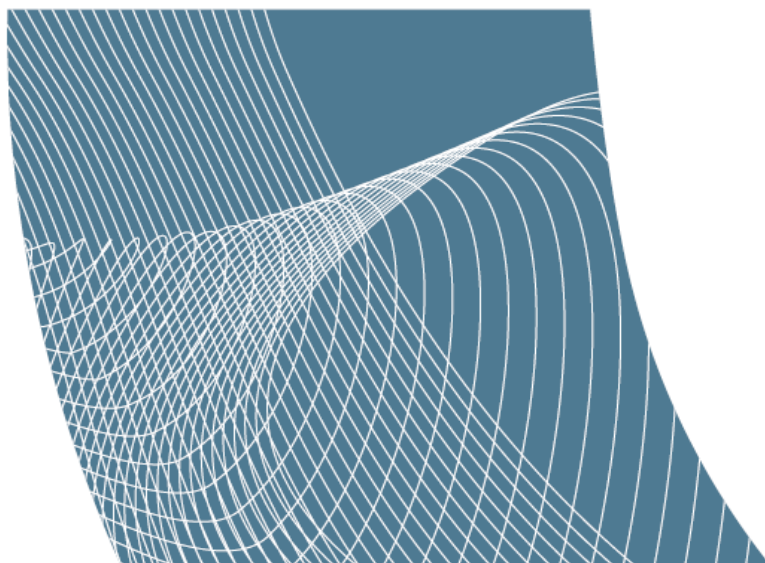
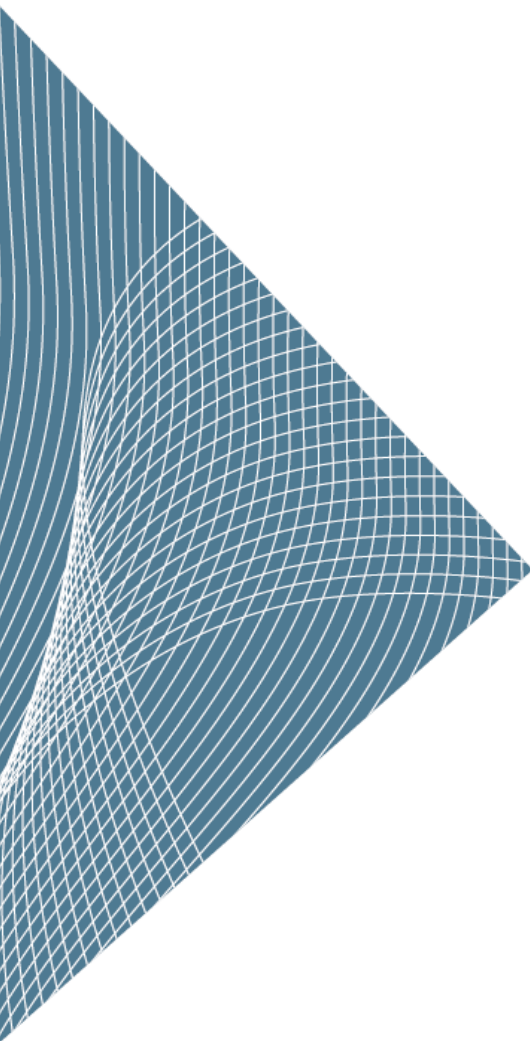


SAMLIT

South African Anti-Money Laundering
Integrated Task Force

FINANCIAL FLOWS ASSOCIATED WITH ILLEGAL WILDLIFE TRADE IN SOUTH AFRICA: AN UPDATED PERSPECTIVE

DECEMBER 2023



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The report was made possible by the valuable and in-depth contributions received from experts, those deeply involved in the combatting of illegal wildlife trade and insights drawn from Tactical Operations Group (TOG) investigations. 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 throughout the research and work conducted by the EWG and has not been independently verified.

“I am excited about the continued work of SAMLIT on illicit wildlife trade. South Africa’s commitment to this work has shown how crucial it is that we maintain continuity on critical projects such as this one, and this report documents the implementation of the recommendations from the first project of this expert working group.

This report comes at an opportune time when the country has finalised its Risk Assessment of Anti-Money Laundering and Countering the Financing of Terrorism, which revealed that crimes involving illicit wildlife trade are one of the priority risks faced by the country.”

Advocate Xolisile Khanyile

Chair, African Regional Chapter, Global Coalition to Fight Financial Crime
Previously Director of the Financial Intelligence Centre

“It is incredible to see how the seed of collaboration we planted in 2020 came to life and then grew beyond the initial aspirations of the expert working group. Expanding the membership of the EWG during this second phase of the project provided much deeper insights and allowed us to act with expediency when needed.

The report offers two additional tools for practitioners: firstly, an updated view on typologies, transactional behaviours, and profiles of IWT criminals; and secondly, a case review framework to analyse past cases to extract learnings. But the report also shares some of the success stories which will hopefully encourage readers and practitioners to act, and to play their part in combatting IWT.”

Gerald Byleveld

Head of Financial Crime Compliance, Investec
Previously Chair, Expert Working Group on Illegal Wildlife Trade, SAMLIT

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1. EXECUTIVE SUMMARY

1.1. Introduction

South Africa is one of the most biologically diverse countries in the world, but the abundance of its natural assets makes it a target for unscrupulous people who illegally kill and traffic wildlife species for financial gain. The South African government has acknowledged that not only is wildlife trafficking a conservation and environmental management problem, but it also constitutes a highly sophisticated form of serious transnational organised crime that impacts on the economy and society and may even pose a threat to national security. Protecting our invaluable indigenous species requires a full-time and costly commitment that demands, amongst other initiatives, a focused effort to combat corruption.

In response to this, South Africa adopted an integrated and multi-disciplinary National Integrated Strategy to Combat Wildlife Trafficking (NISCWT), aligned with the Government's objective of securing sustainable growth and development of the country's economy, including combatting corruption, the protection of strategic resources and the combatting of the illicit economy, all of which are linked to increasing levels of wildlife trafficking.

In December 2019, South Africa's Financial Intelligence Centre (FIC) announced the creation of its first public private partnership, named SAMLIT, to link the banking sector with government, regulatory and law enforcement authorities, and aiming to enhancing collaboration and co-ordination in combating financial crime, money laundering and terrorist financing. SAMLIT members in turn were empowered to form Expert Working Groups (EWG) to focus on research, knowledge and intelligence gathering, and the sharing of information on jointly identified high-priority financial crimes.

Shortly after SAMLIT's formation, a meeting hosted by United for Wildlife (UfW) in January 2020 motivated members to propose the establishment of SAMLIT's first EWG on illegal wildlife trade (IWT). South Africa's role as both source and transit country for the trafficking of illegal wildlife products necessitated an EWG on IWT, which commenced work in June 2020. In its initial stages of work, this EWG sought first to understand how live animals and animal products were moved, more about the types of parties involved and to make sense of the financial flows linked to this crime – in other words the full value chain that enables IWT. The findings are contained in SAMLIT's Phase 1 report¹ published in November 2021, called Financial Flows Associated with Illegal Wildlife

Trade in South Africa. Since then, there has been significant progress in the way the country's public, private and conservation sectors have collaborated and communicated, working to stem the tide of poaching and IWT in a deliberately integrated approach.

The SAMLIT EWG has expanded its membership since Phase 1, so that regular meetings now include not only financial institutions, South Africa's FIC, and the Directorate for Priority Crime Investigation (DPCI, or Hawks), but also representation from the Department of Forestry, Fisheries, and the Environment (DFFE), the National Prosecuting Authority (NPA), the South African Revenue Services (SARS), and the Asset Forfeiture Unit (AFU).

These same stakeholders have also joined forces in Tactical Operations Group (TOG) investigations that meet regularly, under the protection of SAMLIT structures. TOGs allow for the effective and efficient investigation of high priority financial crimes and allow for real-time interface and collaboration between relevant banks, the FIC and law enforcement investigation agencies. The quality of the reports filed since the TOG engagements commenced has improved dramatically, from single transactions to networked financial flows. One of the critical success factors has been that all participants in the TOG meet in-person, where possible, and leverage off their different datasets in real time to build insights into networks and collect solid evidence alongside not only investigators but also prosecutors. The participation of SARS, AFU and the DFFE's Environmental Enforcement Fusion Centre (DFFE Fusion Centre) has enabled investigators to build solid and comprehensive evidence-based cases.

The work done to increase training, raise awareness and improve reporting systems within institutions has been tackled with passion and commitment by all SAMLIT members, with a small but significant change being the creation of specific IWT-reporting categories by the FIC. Regional and international cooperation and relationships have grown and developed, facilitated through business networks and organisations, especially UfW, which has played a pivotal role.

The practical, intellectual, and reputational standing of the FIC and the success of SAMLIT in these matters has been acknowledged globally. Since the formation of SAMLIT, the EWG's understanding of IWT has progressed from basic comprehension to a level of competence where members can identify and disrupt financial flows, use financial information to develop a picture of the broader network involved, and play an active role in successful IWT investigations and convictions.

Showcasing the success of this collaborative effort is vital to assess, implement and measure the impact of delivering a cohesive product to the benefit of South Africa and beyond.

1.2. A snapshot of the illegal wildlife trade in South Africa

IWT has threatened iconic wildlife species globally for many years and is considered the world's fourth largest internationally organised crime, valued at between US\$7 - 23 billion by the World Economic Forum². South African law enforcement has worked closely with the private sector, specifically the financial and transport sectors, aided by UfW, and has seen significant success on several fronts. In addition to rhino horn, IWT investigations extend mainly (but not exclusively) to abalone, succulent plant trafficking, lion bone products, reptile trafficking, and donkey skins.

Rhino horn is, however, the key wildlife commodity originating in South Africa and rhino poaching numbers have been closely monitored, as has progress in related arrests and convictions. This is indicative of the work that is done on other wildlife products, more detail of which follows in [Section 2](#) below.

In 2022, 448 rhinos were lost to poaching (451 in 2021), 124 of which were in the Kruger National Park (KNP)³. This is a 40 percent decrease compared with those killed in the KNP for their horn in 2021. The trend continued into the first half of 2023⁴, with the country losing 231 rhinos, again a decline against the first six months of 2022⁵. Unfortunately, the poaching threat shifted to privately-owned nature reserves and KwaZulu-Natal (KZN) provincial parks, which lost 54% (244 rhinos) to poaching in 2022, and 62% (143 rhinos) in the six months to end June 2023. Privately-owned reserves lost 86 rhinos in 2022 and 46 from January to June 2023.

Much of the dramatic decline in poaching of rhino in KNP can be attributed to the impact of [Project Blood Orange](#), which is recognised as a significant contributor to the drop in poaching in the area (40% in 2022 and 49% in the first half of 2023). Indeed, following the arrest of two Kruger National Park rangers in April 2022, not one incursion was noted in that area of the park for 155 days.

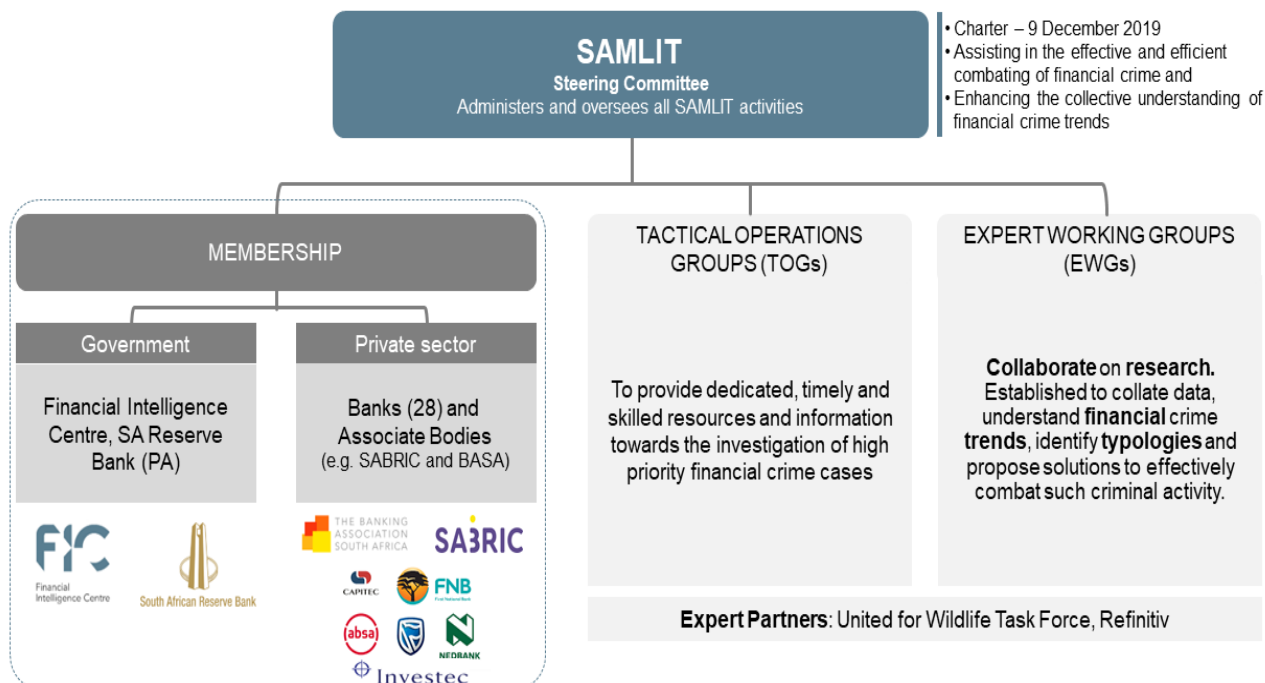
2023 saw the hard work of law enforcement and prosecuting authorities leading to the conviction of 31 offenders. In 2022, 132 arrests were made for rhino poaching – 23 of these in KNP's Skukuza area in Mpumalanga, 49 in KZN and the balance in Limpopo. The DFFE explained that the focus on money laundering and international co-operation with other law enforcement authorities aided in the arrest of 26 of the 132 rhino horn traffickers in 2022, with 13 people arrested for money

laundering and bribing of rangers. In relation to prosecutions in 2022, verdicts were handed down in 62 cases which resulted in the conviction of 92 accused rhino horn poachers or traffickers - **a conviction rate of 100 percent**. In comparison with 2021, 189 arrests were made in connection with poaching activities, 77 of which were within KNP, and 46 cases resulted in the conviction of 72 accused.

Several important arrests and prosecutions took place in 2022 through Project Blood Orange and other investigations, building on the successes of 2021, and the DPCI and DFFE have made significant inroads in international collaboration between South Africa and other countries implicated in wildlife crime. The DPCI has successfully conducted joint investigations with Singapore, Vietnam, and the People’s Republic of China, and more recently, collaborated with German authorities on the illegal trade in reptiles.

1.3. Recap of SAMLIT structure

SAMLIT is a financial information sharing partnership between the banking sector and the public sector. The basis for the partnership is to help detect, prevent, and disrupt financial crime. The intention is also to enhance members’ understanding of national and international crime trends and, through sharing of knowledge and expertise, to pave the way for linkages and information sharing, so that rapid action can be taken to address financial crime. A Steering Committee governs all decisions relating to SAMLIT.



