



EU Civil Society Workshop June 1-2, 2021

Report



Overview

Roughly 40 participants from civil society in Europe took part in this online workshop. The whole workshop was held under Chatham House Rule: “When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.”

The workshop was funded by the EU Internal security fund – Police (Project-Nr. 821579 - Forest Crime - ISFP-2017-AG-ENV).

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Forestry Crimes: Law enforcement cooperation with civil society; INTERPOL

THE EUISF PROJECT
INTERPOL ENVIRONMENTAL SECURITY PROGRAMME

KEY OBJECTIVES

- Create a multi-agency response to tackle environmental crimes
- Involvement of all agencies responsible for countries' environmental law enforcement
- Inclusion of Police, Customs, Judiciary and Environmental Agencies
- Support from Scientific and Civil society to law enforcement
- Centralized efforts to ensure a coordinated, cooperative and collaborative approach

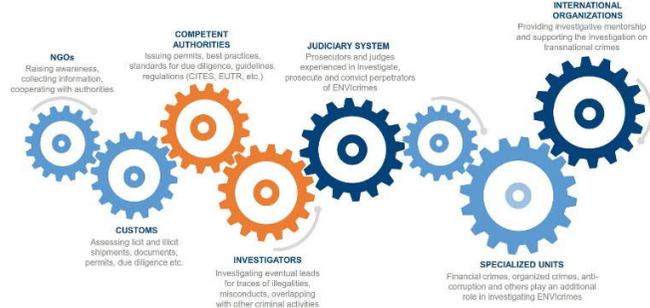


Importing Countries (Beneficiary countries)
Harvesting Countries (Beneficiary countries)



INTERPOL for official use only

ENFORCEMENT CHAIN
THE KEY STAKEHOLDERS IN THWARTING FORESTRY CRIMES



INTERPOL for official use only

INTERPOL CONTRIBUTION TO INTERNATIONAL INVESTIGATIONS

CASE STUDY: ILLICIT TEAK TRAFFICKING BETWEEN ASIA AND EUROPE

- Support the **cooperation and information sharing** between civil society and law enforcement agencies on illegal logging and other forestry crimes
- Advocate **trust between parties** and facilitate information exchange through **INTERPOL's dedicated channels and Products** (Alerts, Notices, etc.)
- Establishment and share of **best practices and valuable experience** on the subject matter experts

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INTERPOL for official use only

INTERPOL CONTRIBUTION TO INTERNATIONAL INVESTIGATIONS

CASE STUDY: ILLICIT TEAK TRAFFICKING BETWEEN ASIA AND EUROPE (2/2)

- Assist the Member Countries by **identifying modus operandi and trafficking routes** and through **coordinating cross-border operations and investigations**
- Support law enforcement and competent authorities working across the **entire timber supply chain** to disrupt international criminal networks
- Facilitate interagency **cooperation on transnational cases**



European legislation: Latest updates on EUTR, ClientEarth

Stepping up the Forest protection?

- **Forests** – value of most crucial importance
- Forests in the other strategies of the **European Green Deal**: Biodiversity 2030, Farm to Fork and...
- ... Clean Energy, Climate Action, Building and renovating, Sustainable industry...
- **EU Forest Strategy** - lacking reference to crucial issues (illegal logging inside EU, illicit timber trade)
- Commission may be considering a change in policy direction, but would it be **beneficial for forests**?

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Fitness Check (evaluation) of the EUTR and the FLEGT Regulation

- Launch: early 2020 and OPC: early September 2020
- aimed at a **comprehensive overview of high and low points of the current shape of anti-illegal logging laws** (are these fit for purpose?)
- two ways out: leaving as it is or revising
- Interim Findings presented in February 2021
- the Commission's final report of the Fitness Check expected in 2021
- the results intended to contribute to the parallel study on demand-side measures against deforestation associated with products and commodities placed on the EU market

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EUTR: most important areas for improvement

