraffes

OPERATION URUTAU
- 2014
- São Paulo (SP)

CASE 2 Illegaly sourced animals sold as pets laundered through fraud in tagging systems (microchips) and invoices

CASE 9 Fraud in transport documentation of wildlife

OPERATION BIRD BOX
- 2019
- Uruguaiana (RS)

CASE 23 Money laundering in ilegal international wildlife trade

Following a comprehensive analysis of legal and institutional frameworks aimed at combating wildlife trafficking, we identified risks of fraud and corruption in wildlife management systems for domestic and international transactions. We also identified shortcomings and risks of corruption in inspection, investigation, and accountability actions performed by environmental and law enforcement agencies. Finally, we examined how wildlife trafficking is facilitated by crimes of laundering.

In total, 24 risks of fraud, corruption and laundering that enable wildlife trafficking were identified. Table 1 systematizes these risks and describes: (1) the types of risk involved; (2) the illicit practice itself; (3) the main actors involved; and (4) the primary objectives. Overall, these attempts of fraud, corruption, and laundering seek to undermine law enforcement efforts or give an appearance of legality to illegally sourced wildlife (a practice known as "laundering").

TABLE 1 *Risks of fraud, corruption, and laundering linked to wildlife trafficking*

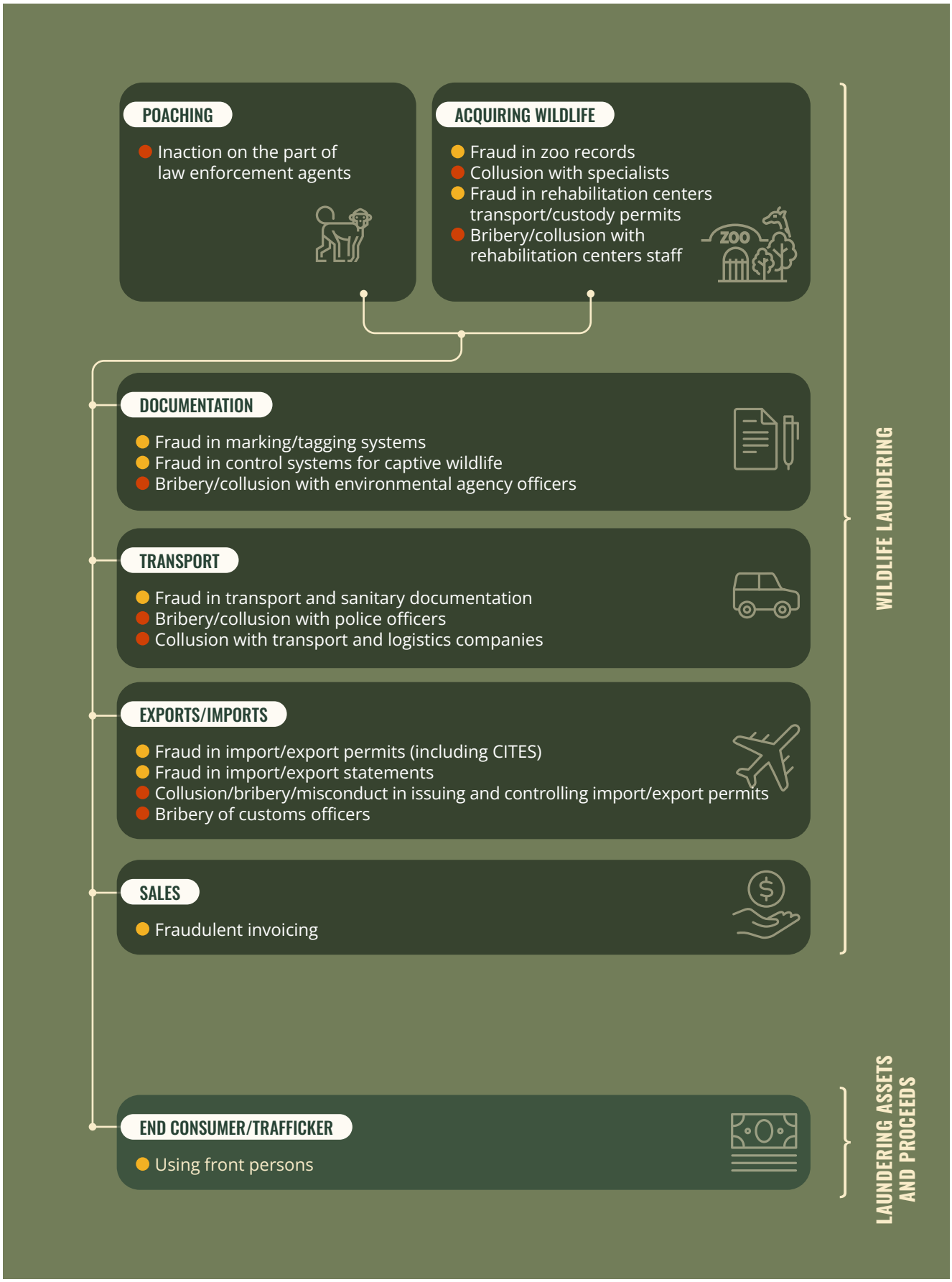
TYPE OF RISK	PRACTICE	MAIN ACTORS	OBJECTIVE
Fraud	False statements and entries in control systems for authorized breeders (SisFauna, SisPass and GeFau).	Breeders, veterinarians and technical managers.	"Laundering" of illegally sourced animals by falsely declaring that a given specimen was bred in captivity or regularly acquired.