1.4. The Impact of Phase 1

Phase 1 of the EWG was centred around understanding financial flows linked to IWT supply chains and encouraging the financial institutions and law enforcement to work together in using financial investigations to disrupt the illegal trade.

The initial objectives set out by the EWG for Phase 1 were to:

- increase knowledge about the financial flows linked with common IWT supply chains
- assist financial institutions in identifying red flags regarding financial flows that may be associated with IWT
- encourage effective coordination between financial institutions and law enforcement in identifying and disrupting financial flows from IWT
- increase the prospects of success of detection, financial investigations and money laundering prosecutions linked to IWT.

SAMLIT's Phase 1 report: Financial Flows Associated with Illegal Wildlife Trade in South Africa⁶, confirmed that the work of the EWG was vital in developing profiles and recognising the financial behaviour of IWT criminals. The report suggested that overlaying several indicators would allow for more effective screening around IWT risk profiles, and that these, combined with transaction monitoring and analysis, would assist financial institutions' screening processes and the identification of IWT cases. The report also mentioned that Suspicious Activity Reports (SAR) and Suspicious Transaction Reports (STR) increased in volume and quality during the period under review.

The quality of the EWG's work was made significantly more meaningful by the case investigations conducted by the TOGs. Combining the different data sets of law enforcement operations with those of the exposed financial institutions has led not only to arrests of IWT criminals for financial crimes but also generated new insights and learnings around typologies and behaviours that could be relayed back at a high level to the EWG.

Connections and relationships between those individuals and organisations working in the EWG and TOGs have developed since their establishment, and this has further facilitated the effectiveness of both groups.

1.5. Objectives and focus of Phase 2

After Phase 1, the EWG members were strongly motivated to continue collaborating and so Phase 2 of *Financial Flows Associated with Illegal Wildlife Trade* commenced in April 2022.

The high-level objectives set by the EWG for Phase 2 were to:

- continue the collaborative work that was already achieving good results
- improve partnerships with other agencies and stakeholders previously not part of the EWG
- agree on a mechanism for research and information-sharing
- agree on a mechanism for public engagement.

A report was tasked as a specific output of Phase 2, to include:

- updates to the typologies, indicators and behaviours initially provided in the Phase 1 report, as well as observations based on new cases and regulatory reports filed with the FIC
- activities focusing on the following:
 - TOGs, emphasising the role of agencies new to SAMLIT (including DFFE, NPA and SARS)
 - targeting public sector engagements to further improve collaboration
 - establishing a better mechanism to share information between stakeholders in a more fluid manner through the DFFE's Fusion Centre, within the parameters of South African law and associated agency mandates
 - regional and international engagement, paying particular attention to Financial Action Task Force (FATF) international cooperation recommendations
 - webinars and training
 - case digest reviews, analysing past cases for learnings.

1.6. Key observations from Phase 2

The FIC's research and analysis, reported in more detail in [Section 3.1](#), revealed an increase in Suspicious Activity and Transaction Reports (STR/SARs) on laundering the proceeds of IWT, as well as an improvement in the quality of reports filed, with more detailed information being captured by reporting institutions and more reports leading to actionable intelligence. The FIC observed new information on nationalities and occupations of perpetrators, and identified new industries such as guest houses, travel companies and the use of minors' accounts. The FIC also noted the use of import and export companies, large foreign exchange payments and large cash buy-ins at gambling institutions.

As previously mentioned, much progress has been made since the commencement of the SAMLIT EWG and TOGs, which are now well-established and have grown strategically during the course of Phase 2, and more detail of which can be found in [Section 3.2](#). Law enforcement, including the DFFE's Fusion Centre and the NPA, now frequently include financial aspects to their cases, and money laundering and racketeering are regularly added to the charge sheets.

The most significant progress is evidenced by successful case investigations, outlined in [Section 2.3](#), notably the arrest of 16 members of a rhino horn syndicate for money laundering and financial crimes through Project Blood Orange, as well as the five year conviction of an associate in a rhino horn syndicate, for money laundering. The TOGs worked actively on these cases, alongside the DPCI, NPA and forensic accountants from KPMG.

The key to collaboration on wildlife crime investigations is undoubtedly the ability to work together and share datasets under the protection of the SAMLIT structure, and more recently, the approval of the General Laws Amendment Act, 2022 (GLA Act) by the President, which strengthens information sharing by providing **enabling** legislative framework in respect of beneficial ownership information, more detail of which can be found in [Section 3.4.2](#). Nine TOGs are currently working on a set of priority wildlife crime streams and more progress is anticipated, with financial intelligence playing a key role.

The effectiveness of communication between private and public sectors has improved, borne out by one case where the UfW transport taskforce worked in tandem with the DPCI and the finance sector, resulting in a string of 11 arrests locally and internationally, and seizures of 76 rhino horns between December 2021 and March 2022. Details of the timing and quick response is shared in more detail under [Section 2.3](#).

It is perhaps best summarised by a quote from Colonel Johan Jooste, National Section Commander, Serious Organised Crime: Wildlife Trafficking, DPCI:

“If we cannot succeed in this vital mission of partnerships, criminals will continue moving their ill-gotten funds through the financial system in a transnationally undisturbed way, ensuring the expansion and increased power for their criminal organisations and enterprises. Dedication, hard work and adequate resources are needed to ensure the effectiveness and success of these partnerships.”

2. UNDERSTANDING WILDLIFE TRADE IN SOUTH AFRICA

Over the past two years, learnings from case investigations have shed significant light on all aspects of trafficking syndicates and organised crime connected to wildlife trade, including a substantially deeper understanding of the related financial flows.

The EWG has also grown in appreciation for the extent and depth of illegal wildlife trade in South Africa, including both the trafficking element and instances where illegal trade is comingled with legal trade. Since the last report, SAMLIT members have been directly involved in investigations relating to some of the product streams noted below. Many reports have been written on these commodities in South and Southern Africa, some of which are referenced in this document, and we have drawn too, on our own experience and insights from TOG investigations.

2.1. Commodities and trafficking routes

While rhino horn, abalone and pangolin receive most of the awareness in South Africa as trafficked products, and were referenced in our Phase 1 report, there are a proliferation of other products moving out of and into the country. The EWG has a more accurate understanding of demand for products, entry and exit points, and of how the products are moved. The TOGs have aligned investigations on priority product streams, guided by the DFFE and DPCI, who now include the FIC on all priority or high value wildlife crime investigations.

2.1.1. Commodities

The most popular products originating in South Africa are set out below:

- **Rhino horn.** South Africa is home to both white and black rhinos, which are targeted for their horns. The size of the global market is estimated at US\$230m per annum⁷, and the country holds 68 percent (or 15 000) of the world's remaining 22 000 rhino⁸. United Nations Office on Drugs and Crime (UNODC) suggest the emerging financial flows, depending on the complexity of the supply chain, could be as much as US\$390m. As mentioned, rhino poaching in South Africa remained steady during 2021 and 2022, with a decline in poaching in KNP, but increased poaching in KZN and Eastern Cape in the first half of 2023. Successes are attributed to a comprehensive dehorning programme in KNP, and a powerful collaboration between law enforcement, conservation authorities and the private sector, including SAMLIT on Project Blood Orange. The arrest of a Mozambican kingpin and assassination of two Mpumalanga kingpins have also had an impact on poaching and the trafficking of rhino horns.

- **Abalone.** *Haliotis Midiae*, a mollusc more commonly known as Abalone (or Perlemoen in South Africa), is one of the marine species targeted by syndicates to supply the demand of the Southeast Asian markets, estimated at US\$60m per annum⁹ globally. Abalone is distributed by syndicates operating from St Helena to the Overberg in the Western Cape, and on to Port St Johns in the Eastern Cape. Abalone divers work for the gangs of the Western Cape involved in abalone poaching and smuggling, along with methamphetamine (Tik) drug operations¹⁰. Eastern Cape syndicates tend to transport the abalone inland to Lesotho, Gauteng, or Zimbabwe, often disguised to resemble a bag of potatoes. One of the challenges facing South African law enforcement is that abalone can be exported legally from the country's land-locked neighbours (where marine species are not protected) and the import and possession of abalone is not illegal in Asian countries, hampering efforts to engage through mutual legal assistance requests. South African authorities have changed direction in lodging these requests via trade-based money laundering, with the first such application to Hong Kong currently in process. SAMLIT has actively supported investigations into abalone trafficking at various levels.
- **Succulent plant trafficking.** Succulent plant trafficking is a fast-emerging environmental crime of which the Western and Northern Cape form the country's epicentre. International traffickers visit guesthouses in the region and illegally harvest plants and seeds or employ local poachers to do so. The illegal harvesting and trafficking of succulents has already had a devastating impact on this environment, with traffickers taking just a few years to "yank out of the ground more than 1.5 million rare plants with a cumulative age of more than 44,000 years"¹¹, and in the process destroying critical ecosystems in South Africa and sending rare succulent species to extinction. Law enforcement has been making inroads through training of informers, educating farmers, and has made numerous arrests, working successfully with SAMLIT on selected investigations. Late in 2023 a truck driver was sentenced to ten years' imprisonment for possession of endangered, protected plants worth ZAR 9 million¹².
- **Live reptile trade.** South Africa is home to more than 400 reptile species. Between 2012 and May 2020, at least 4 500 exotic and indigenous reptiles and amphibians were exported from South Africa¹³. Like plant succulents, the Northern and Western Cape are affected by reptiles going to Europe, the United States, and Southeast Asia (lizards and snakes particularly) to supply the exotic pet trade. This growing international trade is mostly unregulated and often unlawful, with unreliable data, because many of these species are not CITES-listed¹⁴, and most countries do not keep records of unlisted species. Shipments of these reptiles are also less likely to be checked – enforcement officials are sometimes reluctant to risk opening bags to compare permits to the species listed, especially when they contain venomous species and other dangerous reptiles. The DPCI, DFFE and SAMLIT had a notable success in a

transnational reptile trafficking case which involved two German nationals, who were convicted and fined¹⁵. Further investigations by the DFFE and SAMLIT led to the related arrest and successful conviction of two South Africans, one of them for money laundering crimes¹⁶.

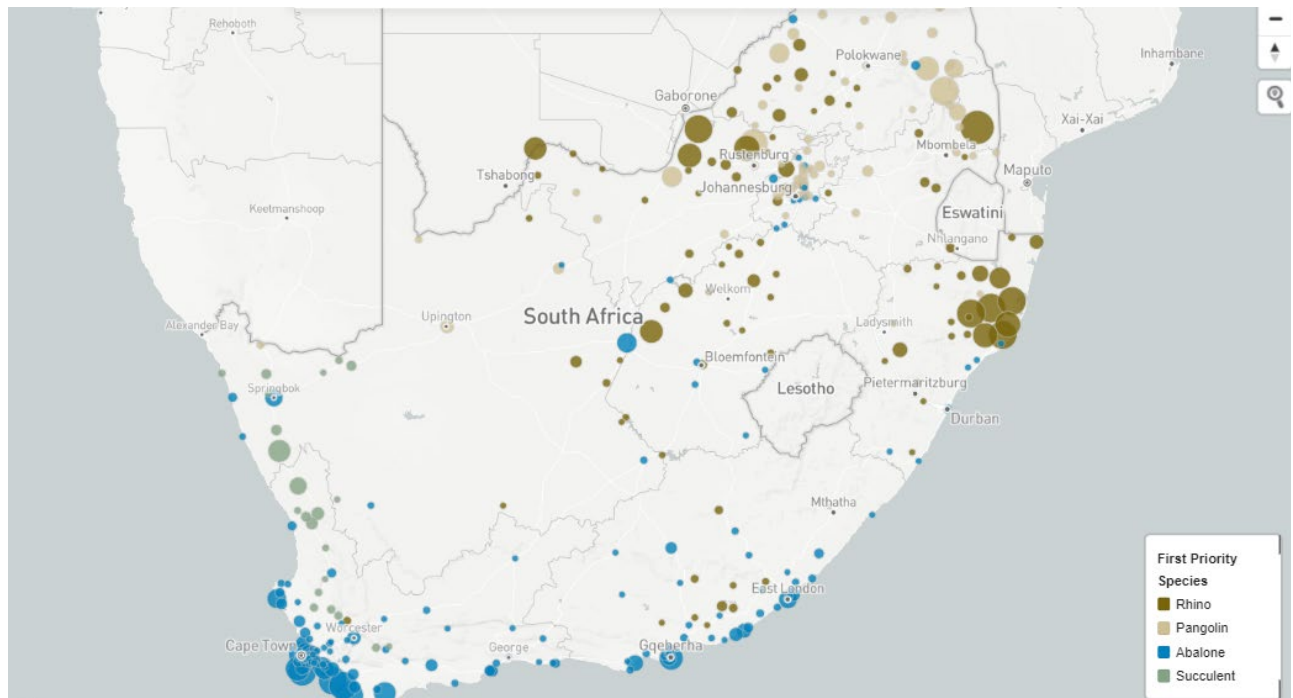
- **Lion products (including bones, teeth, claws, and lion ‘cake’¹⁷).** South Africa is host to a vast industry of big-cat captive breeding facilities, including lions, tigers, and other predators, primarily based in the Free State, Northwest province, Limpopo, Northern Cape, and Eastern Cape. The cats are bred for a variety of commercial purposes including exploitative interactive tourism activities and ‘voluntourism’, live trade in animals to supply zoos or facilities, canned or captive hunting, and trade in skins, teeth, claws, and bone to produce traditional medicine. South Africa has strong and established trade routes with Asian countries such as China, Vietnam, Lao PDR, and Thailand, with alarming quantities of lion and cubs being traded to these destinations¹⁸. Based on trade data¹⁹ focussing on **live lions, trophies and skeletons**, South Africa legally exported more than 16,000 lions and 400 tigers (dead and alive) between 2008 and 2017. One of the largest transactions in **big cat body parts** recorded by a CITES permit shows that Vietnam imported 73,882 kgs of bones from South Africa in 2012. While there is speculation that tiger parts are being trafficked along with lion products, DNA samples taken by the DFFE have not yet to date confirmed tiger parts. The DFFE, DPCI and SANParks, with support from SAMLIT, successfully arrested and prosecuted one Vietnamese national for holding several lion products including lion cakes as well as rhino-related products, which were seized during an operation spanning both Limpopo and Gauteng provinces.
- **Pangolins.** Pangolins are currently recognised as the most illegally traded wild mammal in the world, with over 20 tons of scales traded globally per year. They are under severe threat of extinction, although population numbers are difficult to measure due to their secretive nature. Pangolin trafficking in South Africa is very small when compared to East and West Africa and South-East Asia. Pangolins sourced from Cameroon, Gabon, Central African Republic, and DRC are moved to Nigeria for consolidation, packing, sale, and export. China remains the main consumer market for pangolin scales²⁰. Pangolins seized in South Africa appear to be mainly from opportunistic sellers who collect the pangolins without having a market to sell them²¹. The bulk of the trade in South Africa is not in scales, but in live Temminck’s Ground Pangolins. Live pangolins are most often trafficked into South Africa from neighbouring countries, such as Zimbabwe and Mozambique into Limpopo province, Gauteng, and the Northern Cape. Traffickers are normally arrested from their efforts to find markets for pangolin without success, thanks to the integrated approach of law enforcement and conservation organisations. South African Police Services (SAPS) investigators, working closely with the African Pangolin

Working Group (APWG), have conducted significant successful arrests, where several live pangolins have been rescued, rehabilitated and released back into safe, secure wild spaces.