1. Widening the **scope of the EUTR**
2. Strengthening **responsibilities**
3. Clarifying current rules and **requirements**
4. Harmonising and coordinating **EUTR implementation and enforcement actions**
5. Improving **transparency** and disclosure of information

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ClientEarth[®]

Demand-side laws

- Forest-risk commodities due diligence regulation**
- based on due diligence – companies responsible for ensuring that certain products placed on the EU market are not linked to deforestation or forest degradation
 - the products scope includes high-risk commodities (*i.a.* cocoa, beef, soy; may include timber)
 - developed by DG Environment
 - draft expected to come out in Q3-4 2021
- Sustainable corporate governance due diligence initiative**
- mandatory due diligence on human rights, environmental and good governance impacts across business operations
 - a horizontal tool – not limited to certain products
 - developed by DG Justice and Fundamental Rights (the file is now co-led with DG GROW)
 - expected to come out in Q3-4 2021

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Panel: "Success factors in creating investigative networks and bringing cases to court"

Situation

- ✓ NGOs are often reactive about incidents and less proactive in defining criminal networks
- ✓ very hard to go against billion-dollar companies just like this, ("fear")
- ✓ the one-way street of bring information to prosecutors will always remain
- ✓ web of companies and subsidiaries sometimes too complex for small NGOs, NGOs need to support each other.
- ✓ police very often simply don't have the resources
- ✓ Until now no sustainable cooperation between NGO and law enforcement which was really leading to a greater success, BUT that is the only way forward
- ✓ Hurdles are very high for public prosecution, especially in cross-country, multi-jurisdiction investigation

Way forward

- ✓ Professionalism needed in all fields: Know-How should be passed from one to the other?
- ✓ making strong network (incl. whistle-blowers)
- ✓ there are a lot of different laws that can be prosecuted a lot of different good actors. Don't try to hard to make EUTR cases.

Decide: what is our strategy as NGO in fighting Forest Crime?

Changing Policy/
Awareness

Support Law
Enforcement

Dissuasive by argument

Dissuasive by cases

Strategic intelligence =
identify risks and trends
(strength of NGOs)

Awareness campaigns

Cooperation with
companies working on
positive change ("the good
ones")

Supply chain mapping

Joint projects with law
enforcement / funding

Provide tactical intelligence
e.g. description of criminal
networks

Market studies with Forensic
Methods

Training of stakeholders incl.
law enforcement

Working on crime
convergence and corruption

Develop investigative
patterns

Create trustful network (takes
years!!)

Support local civil society in
vulnerable areas

Collect Reference samples

Supporting with operational
intelligence (Huge gap! Need
of cooperation between civil
society and law enforcement)

"Sting like a bee, like Muhammad Ali!"

"Quick wins" in yellow

Public Engagement, WWF Bulgaria

Interactive innovative GIS map – Forests in Bulgaria

- Publicly available : gis.wwf.bg
- Available in Bulgarian and English
- Contains the most significant and upgraded information about each forest sub-compartment of each State Forest in Bulgaria
- The information is updated every few months
- Layers with information about logging permits and transportation tickets
- Information for Protected areas and Natura 2000

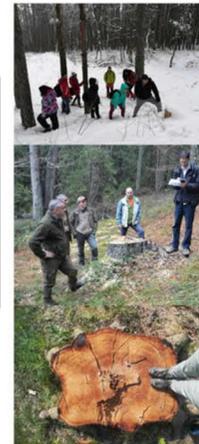
Usage of the GIS Forest Platform for the last 6 months:
 Total page views: 26 758 128;
 Total visitors: 104 408;
 Average visitors per day: 480 ;
 Total hits: 26 762 474

This project was funded by the European Union's Internal Security Fund — Police.
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What we do

- Work on signals of illegal logging (29 cases for 2018; 18 cases for 2019; more than 40signals by citizens for 2020; 26 in 2021 through the mobile app) in Bulgaria
- Training citizens and volunteers on how to signalize illegal logging cases to the competent institutions 2018 and 2019
- WWF conducts it's own investigations, by field checks and sending official signals to the competent institutions
- Joint checks together with State Forest Institutions
- Court cases against the Ministry of Environment and Waters and Executive Forestry Agency

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Mobile application „Save the forest“

- Developed by WWF Bulgaria and allies
- Allows for an easy and quick check of illegal logging cases and for reporting of other potential forest disturbances in Bulgaria
- Signals for Natural disturbance may also be reported (bark beetles, windthrows). Sends a signal to the competent authorities directly from your mobile
- The signals are visualized on the GIS platform.