Fraud	Tampering, counterfeiting, defrauding, selling, buying, reusing and illegally manufacturing tagging/marking systems (leg bands, seals and microchips).	Specialists in manufacturing/ tampering with tagging/marking systems.	Making the possession of illegally sourced wildlife seem legal.
Fraud	Registering front men and false addresses in wildlife management control systems.	Breeders.	Obstructing inspection in breeding sites involved in wildlife trafficking.
Fraud	False records of deaths, thefts and escapes in wildlife management control systems.	Zoos, breeders, wildlife rehabilitation centers (CETAS) and similar institutions.	Diverting animals that purportedly went missing from these organizations into trafficking or eliminating records of laundered animals to conceal irregularities.
Fraud	Forging invoices and other documents necessary to prove the regular acquisition of wild animals.	Wildlife traffickers, breeding facilities and zoos, among others.	Simulating the regular acquisition of wild animals from traffickers.
Fraud	Irregular sale of wild animals by unauthorized organizations or individuals.	Amateur passerine breeders and zoos, among others	Selling wild animals without the required permits.
Fraud	Forging transport documents (animal transportation permits/ sanitary documentation).	Wildlife traffickers and final "consumers".	Ensuring that the transportation of wild animals of illegal origin is not detected.
Fraud	Fraud in import and export licenses (false information about the number of specimens, origin, species, marking system etc.), or false or non-existent justification for obtaining such permits.	Traffickers, breeders and zoos, among others.	Giving an appearance of legality to the imports/exports of wild animals of illegal origin.