- **Donkey skins.** Donkey skins far exceed legal quotas and are inextricably linked to IWT. Every year, approximately 4.8 million donkeys²² globally, are slaughtered for their skins to extract collagen, used to produce Donkey Hide Gelatin or ejiao, an ingredient used in traditional Chinese remedies. As a result, China's domestic donkey population has drastically declined, and the ejiao industry has transferred its attention to the global trade network to continue to meet demand²³. The killing of donkeys, particularly in poverty-stricken countries has significant social impact, when the theft and slaughter of a family's donkey can result in the loss of transport and food insecurity. South Africa has a national slaughter quota of 12 000 donkeys for export of skins to China, yet analysis of Chinese customs records by The Donkey Sanctuary has established that no donkey slaughter or processing facilities in South Africa are registered with China to export donkey skins or meat. South Africa legally exports about 10 500 donkey hides to China every year, but the real quantity is believed to be much higher. A 2019 study by the University of South Africa, showed that the country's donkey population had shrunk from 210 000 in 1996 to about 146 000 in 2019²⁴. Humane Society International have also connected the donkey trade to the lion bone trade, stating that many of South Africa's captive lion breeders feed donkeys to their lions²⁵.
- **Birds.** Bird species continue to be illegally traded through South Africa's ports of entry. The Border Management Authority (BMA) and SARS Customs conduct routine inspections on relevant cargo as additional birds or species are usually smuggled within legal consignments. Key investigations are currently underway.
- **Primates.** South Africa is home to six indigenous non-human primate species, all of which are susceptible to escalating habitat loss. To date primate trafficking has not been prominent in South Africa, even though there is a high volume of legal trade²⁶ and thus a risk of obfuscation and mixing of legal and illegal trade.
- **Ivory.** South Africa has experienced ivory trafficking on a very minor scale. Ivory seizures have been reported by both the SAPS and DFFE's Environmental Management Inspectors (EMIs). This has traditionally been opportunistic with the selling of tusks or ivory products, usually from neighbouring countries.

2.1.2. Trafficking routes

The map below provided by the DFFE Fusion Centre broadly depicts where priority species were seized or poached across the country. OR Tambo International Airport (ORTIA) is the main point of departure, and all wildlife commodities feature here.

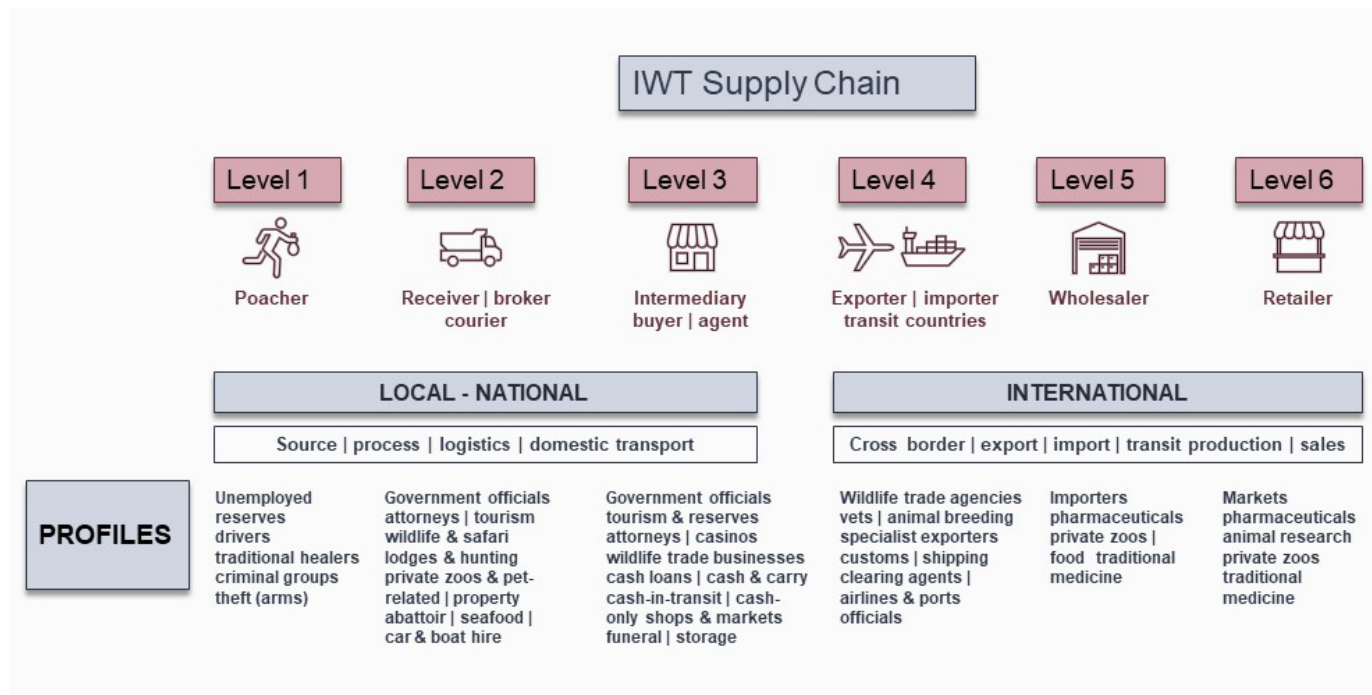


Other methods and exit points for wildlife commodities include:

- **Rhino horn**, which traditionally leaves South Africa via ORTIA, Cape Town International Airport (CTIA), and Durban harbour, or via road into neighbouring countries including Namibia, Zimbabwe, and Mozambique. It is also known to be sent via mail centres and courier.
- **Abalone**, which tends to depart via Cape Town and Durban ports, ORTIA and via road into Namibia and Zimbabwe, and land border points of entry including Lesotho and Mozambique.
- **Plant succulents**, which exit from ORTIA, CTIA, as well as into Mozambique. Land border ports to and from Namibia are also reported.
- **Reptiles**, which exit via Cape Town and Beit Bridge in Zimbabwe as well as ORTIA, particularly through the mail centre, where parcels are posted and content mis-declared.
- **Lion products**, which mostly leave the country from Gauteng and Durban, via both air and seaports.

2.2. 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. Given the descriptions below are relatively broad, our insights into the actors in the value chain have not changed significantly from Phase 1 but have been included for ease of reference. A more detailed supply chain, including associated financial flows, is included in [Annexure 5.1](#)



Variations of these actors occur all the time with little change to their operating model via poachers, transporters, middlemen, local intermediaries (such as packers and transporters), front or shell companies and the destination or consumer markets.

Poverty remains 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, especially in coastal communities involved in the poaching of wild abalone. Insights suggest that gangs of rhino poachers continue to enter through the western border of the KNP, with the assistance of South African citizens who know the area. To avoid law enforcement and ranger patrols, some poachers cross legally from Mozambique, and stay with relatives or accomplices in South Africa, before entering the park²⁷. Rhino poachers are no longer dependant on moon phases but rely on intelligence to enter parks and reserves to poach in specific areas that rhino can be found.

Many contributors to this research commented on the role of corruption as a major enabler of IWT. In a few cases in South Africa, rangers who are entrusted with safeguarding wildlife were found to have killed, dehorned, and / or transported the horns to 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. Specific areas and personnel within protected areas, reserves, border post, sea and land ports are targeted to facilitate the syndicates' activities by means of corrupt activity complemented by financial gain.

2.3. Successful cases

The integrated approach by law enforcement and SAMLIT has led to unprecedented results for South Africa at national, regional, and international levels. These cases mentioned highlight a selection of impactful cases, and illustrate arrests and seizures through coordinated, cooperative efforts not previously experienced in South Africa.

Ms Barbara Creecy, Minister of Forestry, Fisheries, and the Environment, stated in a rhino horn update in February 2023:

"This year's outcome shows that collaboration between conservation authorities, the South African Police Services, revenue authorities and international agencies works."

2.3.1. Project Blood Orange 2021 - 2023

Project Blood Orange²⁸ is the name given to an integrated investigation into a rhino-horn trafficking syndicate that was operating out of Mpumalanga, South Africa, and that led to the arrest of 16 suspects for money laundering and financial crimes charges. The cases are currently being prosecuted, with the suspects next due in court early in 2024. The prosecution has charged the suspects with racketeering, corruption, biodiversity charges relating to the poaching of rhinos and the trading in their horns, defeating the ends of justice, as well as tax, conspiracy, and money laundering charges. These charges will be formulated in the indictment application and supported by several predicate offences.

Pivotal to the success of the case was the integrated approach adopted by investigators, which included investigators from the DFFE, SANParks, South African Police Service: Stock Theft and Endangered Species, Forensic and the Criminal Record Centre as well as Provincial and National DPCI investigators, and US Fish and Wildlife Services. Save the Rhino International (SRI)

supported the provision of critical forensic accounting and financial investigation expertise to the investigation by KPMG, at the request of the DPCI. This was in response to the continued rhino poaching and trafficking of rhino horns in KNP and knowledge of syndicate members who were openly conducting their illicit business without concern for law enforcement. On 12 October 2023 a preservation order was obtained by the Asset Forfeiture Unit to seize a property involved in Kabokweni, Mbombela, Mpumalanga, which yielded further important information. A comprehensive report on Project Blood Orange has been published by SRI and is available online²⁹ and readers are encouraged to review it in detail.

In April 2022, following a two-year investigation, two field rangers from KNP were arrested for money laundering and financial crimes charges in an unprecedented approach. The investigation had revealed significant deposits of funds, totalling over R1m in one case, which the suspects acknowledged were for providing information on rhino whereabouts. This was followed with the arrest of a further 11 suspects in three provinces over a two-day period in December 2022, all of whom were part of the same syndicate and all of whom were arrested with money laundering and financial crimes charges. During these arrests, a warehouse and residential property were also searched, resulting in the owner handing himself over to authorities.

The impact of these arrests and the investigation is perhaps best summarised by a quote from Col Johan Jooste, National Section Commander, Serious Organised Crime: Wildlife Trafficking, DPCI:

“The Project was very successful in identifying and investigating money laundering and corruption, which resulted in the arrest of the two Kruger National Park Rangers in April 2022. Following these arrests, for a period of 155 days, there were zero incursions noted in the area. Latest statistics of rhino poaching further indicated that, following the arrests, rhino poaching declined by 40% in Kruger National Park in 2022 and a further 49% in 2023.”

Many lessons were learned during the Project Blood Orange investigation (are captured in [Section 4: Other Observations](#)) and demonstrate the value of the financial sector, integrated partnerships sharing an open-minded approach, and the fast-tracking and turnaround times enabled by the SAMLIT TOG.

2.3.2. Reptile trafficking case: 2023

In 2019, during a routine inspection at the OR Tambo International Mail Centre, a customs official found a parcel destined for Germany, containing six Sungazer Lizards (*Smaug Giganteus*). The contents were falsely declared as “gift teddy and candies” and the animals hidden inside a stuffed toy. In 2021, two German reptile smugglers were arrested and prosecuted³⁰, during which investigation their cell phones were downloaded by DFFE’s Fusion Centre and analysed. The cell phone analysis revealed detailed WhatsApp conversations, voice notes and photographs between one of the Germans and a South African citizen, pertaining to the export of Sungazer lizards. The South African was linked through these communications to the parcel in 2019 and to a further two illegal exports of another 12 Sungazer lizards to Germany and Mexico. The WhatsApp communication indicated that the South African received payment through a global online payment platform.

The DFFE, with the assistance of the United States Fish and Wildlife Service’s attaché, then engaged with the payment platform, who after being summonsed provided the name of the accused (the wife of the South African accused) as the receiver of the money as well as the name of the bank utilised. A request through South Africa’s FIC identified the account number of the accused at that bank, who received funds accumulatively over a period of three months.

The South African accused was convicted on three charges relating to the illegal export of 18 Sungazer Lizards, transportation thereof and a charge in terms of the making a false declaration in terms of the Customs and Excise Act. He was sentenced to a fine of R1 million of which half was suspended. His wife, who received the proceeds of these unlawful activities, was convicted on one count in terms of section 4(b) and three counts of section 6 of POCA and sentenced to five years’ imprisonment, which was suspended due to her personal circumstances³¹.

This case showcases the successes achieved through the inclusivity of all law enforcement agencies within the SAMLIT EWG and TOG, as well as training and sensitising of all investigators with regards to money laundering and financial investigations.

2.3.3. Rhino poaching collaboration: 2021-2022

The timeline below is an example of outstanding collaboration between public and private sector, including law enforcement, transport and finance sectors, and local and international agencies. The trail of events occurred in response to a sudden spike in poaching in Kruger National Park in December 2021³² which led to 11 arrests and the seizure of 76 rhino horns, just two and a half months later.

- 10 December 2021: dramatic spike in rhino poaching KNP, KZN and Western Cape.
- 13 December 2021: four wildlife traffickers arrested for poaching in Ceres, Western Cape; FIC and SAMLIT TOG respond.
- 14 December 2021: mobilisation of capacity at ORTIA, with participation from DPCI, DFFE, FIC, SAMLIT, Customs, UfW, and aviation, transport, and postal sectors.
- 23 December 2021: cargo export via airline intercepted, destination China. One wildlife trafficker arrested, six rhino horns and ZAR100 000 seized. SAMLIT TOG responds with relevant banks. Coordination between SA and China law enforcement agencies.
- 31 December 2021: China's response leads to the arrest of three traffickers and seizure of five rhino horns along with elephant ivory items.
- 31 January 2022: one wildlife trafficker from Malaysia arrested at ORTIA, 11 rhino horns seized, one of which is linked to a KZN poaching incident. Coordination between SA and Malaysian authorities.
- 1 February 2022: One wildlife trafficker arrested at Doha Qatar, linked to the suspect arrested at ORTIA and twelve rhino horns seized. Excellent cooperation between South Africa, Malaysia, and the Capital Police in Doha, Qatar.
- 16 February 2022: one wildlife trafficker arrested in Bedfordview, Johannesburg and 29 rhino horns seized. The accused was sentenced in July 2023, with a ZAR500 000 fine, of which ZAR300 000 was payable to Stop Rhino Poaching, as well as a further eight years' imprisonment, suspended for five years.
- 1 March 2022: wildlife trafficker receives money laundering conviction: suspect sentenced to five years for money laundering using casino chips and banking. The FIC played a critical role in the case.

2.3.4. Other recent success stories³³

In relation to rhino prosecutions during 2022, verdicts were handed down in 62 cases which resulted in the conviction of 92 accused rhino poachers and rhino horn traffickers with a conviction rate of 100 percent.