Download link:
<https://play.google.com/store/apps/details?id=com.wwf.saveforest&hl=bg&gl=US>

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What we do

- Awareness raising materials
- Videos – instructions on how to react when we witness illegal activities
- Reports on the level of illegal logging;
- Gap analysis and Recommendations report
- Interactive GIS platform for the forests and mobile app
- Posters
- web page wwf.bg/gora

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Safety measures during field inspections, WWF Ukraine

«Official» way of forests inspections



Inspection with informing of forests enterprises staff and with their participation

Pros:

- You are somehow officially protected as enterprise somehow take responsibility for you during official inspection
- Your findings are confirmed by foresters' participation
- You are logistically supported by forest enterprise
-



Cons:

- You could face aggression and psychological pressure from foresters and related locals
- You will be dependent on foresters' plans and willingness to provide transport, to keep schedule etc.
- You will not be able to see whatever you want
- You simply could be physically blocked on the road to the forests by locals
-

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Who could make troubles for you?



Forest enterprises staff, responsible for illegal logging

Locals involved in illegal logging (and which can be unofficially controlled by forest enterprises staff)

Criminals responsible for illegal logging activities

3

How would you proceed the case? You identified potentially illegal logging site through satellite images, but it should be verified on the field. Logging site located in a very remote mountain area, which is far from tourist trails. Instead, only one accessible road goes through small mountain village and forest enterprise office. Forestry staff together with locals blocked the transport with conservationists two years ago and treated them very aggressively. The area does not have a phone or internet connection. You need to verify logging site on place considering all aforementioned issues.

ANSWERS: The quick answer is to use as much as possible indirect evidence which could be proofs of illegally, and to use modern technics (like drones) which could help to verify area distantly.

General tips



- Try to avoid local «political games», especially be careful with information from locals
- You have to pay attention to you itinerary! You should have plan «B» and if possible to use different entrances to the forest
- You must inform about your itinerary and plans your colleagues, who could raise «alarm» in case of needed
- It is better to check whether your place have mobile connection and to have appropriate mobile operators
- Try not to follow conflict scenarios which could be provoked by locals and foresters
- Consider culture differences in regions!
- Try to have official letters of support from higher institutions, for instance State Forest Agency or Ministry of Environment
- To behave according common sense



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«Partisan» way of forests inspections



Inspection without informing of forests enterprises staff; to behave like «a tourists» in the forests

Pros:

- You are not treated as «a danger» or «an enemy» from locals/foresters
- You are independent and free with your activities and plans
- You are able to see whatever you want
-

Note! Absence of informing does not mean conducting «illegal» inspection. It should be done in line with legislation. National legislations could interpret necessity of informing differently.



Cons:

- You are out of any kind of official protection and responsibility from forest enterprises (**higher danger if you are exposed as conservationist!**)
- You could have logistical challenges
- You could face lack of trust from forest authorities and even allegations in falsification of findings
- Possibly you will have to come back to confirm findings with foresters together and anyway will face aggression from their side
-

8

Follow the money - Financial flows and Forest Crime, TRAFFIC

Why Follow the Money?