TYPE OF RISK	PRACTICE	MAIN ACTORS	OBJECTIVE
Fraud	Fraud in wildlife management control systems in transit or destination countries.	Wildlife traffickers.	"Laundering" illegally sourced wildlife native to Brazil in transit or destination countries with poor control systems and regulations.
Fraud	Fraud in technical research on populations of wild species and the level of extinction threat.	Wildlife traffickers, breeders and zoos, third-party technicians, among others.	Loosening rules and permit requirements for breeding and/or capturing some species.
Fraud	False declarations about the real identity and address of traffickers who send wild animals to "consumers".	Wildlife traffickers.	Obstructing the inspection of couriers and transportation companies.
Collusion/ bribery	Inaction, neglecting investigations against wildlife trafficking.	Law enforcement and/or environmental agents.	Avoiding seizures and other sanctions related to crimes against wildlife.
Collusion/ bribery	Leaking information about inspection actions.	Law enforcement and/or environmental agents.	Avoiding seizures and other sanctions related to crimes against wildlife.
Collusion/ abuse of office	Direct involvement of public agents in wildlife trafficking schemes and misuse of their public office and/or resources.	Law enforcement and/or environmental agents.	Abusing one's office and/or authority to ensure impunity for trafficking schemes.
Collusion and/or bribery	Entering or confirming false data in control systems (SisFauna, SisPass and GeFau).	Agents from environmental agencies.	Facilitating wildlife laundering schemes.
Collusion and/or bribery	Issuing irregular permits for transporting or keeping animals from wildlife rehabilitation centers..	Wildlife rehabilitation centers agents.	Supplying trafficking networks with animals coming from Wildlife rehabilitation centers agents, facilitating wildlife laundering schemes.
Collusion and/or bribery	Issuing import/export licenses in clear violation of legal requirements.	Agents from environmental agencies.	Enabling the export or import of illegally sourced wildlife.
Collusion and/or bribery	Transporting wildlife of illegal origin.	Carriers of people and goods, logistics companies.	Enabling the transportation of wildlife of illegal origin to end customers.

TYPE OF RISK	PRACTICE	MAIN ACTORS	OBJECTIVE
Collusion and/or bribery	Bribing border inspection officers and/or customs agents (airports, ports and land borders).	Brazil's Federal Police, Ibama, and Customs officers.	Enabling the exports or imports of illegally sourced wildlife.
Abuse of office	Using sanctions or retaliation against law enforcement agents who investigate wildlife trafficking.	Prominent public agents, including high-ranking officers in environmental or law enforcement agencies.	Hindering investigations against trafficking networks, intimidating law enforcement agents and protecting vested interests.
Influence peddling/ undue use of one's political influence	Exercising pressure on environmental or law enforcement agents to close investigations or administrative, civil, or criminal proceedings against traffickers.	Prominent public agents, including high-ranking officers in environmental or law enforcement bodies.	Ensuring the impunity of wildlife criminal networks.
Undue influence	Influence the design of norms and regulations to make breeding and/or (international) trade of wildlife in captivity more flexible or to loosen control systems.	Traffickers and legal or illegal breeders with political connections.	Loosening regulations on wildlife captive breeding, legalizing forms of wildlife trafficking and hampering efforts to fight wildlife laundering.
Laundering	Concealing the illegal origin of wildlife through fraud and other corrupt practices.	Members of wildlife trafficking networks.	Giving an appearance of legality to illegally sourced wildlife.
Laundering	Concealing the illegal origin of proceeds and goods from wildlife trafficking activities.	Members of wildlife trafficking networks.	Making it difficult to identify and hold wildlife traffickers accountable.

Fraud, corruption and laundering involve multiple private and public agents, ranging from breeders, zoo managers, counterfeiting experts, carriers and front persons to public agents, especially law enforcement and environmental agents. Importantly, these risks can occur at different stages of the wildlife trafficking chain, as shown in Figure 1.

FIGURE 1 *risks of fraud and corruption throughout the wildlife trafficking chain*



The first stage in the wildlife trafficking chain is sourcing. Our research identified two potential origins. On the one hand, poaching is an important source of wild specimens. In this case, to avoid sanctions, poachers may collude or pay bribes to ensure that law enforcement and environmental agents turn a blind eye to any irregularities.

The second source comprises institutions that receive animals from seizures and rescues, or that have facilities to acquire wild animals (including exotic species) on a regular basis, like zoos or wildlife rehabilitation centers (CETAS/CRAS). In these cases, to conceal the illegal disappearance of animals, employees can falsify records to account for the missing animals, possibly with the help of specialists like veterinarians, who can issue false death certificates for these animals, for example. Alternatively, transport or custody permits granted by these institutions may be issued irregularly to conceal the illegal possession of specimens by traffickers.