- Skukuza court sentenced one accused to 34 years for the killing of two rhinos and the possession of unlawful firearms and ammunition and another to 17 years for a similar charge.
- A Vietnamese national was arrested and charged with illegal possession of a threatened species (lion bone products) in terms of the National Environmental Management Biodiversity Act in August 2021. This followed a four-month investigation involving analysts and wildlife investigators. Search and seizure warrants were executed simultaneously by an integrated team of law enforcement authorities at a Vietnamese-owned farm near Bela-Bela in Limpopo and at two storage units in Pretoria. The joint investigation team seized 4.19 kg of lion teeth, 680 g of lion claws and more than 60 kg of processed animal products believed to be lion gelatine (cakes). An illegal firearm was also confiscated.
- Project Python: In 2021, several properties were seized and three people were arrested and charged with money laundering relating to rhino horn trafficking, resulting in the successful conviction of one accused for two money laundering charges in the Tembisa regional court in 2022. The trial against the other two accused continued into 2023, with the first accused passing away of natural causes in prison, prior to the conclusion of the trial. The second accused was convicted on three charges relating to the buying of 12 rhino horns and two counts of contravention of the immigration act. In April 2023, he was sentenced to a fine of ZAR500 000, and two years' imprisonment during April 2023. Assets seized included ZAR2.2 million and two vehicles. A [case review](#) was conducted and is included in detail later in the report.
- Other cases include three South African citizens sentenced on charges of killing a rhino in KNP, which, combined with related firearm charges led to an effective sentence of 24 years' imprisonment; three people arrested in Limpopo were convicted on charges of possession of a prohibited firearm and unlawful ammunition, and illegal immigration were sentenced to 15 years' imprisonment; a Zimbabwean citizen was sentenced to an effective sentence of 8 years imprisonment on charges of killing 2 rhinos, conspiracy to commit poaching and possession of rhino horns; and three men from the Eastern Cape, two of which were Mozambican citizens, were convicted on charges of conspiracy to commit rhino poaching, and unlawful possession of a firearm and ammunition and sentenced to 15 years imprisonment - notable as the conviction was obtained despite no rhinos having been killed.

2.3.5. International successes

On the international front, the following are examples of the important work that is taking place between South Africa and other countries:

- The arrest of a South African man at Changi Airport in Singapore with 34 kg of rhino horn, who appeared in a Singapore court on 11 November 2023, facing three charges. These included two counts of violating the Endangered Species (Import and Export) Act (ESA) by transiting with rhinoceros' horns without a permit, for which the accused is currently scheduled to plead guilty. The accused was acquitted on the charge of assisting another to retain "benefits from criminal conduct: under the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act³⁴. The prosecution has filed an appeal against this acquittal³⁵. South Africa continues to work closely with Singapore authorities on the investigation into this syndicate. Currently, the NPA is in the process of submitting a mutual legal assistance request and has received a similar request from the Singapore authorities.
- A Mutual Legal Assistance process was established between South Africa and Poland, after receipt of a request from Poland relating to rhino horn trophy hunting in South Africa.
- Operation Golden Strike, a coordinated project between Southern Africa and Southeast Asian law enforcement and customs agencies, has set a platform for better cooperation between the countries with the aim to combat wildlife trafficking at international levels. Several successful operations, bilateral engagements and information sharing sessions were conducted during Phase 2.
- A controlled delivery between South Africa and Vietnam took place in July 2021, resulting from work by the DPCI and Vietnamese authorities on a consignment of rhino horns and suspected lion bones trafficked to Vietnam. The operation was vindicated when 138 kg of rhino horns and an estimated three tons of suspected lion bones were seized at Da Nang Port in Vietnam. The investigation continues.
- Continual cross border investigations between South Africa and the People's Republic of China, with one joint operation between the DPCI, assisted by DFFE and the transport sector at ORTIA in December 2021 resulting in the seizure of 32 rhino horns and successful arrests. Intelligence shared with authorities from People's Republic of China, led to the arrest of one suspect in South Africa and two suspects in China, as well as the seizure of additional rhino horns.
- Successful collaboration with German and Mexican Authorities regarding the arrest of German Nationals successfully convicted for the illegal trade in reptiles.

3. PROJECT OUTCOMES

As mentioned previously, the EWG set out high level objectives for Phase 2 focusing on collaboration, building on public sector engagement, and improving information sharing.

The reporting outputs for Phase 2 were to include:

- Updated typologies, indicators and behaviours, and observations based on new cases and regulatory reports filed with the FIC.
- TOGs, emphasising the role of agencies new to SAMLIT (including DFFE, NPA and SARS).
- Targeting public sector engagements to further improve collaboration.
- Establishing a better mechanism to share information between stakeholders in a more fluid manner within the parameters of South African law and associated agency mandates, through the DFFE's Fusion Centre.
- Regional and international engagement, paying particular attention to FATF international cooperation recommendations.
- Webinars and training
- Case digest reviews, analysing past cases for new insights and learning.

3.1. Updated typologies and indicators

3.1.1. STR/SAR mining and updated toolkit

In conjunction with the EWG, the FIC responded proactively to new insights into financial flows related to IWT. In September 2020, the EWG identified that IWT reporting codes for Suspicious Activity and Suspicious Transaction Reporting (SAR/STR) were unclear and confusing and the FIC's response was to quickly implement new IWT reporting categories. This, along with IWT training and awareness programmes run by EWG members within their own organisations and across the sector had a significant impact, and in Phase 2, the FIC noted both an increase in SAR/STR reporting from 2020 to 2021 as well as a correlating improvement in the quality of reporting, notably extending from single transactions to financial flows, and with a growth in specificity in transaction monitoring.

Reporting Codes implemented by the FIC

Value	Description
RIND143	Illegal Wildlife Trade – Exploitation of wild plants and animals (including but not limited to rare and endangered species) through illegal breeding, poaching, processing, <u>smuggling</u> and trading.
RIND144	Illegal Wildlife Trade - Breeding/Poaching/Capturing/Collection/Processing.
RIND145	Illegal Wildlife Trade - Trafficking/Smuggling/Trading.

Phase 2's objective was to develop typologies and build profiles that could be used by accountable institutions to fine-tune transaction monitoring rules and better detect IWT-related transactions, improve intelligence gathering and perform targeted analysis on identified related transactions. In Phase 1, the FIC mined and analysed data from previously logged suspicious and unusual reports filed with the FIC for the period 1 April 2019 to 31 August 2020. During Phase 2, this analysis was enriched with data from 1 September 2020 to 15 August 2022.

The FIC reported the following when comparing the periods 1 April 2019 to 31 August 2020 (Phase I) and 1 September 2020 to 15 August 2022 (Phase 2):

- Increase in STRs on laundering of the proceeds of IWT:
 - 139 IWT-related STRs in Phase 2 compared to 118 in Phase 1, following the implementation of the new IWT alerts and awareness/training activity, including publishing SAMLIT's Phase 1 report.
- Quality of STRs:
 - The FIC reported an improvement in the quality of suspicious and unusual reports post 31 August 2020.
 - The FIC identified several regulatory reports based on defensive STRs and adverse media.
 - Information such as the nationalities and occupations of perpetrators, locations of suspicious transactions, and industries and types of businesses involved were captured by reporting institutions, where previously this information was not shared.
 - Specifically, the FIC identified new industries such as guest houses, travel companies, import and export companies, car dealerships and traditional healers, which were not previously identified, as well as occupations more vulnerable to corruption were identified, along with a significant finding on the abuse of minors' accounts.
 - Incoming funds noted mostly related to cash initially, but in Phase 2, larger amounts were identified including large foreign exchange payments, real time transfers and large cash buy-ins at cash gambling institutions.

- Actionable Intelligence:
 - From 01 September 2020 to 31 March 2022, the FIC received 39 requests for information from law enforcement agencies in relation to wildlife crime that was responded to by the accountable and reporting institutions. The FIC also identified 7 suspicious reports that were analysed and referred proactively to relevant law enforcement agencies for follow up.

The full comparative tables between Phase 1 and Phase 2 are available in [Annexure 5.3](#)

3.1.2. Nationality

The nationalities of perpetrators identified in the Phase 2 report were South African, Chinese, Lesotho, Zimbabwean, Ugandan and Malawian nationals. In Phase 1, the nationalities were mostly not recorded, or suspected individuals were identified as South African together with a handful of Zimbabweans, Vietnamese and Chinese. New observations from Phase 2 identified nationals from Lesotho, Uganda, and Malawi comprised of 67 percent males and 33 percent females.

3.1.3. New hotspots

Through the data mining analysis, the FIC did not discover new hotspots regarding transactions conducted outside South Africa. Most locations identified in Phase 2 were the same identified in Phase 1. Bloemfontein, Kimberley, Hazyview, East London, Port Elizabeth and KNP were identified in Phase 2 as hotspot areas based on significant number of transactions related to IWT in these areas. These transactions were flagged on Section 29¹ report hits identified through data extractions based on the keyword list provided.

3.1.4. New/changed occupations and industries

The STR analysis conducted in Phase 2 identified the prolific use of minors' accounts, as well as receptionists, beauty therapists, traffic officers and traditional healers noted as occupations of the perpetrators linked in the suspicious reports relating to IWT. These occupations were previously not identified in Phase 1. Industries identified during Phase 2 included, amongst others, estate agencies, guesthouses, tours, safaris, accountants, investment cooperations, travel companies, forex exchange agents, import and export companies, consultancies, car dealerships, travel companies, and medical suppliers and were previously not reported in Phase 1.

¹ Section 29 of the Financial Intelligence Centre Act, 2001, outlines that accountable institutions are obligated to report unusual transactions to the FIC.

3.1.5. Changes to the methods used to launder money

Transactional flows

Analysis of the STR data shows that the disbursement of funds has not changed significantly from Phase 1 to Phase 2, but changes were noted in the inflow of funds.

- In transactions linked to the IWT keywords list, transactional patterns reflected large forex transactions and multiple daily cash deposits that appeared to be structuring.
- Phase 2 saw incoming funds including large forex payments, real time transfers (RTC), and large cash buy-ins at cash gambling institutions. Comparatively, incoming funds noted in Phase 1 were mostly through cash, ATM and branch cash deposits in round amounts, large amounts or multiple transactions and cash deposits made at airports, as well as use of cash intensive businesses from front companies. Transactions were conducted from various locations in SA.
- The outflow of funds for both Phases 1 and 2 reported cash withdrawals in different regions in SA, point of sale purchases, casino credits, Western Union and MoneyGram transactions, forex transactions and real time transfers.
- Use of mobile money continues to grow.
- IWT actors evade formal financial systems through use of bartering, Hawala, casino chips and other.
- Use of front companies continues, especially linked to seemingly legitimate imports and exports.

3.2. TOGs

Tactical information sharing is facilitated by the TOGs, where tactical and operational investigation streams meet in-person, under the protection of SAMLIT structures, to focus on high-priority and high-value cases, enabling the enhanced collaboration and timeous exchange of information. TOG members include FIC analysts, AML bank officials, asset investigators, investigators from the DPCI, DFFE, SARS and Asset Forfeiture and law enforcement partners. Depending on the specific financial crime investigated, non-SAMLIT members may be invited to participate from time to time.

This collaboration assists law enforcement agencies to execute their criminal and asset forfeiture investigations efficiently and effectively. The current Illegal Wildlife Trade TOG meets every two weeks and focuses on set investigations, with active participation required from all attendees, and information shared with all parties, to ensure the best investigative outcome. Streams currently under investigation include rhino poaching and rhino horn trafficking, lion bone trafficking, plant succulents and abalone. Cases are facilitated in the TOG as matters progress and are finalised.

Timely exchange of quality and actionable financial information	High priority financial crimes
TOGs are flexible, operational partnerships designed to enhance cooperation, collaboration, and timely exchange of quality and actionable financial information between relevant banks, the FIC and investigation agencies.	TOGs allow for the effective and efficient investigation of high priority financial crimes.
Collaboration	High Impact
TOGs enable real time interface and collaboration between key role players, facilitating speedy transmission of financial information from banks, via the FIC, to law enforcement, in a manner that can be easily assimilated and effectively used by law enforcement.	Timely exchange of financial information and its conversion into admissible evidence results in effective and efficient investigations, prosecution, and asset forfeiture action.

3.3. Collaboration between public and private sectors

The EWG recognised the effectiveness of collaboration in reaching the successful conclusion of a case as well as the broader objective of disrupting organised wildlife crime networks. One of the objectives set for Phase 2 was to promote the work of SAMLIT, expanding collaboration and engagement with other organisations, including public sector agencies. This included raising awareness amongst law enforcement investigators and prosecutors and working with other organisations to extend reach and impact.

3.3.1. Bringing more public sector partners into SAMLIT EWG

As mentioned previously, the participation of the NPA, SARS, AFU and the DFFE made a significant impact to the effectiveness of both successful investigations and prosecutions, as well as the work of the EWG.

SARS' involvement in case investigations brings a new perspective and new armoury, such as access to tax evasion charges. Recently, a rhino poaching kingpin was imprisoned for a failure to submit tax returns, while the case against him continues to develop. SARS Customs officials are also able to work with UfW's Transport Taskforce in tracking and apprehending suspected

traffickers and have access to charges and systems that aid effectiveness. By working closely with SARS, AFU, and SARS Customs, SAMLIT has been able to significantly improve its impact.

The NPA's collaboration has also added substantially to the mix. Prosecutors are involved in investigations from an early stage, which allows them to identify gaps in evidence and improve the strength of the case. Prosecutors have been on a learning curve in presenting financial evidence in court and steps are now being taken to facilitate training of prosecutors and, importantly, court officials, in understanding evidence presented, to enable stronger sentencing.

The DFFE's Fusion Centre plays a pivotal role in facilitating communication and collaboration between all law enforcement stakeholders involved in IWT. The DFFE Fusion Centre provides critical analysis support to SAPS and the EMIs (investigators within DFFE, SANParks and the provincial conservation entities) during IWT investigations, while at the same time providing tactical level support to assist conservation authorities. Since Phase 2, the DFFE Fusion Centre has further developed its capability to focus on financial investigations linked to more complex wildlife crime cases, working closely with the FIC, and supplementing the investigative ability within government as well as the successful conclusion of cases.

3.4. Information Sharing and Communication

The DFFE Fusion Centre's involvement with SAMLIT and its focus on financial investigations with the FIC and the TOGs have streamlined case investigations and set out structures for key communication between role players, that are now firmly established. The DFFE Fusion Centre provides support to investigating officers by processing financially-related environmental crime requests to the FIC, who remains central to all financial investigations.

A groundbreaking moment occurred in 2021 when SAMLIT members presented at a meeting of the National Biodiversity Forum to investigating officers around the country. The forum agreed that those agencies with different reporting lines, such as the Stock Theft Unit, would all report information and data directly to the DFFE Fusion Centre. The result is that all information on suspects is now held and managed in a central database, which is structured to allow for the identification of trends and modus operandi, and identifies links not only between suspects, but between key investigations. The DFFE has also signed MOUs with selected NGOs to enable them to share information into the DFFE's database more effectively too.



As shown in the diagram, the DFFE Fusion Centre processes requests from investigating officers (either EMI's or SAPS) or through its appointed authorised officers and submits requests to the FIC. Feedback from the FIC is analysed, and investigation recommendations shared with the relevant investigating officer, who participates in the relevant TOG meetings.

Since the participation of the DFFE Fusion Centre in SAMLIT, requests to the FIC have increased substantially and continue to grow. Training of investigators and streamlining of the reporting process has led to increased requests for financial investigations from the EMIs, both within the DFFE as well as from provincial conservation agencies and departments across the country.

The weekly EWG meetings facilitate informal sharing of progress updates, and the TOGs include the formal and more sensitive information sharing between law enforcement and the relevant private sector representatives with exposure to specific cases.

3.4.1. Informal and Formal Networking Communication

The EWG recognises that information is shared both formally and informally, and the table below summarises these approaches.

Informal Network Communication	Formal Network Communication
<p>Informal network communication is conducted via a responsible informal network at provincial, national, regional, and transnational levels to facilitate access to those members who can assist or respond at various levels. It enables the streamlining of information and best practice sharing through real time communications, either in person or via other systems.</p>	<p>Formal network communication utilises all formal network structures, including INTERPOL, Mutual Legal Assistance, Memorandum of Understanding, International Conventions, UNODC, UNTOC, Palermo convention, Convention of International Trade in Endangered Species (CITES) or any other legal framework that is used to obtain and share information.</p>
<p>Informal network communication systems do not undermine formal network communication, they are simply a fast and effective way to share information. This information sharing is based on trust and integrity between law enforcement, other government departments and institutions and private public partnerships.</p>	<p>Formal network communication systems share intelligence amongst the network through official channels but may impact response time.</p>
<p>SAMLIT’s approach is to promote informal communications through its network to enhance members’ efforts to combat IWT in the financial sector at national, regional, and international levels.</p>	<p>SAMLIT’s approach is to promote the use of formal communications to enhance the efforts in combating IWT in the financial sector at national, regional, and international levels.</p>

3.4.2. Enabling information sharing laws

The General Laws Amendment Act, 2022 (GLA Act), which was assented to on 22 December 2022, and is currently in effect, demonstrates the country's commitment to the fight against corruption, money laundering and terror financing. This signifies a significant step towards addressing the deficiencies identified by the FATF's Mutual Evaluation Report of South Africa, published by the FATF in October 2021.

The GLA Act amends various pieces of legislation which form part of the South African AML/CFT regulatory framework, such as the companies Act, 2008, the Trust Property Control Act, 1988, and the Financial Intelligence Centre Act, 2001. In particular, the GLA Act amended the various Acts to strengthen the current sharing of information by providing **enabling** legislative framework in respect of beneficial ownership information. This will improve South Africa's adherence to international best practices in combating financial crimes and corruption³⁶. The GLA Act also amends the Financial Intelligence Centre Act to, amongst others, address the challenges that financial institutions have faced regarding information sharing.

3.5. National, Regional and International Engagement

Given the amount of collaboration and the number of different parties involved in SAMLIT and IWT investigations, the EWG identified communication as a critical element on which to focus. Communication within the IWT community, both formal and informal, is conducted via online platforms, road shows to different role-players and in-person contact sessions. These sessions include regular meetings, presentations for awareness and training purposes and are undertaken at provincial, national, regional, and international levels. The examples below are a sample of activity and do not include informal communication and one-on-one engagements with provincial, national regional and international partners, which also contribute to the development of networks.

3.5.1. National

One of the Phase 2 tasks set was for EWG members to conduct training and awareness sessions on how to use financial investigations to bolster wildlife crime investigations. Sessions successfully concluded were:

- SAMLIT EWG weekly case forum, consisting of Financial Institutions, the FIC, DPCI, DFFE, NPA, SARS and UfW.

- The SAMLIT TOG case forum, conducted every two weeks, and including all role-players identified in specific IWT case investigations, such as investigators, prosecutors, DFFE, FIC, as well as members from the Financial and Transport sectors.
- The FIC conducted training on SAMLIT for DPCI investigators as well as prosecutors across South Africa, with a particular focus on KZN.
- DPCI Serious Organised Crime Protected Resources Wildlife Trafficking Working Group sessions, involving wildlife trafficking investigators and coordinators.
- A successful presentation to and discussion with the National Biodiversity Inspectorate Forum (NBIF), comprised of members of DFFE, NPA, SANParks, SAPS, DPCI, SAPS Stock Theft and Endangered Species Units, and all provincial conservation agencies, where the decision was taken to make the DFFE Fusion Centre the nodal point for all IWT investigations.
- Presentations to the NPA Environmental Working Group on Wildlife Trafficking, comprised of designated provincial and national prosecutors from the respective Director of Public Prosecutions offices responsible for environmental matters, as well as national members of DFFE.

3.5.2. Regional

SAMLIT has recognised the need to improve communication and collaboration regionally, and specifically with its neighbouring countries. EWG members represented SAMLIT at the following meetings:

- **Eastern and Southern Africa Anti Money Laundering Group (ESAAMLG).** SAMLIT presented at ESAAMLG meetings in 2022 and 2023.

2022. SAMLIT, in partnership with UfW, hosted a regional chapter meeting in Tanzania during July 2022, bringing together key stakeholders in the region from the financial and transport sectors, NGOs, law enforcement and government. Participants agreed to build on the previous efforts of UfW Taskforce members and ESAAMLG in sharing best practices in combatting IWT, whilst also setting out a framework to assist future efforts in the region. A Memorandum of Understanding was signed by UfW and ESAAMLG, creating a regional public private partnership focusing on improved regional collaboration and information sharing.

ESAAMLG also conducted:

- a workshop for Judges within the region, with a focus on combating IWT and money laundering, which was held at Livingstone Zambia, in June 2022
- a training programme for Judicial Officers from Tanzania on Money Laundering, Terrorist Financing, and the Illegal Wildlife Trade, held in Dar Es Salaam, in November 2022.

2023. SAMLIT's EWG on IWT also presented on the role of financial institutions in identifying suspicious activities linked to illegal wildlife trade at the 6th ESAAMLG Public-Private Sector Dialogue in Kasane, Botswana in September 2023. Countries present included including Angola, Botswana, Eritrea, Eswatini, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, South Africa, South Sudan, Tanzania, Uganda, Zambia and Zambia. Illegal Wildlife Trade was set as a priority crime for money laundering in these countries.

- **Nigerian public private partnership.** SAMLIT members were invited to share their learnings at a meeting on public private partnerships hosted by the Environmental Investigation Agency (EIA) in Nigeria during June 2023. EIA is an independent international NGO, headquartered in the UK, who focuses on campaigning and combating environmental and wildlife crime worldwide. EIA is well-represented and works actively in Nigeria with a broad range of government authorities and law enforcement agencies. The meeting objective was to share information and promote the idea of Nigeria's creating a public private partnership focused on combatting IWT. SAMLIT members shared how their public private partnership was structured, as well as highlights and successes arising therefrom.
- **Royal United Services Institute (RUSI).** Members participated in RUSI's Illegal Wildlife Trade Challenge Fund Project for Law Enforcement officers, Prosecutors, Financial Intelligence Units and NGOs in the areas and countries listed below:
 - Lilongwe, Malawi October 2022
 - Lusaka, Zambia October 2022
 - Kampala, Uganda February/March 2023
 - Windhoek, Namibia 10 March 2023
- **European Union's AML/CFT ESCAY project.** EWG members participated in the European Union-funded training project on following and recovering proceeds of illicit financial flows derived from transnational organised crime and terrorist groups, named the Anti Money Laundering / Counter Financing of Terrorism in Eastern, Southern, Central Africa and Yemen. The workshop, held in Kigali, Rwanda in March 2023, focused on financial investigations into Money Laundering, Terrorist Financing, Drug Trafficking, Human Trafficking and Wildlife Trafficking and included participants from Law Enforcement, Prosecutors, Judiciary and Financial Intelligence Units.

3.5.3. International

Given the international nature of the crime, SAMLIT recognises the importance of engaging globally and members participated in the events outlined below:

- **United for Wildlife meetings**

2022. Representatives from SAMLIT attended the UfW Global Summit in London during October 2022, where they presented on the work done by SAMLIT and showcased how collaboration facilitates better outcomes in the fight against IWT. The Summit was attended by over 300 leading figures from law enforcement, conservation, and businesses. In his closing remarks, [Prince William](#) singled out SAMLIT as exemplary in its collaborative efforts to combat IWT and made a special reference to the recent ESAAMLG agreement with UfW, spearheaded by FIC Director, Advocate Khanyile, to create an international public private partnership for financial crimes.



2023. UfW also hosted a regional meeting in the Timbavati, South Africa, in March 2023, bringing together conservationists, law enforcement and members of its financial and transport taskforces. Representatives of SAMLIT participated in a panel discussion about the role of collaboration and SAMLIT in the fight against IWT.

The event was applauded by Barbara Creecy, South Africa’s Minister of Forestry, Fisheries, and the Environment, who said the illegal trade in wildlife involved complex combinations of illegal practices, including trafficking, forgery, bribery, violence, the use of shell companies and other elements that encompass organised crime. She stated:

“Owing to the complexity of the illegal wildlife trade, a diverse response is required in the short, medium, and long-term, and at a local, regional, and international level. I would like

to thank United for Wildlife for taking on the challenge and pulling together advanced skills and resources across local and international spaces, and for encouraging the participation and commitment of crucial players in the private sector.”

SAMLIT’s EWG on IWT presented at the UFW Global Summit, held in Singapore in November 2023, highlighting the role of international collaboration and the role of the private sector. South Africa joined Australia, Canada, New Zealand, Singapore, the United Kingdom, and the United States in the multi-national Statement of Principles unveiled at the Global Summit. The Principles declare that “the signatory nations and intergovernmental organizations to this Statement of Principles believe that strong working relationships with foreign counterparts lead to effective and timely information sharing, open and robust dialogues related to threats and trends, and, where applicable, specific operations, thereby producing better results in combating the transnational organised crime of IWT.”

- **Wildlife Conservation Society Workshops, Vietnam**

2022. The national risk assessment for wildlife trafficking in Vietnam was outsourced to the Wildlife Conservation Society’s (WCS) Vietnam office. WCS is a non-profit organisation concerned with wildlife conservation across Africa, Asia, and the Americas. WCS mirrored the research methodology of SAMLIT and produced their own version of an IWT report. Members of SAMLIT were invited to participate in workshops to launch the report in Vietnam and share our approach to collaboration. The sessions focused on conservation, law enforcement and the private sector to exchange the latest ideas, learning and best practices in combating international wildlife trafficking, using the methodology used by South Africa in the SAMLIT structure as an example of best practice.

Three major work sessions were held in Hoi Chi Minh City and Hanoi, with parties including:

- Vietnamese government departments, including Customs, Justice, and Conservation departments in Ho Chi Minh City.
- The Vietnam Banking Academy, who engaged on the assessment of the awareness and capacity of FIUs, commercial banks and other financial service providers to detect and prevent financial risks associated with illegal wildlife trade in Vietnam and cooperation with the FIC in South Africa as well as SAMLIT.
- The Department of Environmental Police, Ministry of Public Security of Vietnam in Hanoi, Vietnam with South Africa’s DPCI, focusing on the legal framework to prevent and combat wildlife trafficking and money laundering between the two countries, formal and informal communication networks, and training on IWT and financial flows.

- **International Anti-Corruption Conference (IACC):**
2022. Previous FIC Director, Advocate Khanyile, presented at the International Anti-Corruption Conference (IACA) conference in Washington during her tenure in December 2022 on the collaboration between financial institutions and NGOs in detecting money-laundering associated with wildlife crimes. IACC is the largest corruption-themed event in the world, taking place every two years with over 2000 participants.
- **US-SA Treasury partnership**
2023. In February 2023, SAMLIT members and the DFFE met with US Secretary of Treasury, Janet Yellen, to discuss South Africa's efforts to combat IWT, and particularly the related role played by financial investigations. A partnership was announced between Financial Crimes Enforcement Network (FINCEN) and SAMLIT to collaborate on transactions with a US-nexus. In June 2023, South African and United States Treasuries attended a follow up roundtable meeting in South Africa with law enforcement from both countries to establish operational procedures in setting up the joint IWT Taskforce announced in January. The roundtable looked at assisting and building on linkages between the participants, which included the Federal Bureau of Investigation (FBI), Homeland Security Investigations (HSI), and FINCEN from the US and UfW. South Africa was represented by SAMLIT members, including the banks, DFFE, Defence Intelligence, NPA, DPCI, SARS and the FIC. The group shared organisational successes, methodologies, and insights into IWT and money flows. Goals were set, with timelines, to arrange bi-annual meetings, to use the FIUs to share intelligence and conduct case reviews, with law enforcement, financial and private sectors feeding information on case investigations through to the other country via the FIUs.
- **South Africa and Singapore Law Enforcement**
2022. In October 2022, the National Parks Board (NParks) of Singapore seized 20 pieces of rhino horns with a weight of 34,25 kg at Changi International airport and arrested a 32-year-old South African citizen en-route to Lao PDR. This was the largest rhino horn seizure in Singapore history. The arrest and seizure sparked a significant response by the transnational financial and transport sector members from UfW, INTERPOL, SAMLIT and SA's FIC. All sectors committed their support to the investigation between the two countries. A first of its kind, the matter showcases the commitment of private public partnerships at international level. The INTERPOL ENS team and the Singapore NParks investigation teams followed up with a visit to South Africa in December 2022, building a working relationship and further enhancing the coordination and cooperation between the two countries, with South Africa returning the compliment with a visit to Singapore in March 2023, further committing to the partnership.

3.6. Webinars & Training

- **Training:**

EWG members, including the FIC, DPCI, DFFE and selected financial institutions focused strategically on targeted training for primary stakeholders on the topic of financial investigations related to wildlife trafficking. A total of 14 sessions were conducted during the financial year 2022/2023, reaching more than 200 attendees. The training was well received by national stakeholders including investigators and court prosecutors. The process assisted also in clarifying the roles of EWG members, and ensuring that nodal points at DPCI, DFFE, NPA and FIC were well known, as were the procedures to be followed.

- **Webinars:**

SAMLIT hosted an IWT-focused webinar in August 2022, aimed at all SAMLIT members with an interest in the combating illegal wildlife trade. The objective of the webinar was to discuss the insights and outcomes gained from the publishing of the SAMLIT Phase 1 report and focused on the financial flows identified in illegal wildlife trade in South Africa. The webinar was an unmitigated success, with over 200 participants in attendance, who praised it for being engaging and insightful. Participants were also encouraged to join the partnerships being developed within wider organisations in South Africa, aiming for even greater impact. The webinar topics and speakers included.