Subsequently, traffickers may attempt to launder the specimens by tagging them with fraudulent microchips or leg bands, or making false entries into official control systems to artificially comply with administrative and legal obligations for the possession of wild animals. Corrupt environmental officers can help traffickers and use their access to internal systems to facilitate frauds or turn a blind eye to irregularities. Transport and sanitary documentation can also be forged to conceal the movement of specimens along the trafficking chain.

When it comes to international trafficking schemes, fraud and corruption can facilitate the illegal transportation of specimens across borders. Import and export permits are mandatory for the international transportation of wildlife, but they can be defrauded with the possible help of environmental agents. Even without a permit, traffickers can move these animals by declaring them as goods that do not require sanitary or environmental control, potentially with the help of transportation companies and carriers. Traffickers can also try to bribe customs, environmental and law enforcement agents who control the entry and exit of people and goods at airports, ports and land border crossings to facilitate the international transit of these animals.

Frauds that precede the sale to end consumers serve to conceal irregular transactions and can also be consolidated by false invoicing. In the case of professional traffickers, assets purchased with illicit money can be registered in the name of front persons to try to conceal their illicit origin. For this purpose, classic laundering tactics, like the use of shell companies or moving small amounts of cash at a time, can also be used. Finally, the successive fraud and corruption practices that seek to conceal the illegal origin of trafficked animals can be considered to form wildlife laundering schemes.

Based on our assessment of fraud, corruption and laundering risks, as well as the analysis of control systems and efforts to combat illegal wildlife trade, we issued recommendations to strengthen the fight against wildlife trafficking with an anti-corruption approach. These recommendations seek to prevent and detect identified fraud, corruption and laundering risks and hold perpetrators accountable. The recommendations are divided into five tracks:

1. **Strengthen mechanisms to prevent corruption in environmental and law enforcement agencies**

- Design and enforce integrity plans.
- Implement technical criteria for political appointments to high-level positions.
- Conduct internal and external audits focused on wildlife management.
- Ensure balanced and transparent representation of all stakeholders in the design of wildlife-related regulations.

2. **Improve fraud prevention and detection in wildlife management and trade control systems**

- Standardize wildlife tagging/marking systems.
- Conduct in-person inspections to identify fraud in declarations of entry and exit of birds in passerine breeding grounds.
- Consider banning the breeding of birds by amateur breeders to prevent fraud in birth declarations.
- Consider banning the breeding of certain species whenever laundering risks cannot be mitigated.
- Monitor the use of CITES permits for native Brazilian species sold in other countries.
- Continue to invest in forensics to identify wildlife laundering schemes.

3. **Mobilize anti-laundering instruments to counter wildlife trafficking**

- Investigate and prosecute laundering crime in wildlife trafficking schemes.
- Publish guidelines and identify red flags to support the sectors required to report suspicious operations.
- Regulate laundering prevention requirements for the sectors involved in wildlife trade.
- Encourage the production of financial intelligence reports related to wildlife trafficking cases.
- Foster international cooperation to disrupt illicit financial flows linked to wildlife trafficking.

4. **Untap the potential of digital transformation and transparency**

- Standardize data about seizures to integrate them into a single database and make them available in an open format.
- Make data about administrative environmental sanctions available in an open format.
- Integrate data from different wildlife control systems and make them available in an open format.
- Evaluate and enhance the transparency of environmental agencies and systems related to wildlife management and trade.
- Integrate environmental databases with anti-money laundering databases.

5. **Enforce stricter criminal and administrative sanctions for traffickers**

- Provide training to law pratictioners to effectively investigate, prosecute, and adjudicate crimes related to wildlife trafficking, including corruption, money laundering, and the different forms of fraud.
- Avoid limiting proceedings to police reports of minor offense, plea bargains or non-criminal prosecution agreements for large wildlife trafficking schemes.
- Avoid leaving seized wild animals under the custody of the offender.
- Identify and eliminate bottlenecks that prevent the proper enforcement of environmental administrative sanctions.
- Audit and make recommendations to improve the effectiveness of administrative enforcement and sanctioning processes in environmental agencies.

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