- An update on the regional work by ESSAAMLG on IWT (FIC)
- An introduction and update on Phase 1 (IWT EWG Chair)
- The practical implementation of an IWT programs in banks (Investec and Standard Bank)
- The use of cryptocurrency in IWT (Luno)
- Partnership and initiatives with DFFE

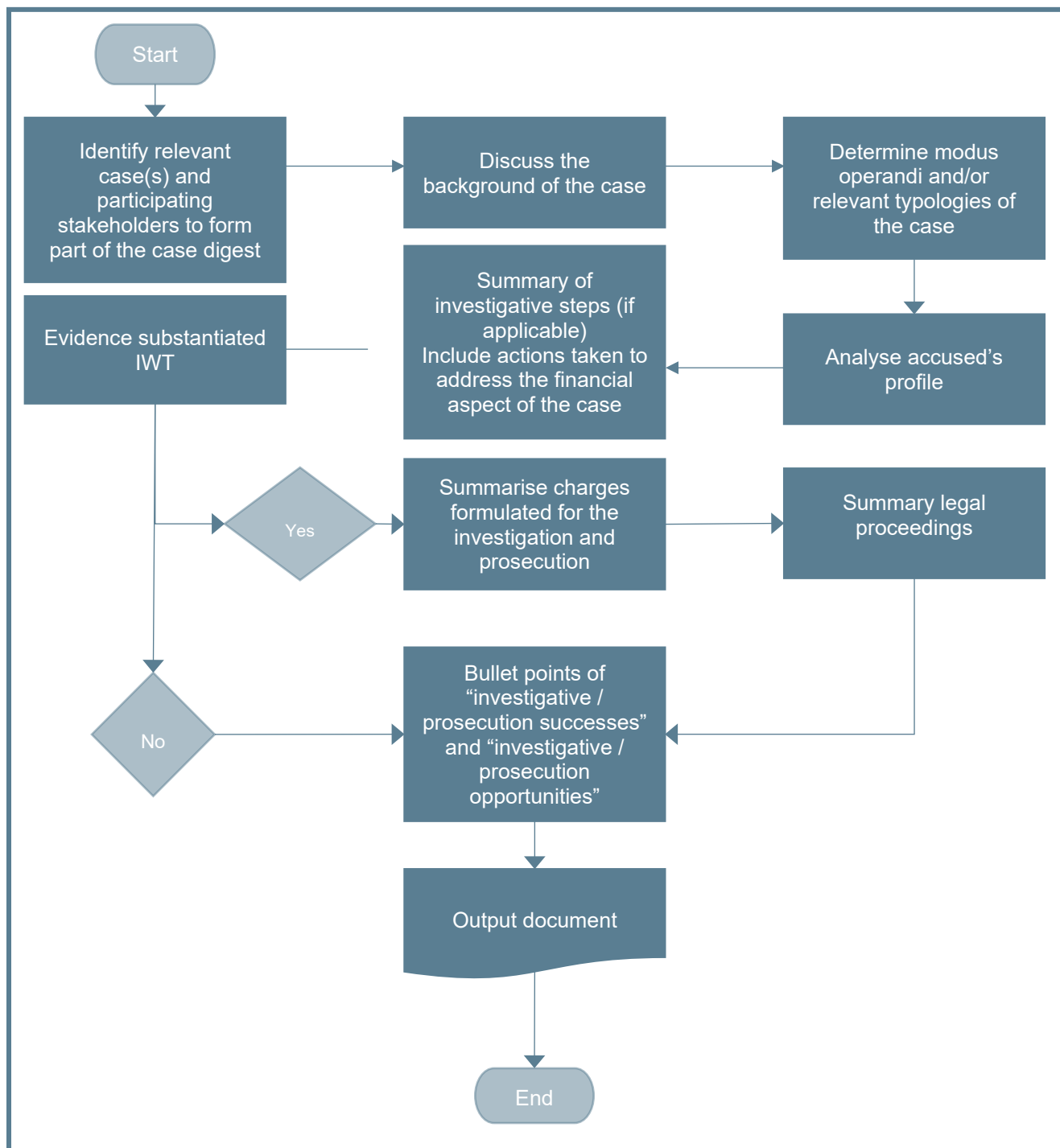
The speaker introductions were facilitated by SABRIC, and the webinar coordinated by Absa.

3.7. Creating a case review framework for IWT

As noted previously, one of the tasks set by the EWG was to perform regular case reviews. The intention was to unpack cases already prosecuted, extract learnings, and update typologies and tools.

A Case Digest Framework (Framework) was developed to construct a mechanism through which the EWG could perform regular case reviews. The full Framework is included in [Annexure 5.4](#), with the summarised process flow and an example of a previous case review below.

The process flow was designed to guide review procedures, with the detail pertinent to each step summarised in the Framework. The process flow is relevant to both concluded and live cases, but for live cases will be dependent on the status of the case. Following the completion of the case digest, an output paper, such as the example shown below, will be compiled containing a high-level summary. It is critical to note that the output paper does not include any sensitive or confidential information.



ILLEGAL WILDLIFE TRAFFICKING CASE DIGEST: PROJECT PYTHON

11 April 2023

CASE TYPE AND BACKGROUND

- Interprovincial rhino horn trafficking case
- Accused One was identified by means of a DPCI investigation related to the trafficking of rhino horns in Middelburg, Mpumalanga.
- Subsequent intelligence was received regarding a wider syndicate operating in SANParks, which led to an undercover operation, called Project Python, to infiltrate the syndicate.
- The project team strategically and operationally planned the infiltration of the identified syndicate through conventional and unconventional investigation techniques.
- The Agent assumed the cover of a corrupt official selling rhino horn, participating in a total of three transactions.
- During the undercover operation three syndicate members were identified, each playing different roles in the syndicate.
- Project Python was executed over a year before its successful conclusion.

MODUS OPERANDI / TYPOLOGY / ACCUSED PROFILE

- The syndicate was comprised of rhino horn buyers. The undercover agent informed the syndicate that the horn originated from the Kruger National Park stockpile.
- The agent met Accused One in China Town, Johannesburg, and was taken to a guest house in the Cleveland area (well known for Chinese organised crime) where he met Accused Two. Accused Two took the horn from the agent and left the premises to inspect its quality. The investigation revealed that Accused two went to a casino, before returning with cash to pay the agent.
- The syndicate operated in cash and made use of casinos to launder the proceeds of the sale.
- Accused Two purchased a vehicle in cash which was used for the syndicate's criminal operation.
- Accused One offered to show the Agent how to launder money through a casino, the third accused (life partner of Accused One) took the physical cash paid to the Agent, assisted the Agent to open a casino account and made the deposits.
- The syndicate was also allegedly involved in trade of gemstones and timber, suspected to be illegal. Accused One was also allegedly connected to illegal trade of donkey skins.
- The syndicate consisted of a Taiwanese national and two Chinese nationals. Accused One and Three has citizenship in South Africa with Accused Two being an illegal immigrant who has previously been deported.
- All aged between 45 – 55
- Lifestyle indicators – the investigation showed deliberate downplaying on income and lifestyle.
- Counter actions: Accused were cautious of mobile tracking / tracing methods and used burner phones. The syndicate made use of counter surveillance techniques to protect and avoid the exposure of the syndicates' activities.

FINANCIAL FLOW INDICATORS

- The accused opened accounts with casinos, which they used to launder the proceeds of crime.
- The investigation identified that the accused would spend and draw money from casino.
- All payments for rhino horn were made in cash.
- An FIC report indicated a suspicious transaction by Accused Two, relating to the purchase of a vehicle in cash, which was reported by the dealership.
- Section 205's were submitted for the relevant accounts.
- International flows were identified through Western Union.
- Fine was to be paid on behalf of Accused Two in cash, however a robbery of the cash occurred directly in front of the court. The fine was paid shortly afterwards via EFT.

LEGAL PROCEEDINGS

- Charges: money laundering, buying rhino horn without a permit, illegal immigration act (Accused One).
- All accused (apart from Accused One who passed away) were tried in Gauteng.
- Inconsistencies identified in sentences of poachers tried in Mpumalanga and those tried in Gauteng.
- No bail granted.
- Accused Two sentenced to 5 years or R500,000 fine as well as 2 years for immigration act. Accused Three sentenced to 5 years for money laundering.

INVESTIGATION SUCCESSES / OPPORTUNITIES / LESSONS LEARNT

- Geographical profiling led to substantial evidence.
- Successful prosecution of money laundering for Accused Three whose only involvement was depositing cash at the casino.
- Regular engagement with the FIC and active collaboration with the prosecutor.
- Financial and criminal investigations happened in parallel.
- Swift response by FIs to s205 subpoenas
- Investigative opportunities:
 - Who is the attorney of the accused and how are they paid?
 - Who attended the hearings that might be of interest and/or associated with the accused?
 - Source of funds for payments to court – bail or fines (cash or EFT – bank accounts used)
- Always look at bigger picture: ensure reports received such as suspicious activity reports are investigated.

OTHER / GENERAL

- Deliberate downplaying on income / lifestyle and warnings to other players to watch their lifestyle spending.
- Syndicate was willing to buy weekly in Gauteng and was willing to buy more to supply the demand.
- Other associated syndicates noted to be potentially paying the fines on behalf of the accused.

4. OTHER OBSERVATIONS

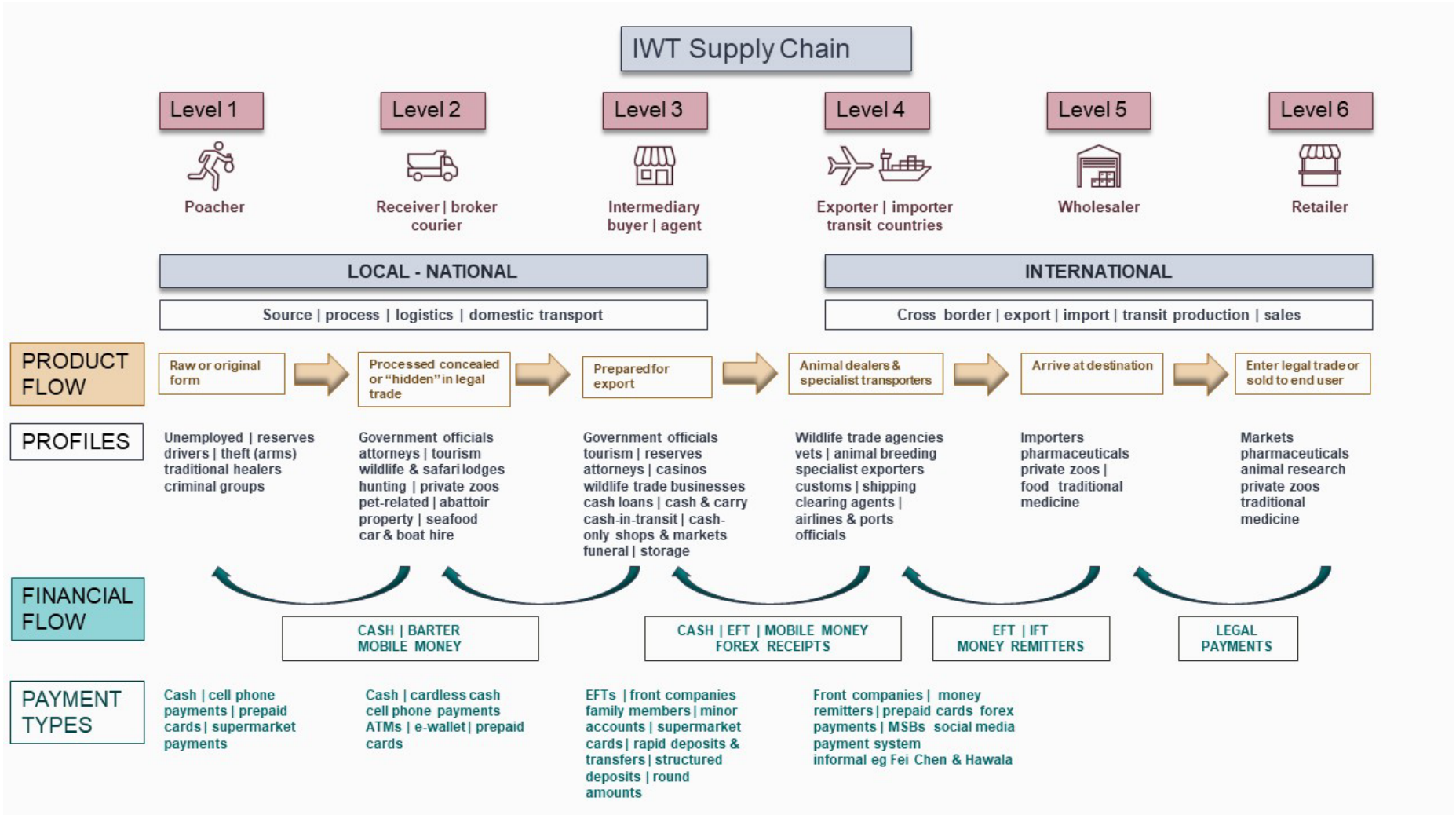
Additional insights, gained from the extensive engagement between members of the IWT EWG and actions taken during Phase 2, are noted below:

- Investigations may be fast-tracked through quicker turnaround and response times to requests, notably subpoenas to SAMLIT TOGS and the financial sector.
- The importance of both formal and informal communication channels was noted: the EWG and TOGs learned that it is critical for parties (such as law enforcement and financial institutions) to understand the requests made of them and how to respond to other parties, particularly those outside of their own environment. Each organisation has its own “language” or use of terminology that might not be understood by another.
- Understanding the IWT-related terminology, both regionally and internationally, is important as products are referred to in different ways, languages, or slang, for example in transaction descriptions. An example quoted was “abalone” which is known colloquially and referred to as “perlemoen” in South Africa
- Minor insights can lead to complete changes in an investigation, so it is crucial not to disregard the small things.
- Cell phone messages (including applications such as WhatsApp), bank transactions, laptops and lifestyle enhancements provide significant information.
- It is important to remain aware that IWT crimes, as part of greater economic crimes are often overlaid with other crime types through convergence.
- Investigations and analysis should look both vertically and horizontally, especially when developing the links between networks.
- Syndicates can be analysed at operational levels when investigating transport, finance, communications (phones, sim cards, airtime, data purchases), technology and social media. This may enable a better understanding of the structure of the syndicate, particularly in relation to the region and culture.
- Not all family members in a particular syndicate will have the same surname. This was particularly relevant in South Africa, where spouses and children don’t always have the same surname, and minors’ accounts were frequently used to process funds.
- Understand that the nuances of each country provides a greater context of the IWT threat. For example, tribal or community land in South Africa does not require land or erf titles. A trafficker can buy building material for cash, build a property on community land and then sell the house legitimately, thus laundering the cash.

- Include prosecution teams early on, or at the commencement of an investigation for a more robust investigation and evidence gathering.
- The timeline of events can be revealing so it is important to pay particular attention to this.
- Utilising all available legal approaches and charges is key, be they criminal or civil actions, disciplinary actions as well as the use of revenue services, asset forfeiture units and customs.

5. ANNEXURES

5.1. Supply chain and financial flow representation



Financial Flows associated with Illegal Wildlife Trade in South Africa: An Updated Perspective

5.2. Hotspot locations

A comprehensive list of hotspots gleaned from all aspects of the EWGs research is shown along with major national road routes.

<p>Major Road Routes</p> <ul style="list-style-type: none"> • N1, N2, N3, N4, N14, N6, N10, N9, N7 <p>Western Cape</p> <ul style="list-style-type: none"> • Cape Town • Hout Bay • Cape Point • Constantia (settlement) • Wynberg • Robben Island • Hermanus • Eerste Rivier • Bellville • Silver Stream • Milnerton • Stellenbosch • Kuils Rivier • Plattekloof Road • Montague Gardens • Tableview • Blue Downs • Rustdal • Khayelitsha • Athlone • N1 City Mall • GansBaai <p>Eastern Cape</p> <ul style="list-style-type: none"> • Gqeberha (Port Elizabeth) • Cradock • Makhandha (Grahamstown) • Tsolo <p>Free State</p> <ul style="list-style-type: none"> • Senekal • Klerksdorp • Bethlehem • Welkom <p>North-West Province</p> <ul style="list-style-type: none"> • Rustenburg • Hartebeespoort 	<p>Mpumalanga</p> <ul style="list-style-type: none"> • Hazyview • White River • Masina • Mbombela (Nelspruit) • Kanyamazane • Kabokweni • Malelane • Sabie • Gutshwakop • Komatie Poort • Tonga • Ngodwana • Hectorspruit • Matsulu • Calcutta (Bushbuckridge) • Bushbuckridge <p>Limpopo</p> <ul style="list-style-type: none"> • Giyani • Polokwane • Westenburg, Polokwane • Madiba Park, Polokwane • Pietersburg North, Polokwane • Hoedspruit • Karongwe • Mkulu <p>Gauteng</p> <ul style="list-style-type: none"> • Oliver Tambo International Airport • Bruma • Kempton Park • Klerksdorp • Bedfordview • Benoni • Emperors Palace • Chinatown (Johannesburg) • Roodepoort • Soweto • Midrand
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5.3. STR data mining – detailed results from FIC

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

Characteristic	Trend
Nationality	Primarily South Africans, Chinese , Zimbabweans, Ugandan and Malawian.
Occupation	<p>The occupation of perpetrators named in rhino poaching cases held on record by banks are listed as self-employed and unemployed.</p> <p>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.</p> <p>Debt collection was also listed in one case.</p>
Businesses used	With reference to IWT, the following businesses were prevalent: guest houses, travel companies, import and export companies, car dealerships, safaris, accountants, investment cooperations, tours, forex exchange agents, construction companies, medical suppliers, consultancy services and estate agency.
Account activity	<p>Account activity relating specifically to rhino poaching cases appears to be business accounts that featured no business-related expenditure, such as salaries or tax payments.</p> <p>With reference to rhino poaching, and other crime types, personal accounts do not display salary credits, living expenses or debit orders.</p> <p>Abuse of minor accounts were identified, large cash by-ins at casino desks and multiple daily cash deposits which appeared to be structuring of funds.</p> <p><i>A trend of rapid disposition of funds was often noted across all crime types.</i></p>

Characteristic	Trend
Employed by	<p>Employers of perpetrators were primarily indicated as trading businesses, including China Town, wholesalers, cash and carry, traders and others.</p> <p>Estate agency and Chinese restaurants close to the sea were prominent in abalone poaching and employees of a farm were identified in rhino poaching cases.</p> <p>An employee of SAPS under investigation was discovered selling endangered plants to Asian countries.</p> <p>Officials from SANPARKS, Department of Agriculture, DFFE, SAPS, Department of Education, and municipalities were reported in various suspicious reports. It was indicated that these officials were often facilitators in rhino poaching and other wildlife crimes.</p> <p>In most instances the employer of the reported person for most of the wildlife crimes is unknown.</p>
Convictions	<p>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, Yansen Feng for dealing in rhino horn, Clayton Fletcher for the trade in rhino horn, Siphon Alfred Nyundu and Martin Prince Lekhuleni for money laundering and illegal trade in rhino horn.</p>
Deposit references	<p>Reported deposit references included names of individuals or entities involved in crime or specific investigations, references with long numeric values and names of other non-related businesses.</p> <p>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.</p>
Politically influential persons	<p>There were extremely limited reports where politically influential persons were suspected to be involved in IWT. The instances mentioned included rhino poaching, the information also was derived from adverse media.</p>

Characteristic	Trend
Incoming funds	<p>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 and/or large amounts, transactions conducted from various locations in SA and multiple transactions.</p> <p>The following payment methods were also noted for incoming funds: Multiple electronic transfers, large forex payment, real time transfers (RTC), Large cash buy-ins at cash gambling institutions.</p>
Outgoing funds	<p>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).</p>

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	<p>Nationality was not stated in most cases, but where mentioned, suspected individuals were identified as South African, with some Zimbabwean.</p>
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>

Characteristic	Trend
	<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	<p>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.</p>
Deposit references	<p>Reported deposit references included some of the following keywords:</p>

Characteristic	Trend
	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 .
Politically influential persons	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 .
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 percent 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 percent), RTC (11 percent), immediate transfer credits, SWIFT payments (1 percent), Cheques (1 percent) and money received from gambling institutions (1 percent).</p> <p><i>Internal transfers from different account holders of the same bank (9 percent) featured prominently.</i></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 percent from different regions in SA) and point of sale purchases (14 percent).</p> <p>Other transaction types also frequently noted included electronic transfers (8 percent), debit orders (5 percent), internal transfers to account holders at the same bank (4 percent), casino spend (1 percent), airtime and prepaid purchases (1 percent), Western Union</p>

Characteristic	Trend
	<p>and MoneyGram transactions (1 percent payments described as gifts) and cash send (1 percent).</p> <p>The following transaction types were also frequently noted: Numerous instant cash payments, electronic (EFT) transfers, IB payments, debit order to home loan account, motor vehicle purchases (EFT) and international funds transfers.</p> <p>Other indicators relating to money paid:</p> <ul style="list-style-type: none"> • Disposed of in short succession of receipt • Disbursement of funds in different geographical regions • High value payments • Immediate large cash withdrawals • Facilitation of gambling account

5.3.1. IWT Hot spots

The FIC's analysis also identified additional hot spots in Phase 2.

Phase 1	Phase 2
Elsies River	Cape Town
Macassar	Mbombela
Gansbaai	Johannesburg
Helderview	Pretoria
Hawston	Polokwane
Polokwane	North-West
Mookgopong	East London
Hillbrow	Port Elizabeth
Barberton	Bloemfontein
Vryheid	Kimberley
Korea Republic	Hazyview
Kuala Lumpur	Kruger National Park
Vietnam	
Northern Cape	
Hong Kong	
Johannesburg	
Pretoria	
Polokwane	

5.3.2 New/changed occupations

Phase 1	Phase 2
Unemployed	Self-employed
Self-employed	Directors
Managerial	Unemployed
Miscellaneous Sales	Ranger
Debt collection	Hunter
Student	Professional hunter
Pensioners	Beauty therapist
Home executive	Traffick officers

Phase 1	Phase 2
Farmers	Traditional healers
Directors	Receptionist
Police constables	Construction Manager
Professional hunter	Minors
Hunter	Consultant
Ranger	Chinese Interpreter
	Albatross
	Field guide

5.3.3 New/changed industries

Phase 1	Phase 2
Unknown	Guesthouses
SANPARKS	Tours
South African Police Services	Safaris
Municipalities	Car dealership
Game farms	Accountants
Nurseries	Investments cooperations
Holiday resort	Travel companies
China town	Forex Exchange Agents
Wholesalers	Construction companies
Cash and carry	Medical suppliers
Restaurants	Consultancy services
DFFE	Estate agency
	Import and Export companies

5.4. Case review framework for IWT cases

5.3.4 Introduction

As part of the task to improve the public private partnerships, the EWG identified a need to perform regular case reviews to unpack cases already prosecuted, extract learnings, and update typologies and tools. The objective of these case reviews was to construct a mechanism through which the EWG can perform regular case digest reviews.

A working group was established to research this task, using a relevant case. In discussion, the working group recognised the need to review both cases that had already concluded³⁷, as well as open cases, so that information on new or emerging trends could be shared more currently, to allow for more responsive reactions.

5.3.5 Information sharing

Cabinet approved the tabling of a Bill in Parliament at a meeting in August 2022, demonstrating its commitment to the fight against corruption, money laundering and terror financing. This signifies a significant step towards addressing the deficiencies identified by the FATF's Mutual Evaluation Report of South Africa, published by the FATF in October 2021.

When enacted into law, it will strengthen the current sharing of information by providing enabling legislative framework. This will improve South Africa's adherence to international best practices in combating financial crimes and corruption³⁸. The Bill is said to address the challenges that financial institutions have faced regarding information sharing. The Minister of Finance tabled both General Laws (Anti-money laundering and combating terrorism financing) Amendment Bill in Parliament. The ATC No125-2022 issued by Parliament on 25 August 2022 has confirmed that the Bill has been submitted to the Standing Committee on Finance and the Select Committee on Finance.

5.3.6 Approach for case reviews

IWT cases are selected to form part of a case digest based on the selection criteria below. For each case digest review to be successful, it was critical that all relevant role players are identified for applicable cases. At a minimum, role players will contain all members involved in a specific case or TOG, with the associated responsibilities as set out in the Framework.

5.3.7 Case selection / case criteria

Distinction between live and concluded cases

In conducting case digest reviews, the document provides guidance on performing case digests on cases already prosecuted (*referred to as concluded cases*) as well as cases considered to be open and ongoing (*referred to as live cases*).

Critically, the Framework contains guidance on performing case reviews on cases already prosecuted (referred to as concluded cases) as well as cases considered to be open and ongoing (referred to as live cases). In the Framework, concluded cases are defined as (i) cases that have been prosecuted and the accused found guilty, (ii) cases that were not prosecuted due to a lack of evidence, or (iii) cases where the accused were acquitted, with no further prosecution possible due to the “non bis in idem” rule^{2 39}. Live cases are considered (i) as cases where an active investigation is ongoing, (ii) cases were withdrawn by the state and/or cases with a nolle prosequi stamp³ and signature of a prosecutor and reopened at a later stage.

Case identification and selection criteria

Cases forming part of the case digest reviews will be identified by members of the EWG and/or law enforcement, with case selection criteria including, but not limited to, cases (i) involving newly identified typologies, (ii) with significant legal precedent, (iii) involving new types of financial products and/or financial flows being utilised, (iv) that represent significant investigative opportunities and/or lessons learnt.

Cases where the accused was acquitted or the prosecution declined to prosecute, should be selected based on (i) any anomalies identified or gaps/opportunities in evidence (especially financial), (ii) innovative technical defences or (iii) evidence gathering solutions.

Frequency

Case digest of concluded cases will be performed on a 6-month basis, whereas live cases will be identified within the SAMLIT TOGs on an ad hoc basis.

² It is expected that the cases where the accused was acquitted would contribute more to a “lessons learnt” section of the cases digest and potentially to further investigate related charges, especially when dealing with kingpins or prominent members of criminal networks.

³ A formal certificate issued by the National Prosecuting Authority confirming that it declines to prosecute.

5.3.8 Roles and responsibilities

For each case digest to be successful, the EWG noted that it is critical that all relevant role players be identified for applicable cases. Cases with positive outcomes make for easier review as role players would likely be forthcoming with what worked. However, where case outcomes are negative it may require extensive analysis and therefore role players can be many. At a minimum role players will contain all members involved in a specific case or SAMLIT TOG.

National Prosecuting Authority (NPA)

The NPA's vantage point includes a view of the end-to-end process, and it is one of the last institutions to see finalisation of the case. Insights from the NPA should cover the positives and negatives surrounding the prosecution process, as well as quality of financial intelligence received. Furthermore, investigations in several instances will be guided by prosecutors from the start or inception of the investigation.

Law Enforcement

The SAPS and DFFE, as investigating arms, can provide insights into what aided or hampered their investigation. This will include adequacy and relevance of the intelligence received, the speed of response from the financial institutions, and data quality.

FIC

The FIC presides at the centre of the financial intelligence enabling investigation and prosecution. It is therefore a critical role player with an overarching perspective of the full transaction can give insights as to how individual institutions can further improve monitoring and reporting. It will also provide insights on the support received/not received from the financial institutions, as well as the quality of reports received. The FIC would be the convenor of these case digests and own the process.

Financial Institutions

Financial institutions are the source of money flows and/or the money laundering suspicion that usually triggers action from the FIC and other law enforcement agencies (LEA). On the other hand, investigations triggered by LEA through investigating predicate offences will require FIs to reactively provide relevant information at their disposal, when requested. Therefore, FIs are critical in providing valuable insights in terms of what informs the proactive reporting, as well as what they have learned and improved upon from reactive reporting. They would also be able to provide insights on what worked, or not, in terms of the protocols followed in communication

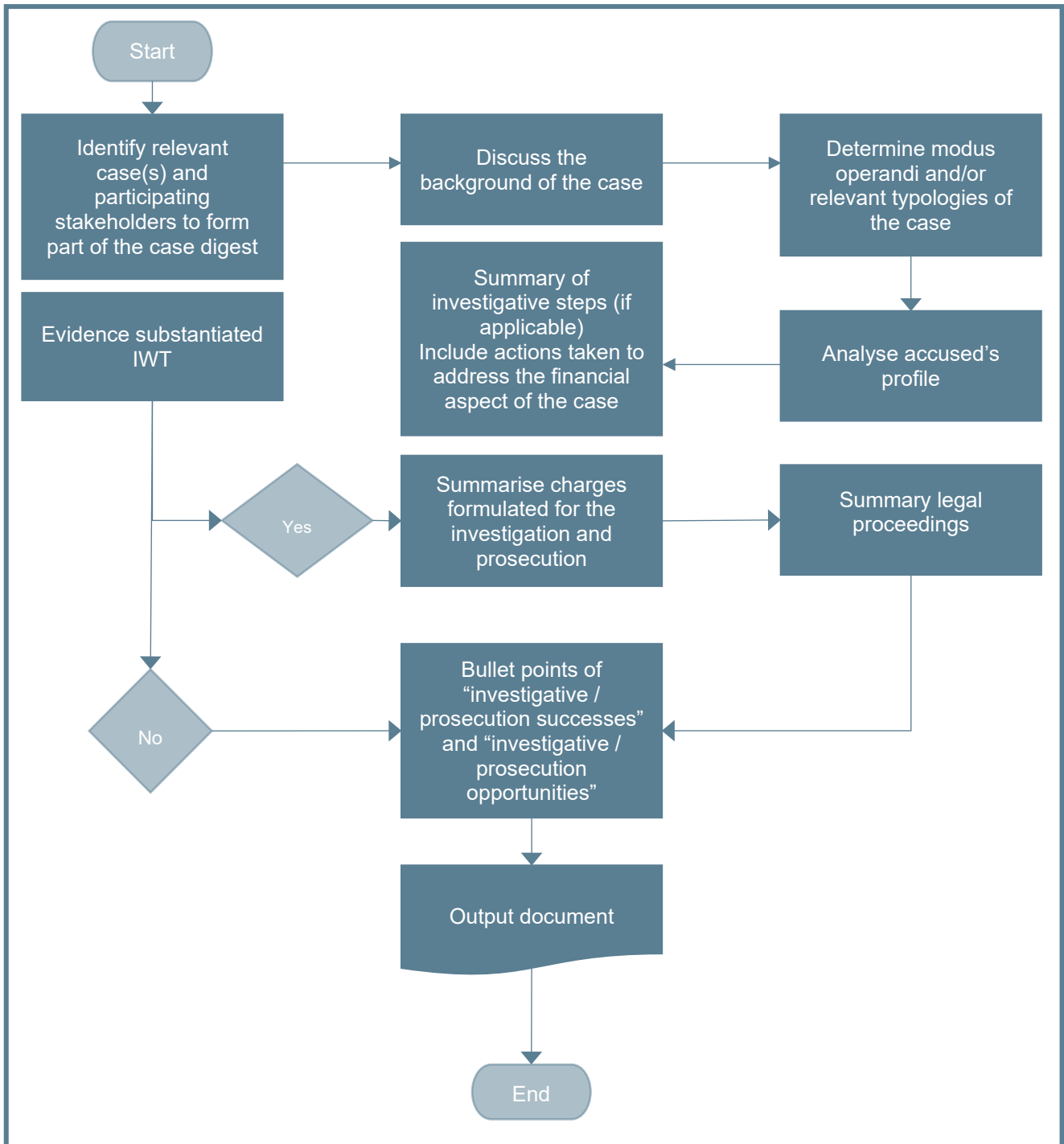
between FIs and LEAs. It is important that LEA provide intelligence/information to FIs early in all investigations through the FIC or the DFFE nodal points.

Other Institutions

Other institutions that currently form part of the EWGs will form part of the case digest as required. Furthermore, any addition stakeholders may be invited to take part in the case review as agreed by the members of the case review team.

5.3.9 Case digest process flow

The process flow of a case digest has been included in the flow diagram below, with further detail relevant to each step summarised below the diagram. The process flow will be relevant to both concluded and live cases - however for live cases it will be dependent on the status of the case.



Identify relevant cases to form part of the case digest review

Cases will be identified and included for a case digest review based on the information listed in section 4 above. Concluded cases, however, should be further classified as (i) single ad hoc matter, (ii) major investigation, or (iii) project investigation. Each category can be defined as follows:

- Single *ad hoc* matter: Buy and Bust cases^{4 40}, Stop and Search^{5 41}, reacting to information, coincidental case, STR.
- Major investigation: Investigation that is complex in nature, involving an individual with major influences, or several suspects or range of IWT activities.
- Project investigation: Investigation that is run in terms of project principles over a period that includes overt and covert^{6 42} investigation methodologies and prosecution strategies. Syndicate or Prevention of Organised Crime Act based investigations.

In addition to the above, relevant stakeholders to participate in the case digest to be identified as well as a member of the EWG to lead the specific case digest.

Case background

The below listed questions, amongst others, should be addressed:

- What is the case about?
- At what level of the value chain is the investigation? (Level 1 to 5 or combo as captured in below illustration)
- What commodity was used?
- What value does the commodity represent in terms of currency?
- The geographical area of operation of the case (Area in province, Inter Provincial, Regional, International).
- How was the case initially identified i.e., whistle blower?
- Any financial and asset indicators?
- Is the investigator familiar with IWT cases?

⁴ Cases that require special authorisation from the DPP in terms of Section 252A of the CPA 51/1977 to conduct investigations. These cases usually involve an agent posing as a buyer and arresting the suspect on site.

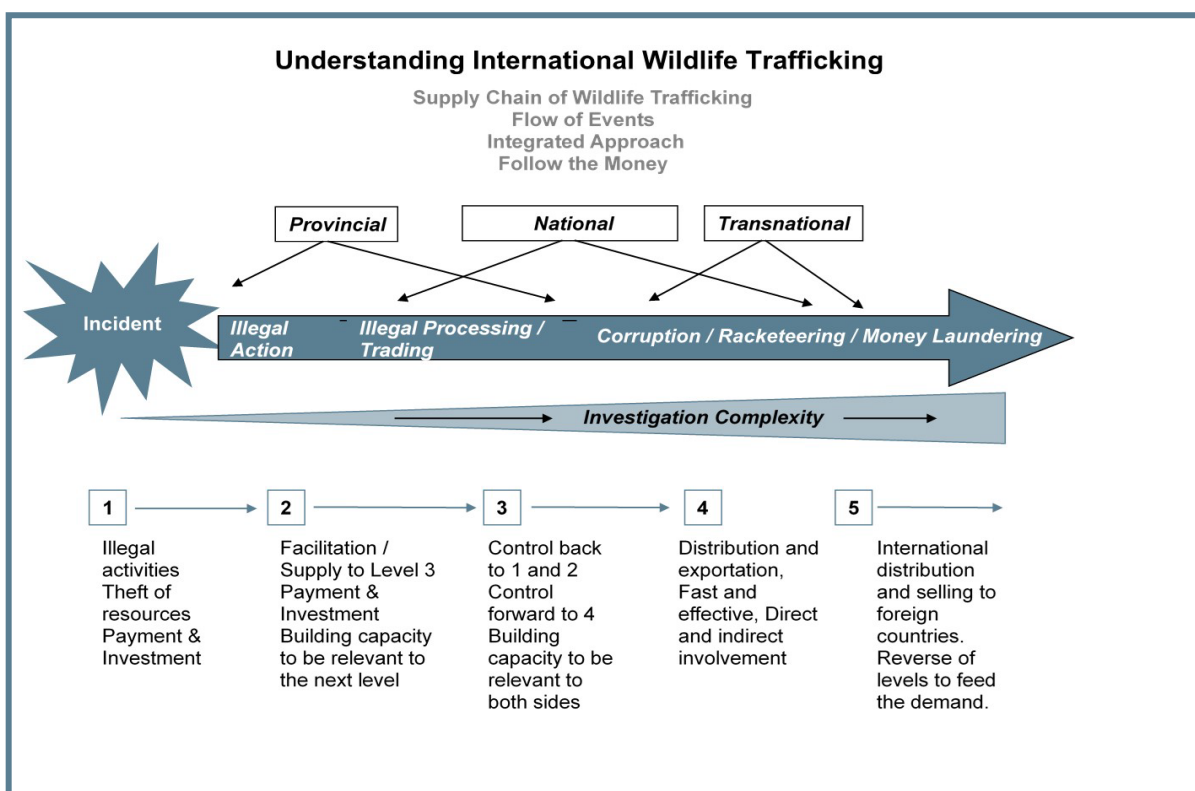
⁵ These cases involve searches being conducted on vehicles, persons and/or premises.

⁶ Overt is an open general investigation with special skills and knowledge. Covert Investigation is an investigation that requires special undercover investigation techniques for infiltrate criminal groups or syndicates.

Modus Operandi/Typology

For each case reviewed, the relevant modus operandi and/or typology should be identified which includes, but is not limited to, the following:

- Concealment methods
- Export documentation – companies, clearing agents’ ext.
- Payment to clearing agents and companies
- Permits utilised for transportation (if any)
- method of transportation
- and passport profiles, traveling records and Visa applications.



Accused profile

The profile of the accused and/or suspects to be analysed which includes, but not limited to, the following:

- Gender
- Age
- Nationality
- Date of birth

- Relevant passport information such as Nationality of Passport / New Passport / Old Passport / Frequency of usage / Visas / Country Visit / Time Frame / Money declared while travelling
- Residential and work address
- Occupation and status of occupation
- Next of kin
- Any linked companies or front business identified
- Politically influential persons and/or associations
- Association with other known IWT accused/suspects.

Furthermore, it should be noted at what level the investigation classified the suspect / accused, for example 'first time suspect', 'known suspect', 'wanted suspect', 'transport', 'organiser', 'leader', 'pay master', 'facilitator' etc.

Investigative steps taken

This involved a summary of the relevant investigative steps taken by Law Enforcement and/or other parties involved. The information provided under this section will vary depending on the investigation. Listed below are several examples of questions to be addressed:

- Investigative steps taken by investigators to identify evidence.
- Information regarding communication e.g., Land line number, Mobile number (Network provider, Contract, Pay as You Go, Official or private, Type of Phone), Email, WhatsApp, Telegram, Duo, WeChat, Instagram, TikTok, Facebook profile.
- Was a lifestyle audit performed?

This section, however, should aim to address the specific actions taken to address the financial aspect of the case. Listed below are several examples of questions to be addressed:

- Was there any FIC request?
- Was the FIC report investigated?
- Were Section 205 bank records summoned?
- What details were asked in the Section 205 application?
- Did the bank comply with the request as per Section 205?
- Was the bank in time with the Section 205 dates?
- Did the bank offer assistance with the investigation?
- Did the bank declare the suspect/s or/ accused an undesired client?
- Was SARS informed about the suspect/s or accused?

- Were other financial institutions informed about the suspect/s or accused and the modus operandi?
- Was financial transaction detected by means of contra information?
- Cash send and cell phone payments
- Links to next of kin?
- Casino profile?
- Forex payments?
- Incoming vs outgoing funds (nature of transactions)
- Deposit references
- Account activity
- Transaction types / payment methods
- Source of funds/wealth
- Cash-intensive business.

Evidence gathered substantiated IWT

At this stage of the process flow it should be established if the relevant evidence gathered substantiated the allegations of IWT and was considered sufficient for prosecution.

Charges formulated for investigation and prosecution

The considerations listed below should be addressed regarding the prosecution, however, will not be relevant if it was determined that the evidence was not sufficient to proceed with prosecution:

- Were there charges formulated in terms of money laundering?
- Type of money laundering?
- Determine the charges that were investigated.
- Determine the charges for which the accused has been charged.
- Determine the verdict and outcome of the adjudication of the matter.

Legal proceedings

The different aspects of the legal proceedings of the cases should be summarised and analysed including but not limited to, the following:

- Was there any limitation in the Law that prohibited prosecution or any opportunities for enhancements to the Law?
- Evidence given by the accused during a/the bail application.

- Was the bail opposed and statements submitted? Was the content of the bail application investigated?
- Was the financial disclosure compared with the actual income of the suspect and accused?
- Was the disclosure of assets investigated?
- How was the bail paid?
- By whom was the bail paid?
- The defence of the accused.
- The defence's approach to the charges.
- The judgment and sentencing.
- Bail Receipt.

Investigative successes and opportunities

Following each case digest, irrespective of the outcome of the case, an analysis should be performed to determine the investigative successes, as well as any investigative opportunities that could potentially assist with future investigation to increase prosecution and conviction.

5.3.10 Output paper

Following the completion of a case digest, an output paper is compiled which should contain a summary of the digest that has been completed. It is important that the output paper does not include any information that is considered confidential and/or sensitive in nature. At minimum, and where applicable, the document should include the topics listed below.

- Type of case
- Background to the cases and relevant modus operandi (important to indicate if it is considered a new typology)
- Financial flow indicators
- Charges formulated for investigation and prosecution
- Accused Profile
- Investigation successes / opportunities / Lessons Learnt.

An example of a template to be used has been included below.

ILLEGAL WILDLIFE TRAFFICKING CASE

DIGEST: PROJECT PYTHON

11 April 2023

CASE TYPE AND BACKGROUND

- Interprovincial rhino horn trafficking case
- Accused One was identified by means of a DPCI investigation related to the trafficking of rhino horns in Middelburg, Mpumalanga.
- Subsequent intelligence was received regarding a wider syndicate operating in Sanparks, which led to an undercover operation, called Project Python, to infiltrate the syndicate.
- The project team strategically and operationally planned the infiltration of the identified syndicate through conventional and unconventional investigation techniques.
- The Agent assumed the cover of a corrupt official selling rhino horn, participating in a total of three transactions.
- During the undercover operation three syndicate members were identified, each playing different roles in the syndicate.
- Project Python was executed over a year before its successful conclusion.

MODUS OPERANDI / TYPOLOGY / ACCUSED PROFILE

- The syndicate was comprised of rhino horn buyers. The undercover agent informed the syndicate that the horn originated from the Kruger National Park stockpile.
- The agent met Accused One in China Town, Johannesburg, and was taken to a guest house in the Cleveland area (well known for Chinese organised crime) where he met Accused Two. Accused Two took the horn from the agent and left the premises to inspect its quality. The investigation revealed that Accused two went to a casino, before returning with cash to pay the agent.
- The syndicate operated in cash and made use of casinos to launder the proceeds of the sale.
- Accused Two purchased a vehicle in cash which was used for the syndicate's criminal operation.
- Accused One offered to show the Agent how to launder money through a casino, the third accused (life partner of Accused One) took the physical cash paid to the Agent, assisted the Agent to open a casino account and made the deposits.
- The syndicate was also allegedly involved in trade of gemstones and timber, suspected to be illegal. Accused One was also allegedly connected to illegal trade of donkey skins.
- The syndicate consisted of a Taiwanese national and two Chinese nationals. Accused One and Three has citizenship in South Africa with Accused Two being an illegal immigrant who has previously been deported.
- All aged between 45 – 55
- Lifestyle indicators – the investigation showed deliberate downplaying on income and lifestyle.
- Counter actions: Accused were cautious of mobile tracking / tracing methods and used burner phones. The syndicate made use of counter surveillance techniques to protect and avoid the exposure of the syndicates' activities.

FINANCIAL FLOW INDICATORS

- The accused opened accounts with casinos, which they used to launder the proceeds of crime.
- The investigation identified that the accused would spend and draw money from casino.
- All payments for rhino horn were made in cash.
- An FIC report indicated a suspicious transaction by Accused Two, relating to the purchase of a vehicle in cash, which was reported by the dealership.
- Section 205's were submitted for the relevant accounts.
- International flows were identified through Western Union.
- Fine was to be paid on behalf of Accused Two in cash, however a robbery of the cash occurred directly in front of the court. The fine was paid shortly afterwards via EFT.

LEGAL PROCEEDINGS

- Charges: money laundering, buying rhino horn without a permit, illegal immigration act (Accused One).
- All accused (apart from Accused One who passed away) were tried in Gauteng.
- Inconsistencies identified in sentences of poachers tried in Mpumalanga and those tried in Gauteng.
- No bail granted.
- Accused Two sentenced to 5 years or R500,000 fine as well as 2 years for immigration act. Accused Three sentenced to 5 years for money laundering.

INVESTIGATION SUCCESSES / OPPORTUNITIES / LESSONS LEARNT

- Geographical profiling led to substantial evidence.
- Successful prosecution of money laundering for Accused Three whose only involvement was depositing cash at the casino.
- Regular engagement with the FIC and active collaboration with the prosecutor.
- Financial and criminal investigations happened in parallel.
- Swift response by FIs to s205 subpoenas
- Investigative opportunities:
 - Who is the attorney of the accused and how are they paid?
 - Who attended the hearings that might be of interest and/or associated with the accused?
 - Source of funds for payments to court – bail or fines (cash or EFT – bank accounts used)
- Always look at bigger picture: ensure reports received such as suspicious activity reports are investigated.

OTHER / GENERAL

- Deliberate downplaying on income / lifestyle and warnings to other players to watch their lifestyle spending.
- Syndicate was willing to buy weekly in Gauteng and was willing to buy more to supply the demand.
- Other associated syndicates noted to be potentially paying the fines on behalf of the accused.

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- ²⁶ DFFE
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- ³⁹ It is expected that the cases where the accused was acquitted would contribute more to a "lessons learnt" section of the cases digest and potentially to further investigate related charges, especially when dealing with kingpins or prominent members of criminal networks.
- ⁴⁰ Cases that require special authorisation from the DPP in terms of Section 252A of the CPA 51/1977 to conduct investigations. These cases usually involve an agent posing as a buyer and arresting the suspect on site.
- ⁴¹ These cases involve searches being conducted on vehicles, persons and/or premises.
- ⁴² Overt is an open general investigation with special skills and knowledge. Covert Investigation is an investigation that requires special undercover investigation techniques for infiltrate criminal groups or syndicates.