- **For Profit Crime!** Low risk/High financial reward
- Understanding **convergence** with other serious crimes- internal priority setting
- **Moving away** from a law enforcement focus on the seizure
 - Identification of **physical assets and infrastructure**
 - Identification of **individuals** further along the supply/trade chain
- **Multi-agency** approach and prosecution

Finance Sector

- Global Level
- Regional Level
- National Level
- National Level
- Private Sector

Recommendation for Law enforcement relevant for Civil Society: develop red flags and indicators around the timber trade to assist financial institutions in detecting suspicious activities and determining illegal timber versus legal timber trade activities. (See Annex 2)

CASE 11 TIMBER TRAFFICKING

SUMMARY
The last case study comes from Peru and is an example of timber trafficking from the Amazon. This case demonstrates widespread tax fraud where local timber export companies are claiming tax rebates for illegally sourced timber.

The information in this case is provided only for the purpose of increasing general knowledge on the modus operandi and the payment mechanisms related to wildlife and forest crime. The information, received from open and third-party sources, as well as interviews with national authorities, is based on actual events but details of the case have been eliminated. The details have not been verified.

9.600M³ timber seized
in Mexico of illegal origin

KEY PAYMENT MECHANISMS: Tax fraud by overvaluing timber exports using fraudulent documents to exploit a tax rebate for import duties.
Potential international bank transfers via known tax havens to minimize taxes from importing companies.

CRIME TYPE: Illegal timber trafficking.
TRANSFERRED COMMODITY: Timber (various including threatened species).

SEIZURES: At the request of Peruvian environmental prosecutors, a vessel and its contents were seized in Mexico, including more than 9,600m³ of timber of illegal origin.

JURISDICTIONS: Primary: Peru
Secondary: Brazil, Dominican Republic, Mexico, United States

DEFENDANTS: 52 cases remain ongoing with investigations into more than 100 people.

DATE OF ARREST: No arrests so far.

STATUS OF PROSECUTION: Ongoing.

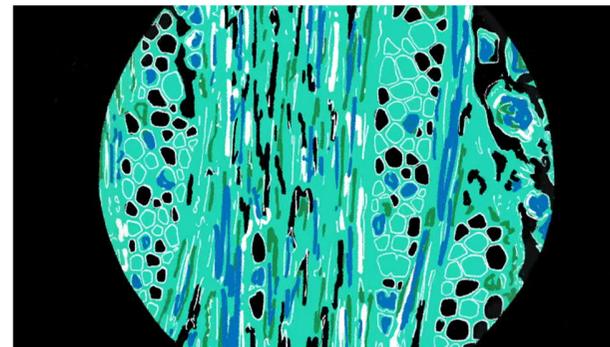
PERIOD OF CRIMINAL ACTIVITY: From 2008 to 2016 (estimated).

KEY LESSONS

- Fraud and corruption may exist in the forestry permitting systems and all stages of the forestry supply chain.**
- Tax revenues may be lost on large amounts of timber that are being trafficked worldwide.**
- A collaborative law enforcement approach helps to advance work to combat forestry crime.** The investigation and interception of the vessel was a result of interagency co-operation and information sharing at the national level.
- National authorities shared intelligence which analysed data and documentation by collecting transport permits²¹⁴** for all timber exports and cross-referencing the transport guide information with forest management permits, operating plans and field verification records to determine the extent of illegal origin timber.
- It is alleged that exporters shipped timber knowing that it was of illegal origin and with support of falsified documents that stated that the timber would be legal and approved for export.**
- The use of bilateral prosecution agreements has assisted in progressing this case.**

TRAINING MODULE How to apply forensic methods and remote sensing

- ✓ Forensic methods
 - bring transparency, scientific evidence and an objective assessment in the chain of custody even for complex manufactured products.
 - Demonstrate “there are issues” with weak enforcement
- ✓ Forensic methods are recommended by the European Commission (EUTR guideline 2/2016), but still only few countries are using them.
- ✓ Effective tool to start investigations and hand over to authorities (e.g. as a “substantiated concern”).
- ✓ If NGOs are successful with forensic methods – it creates pressure to authorities to do the same and follow.
- ✓ If lab result says “wrong declared species or origin” – the responsible company is not able any more to state that a product is “legal”



Recommendation to NGOs:

- ✓ Don't start alone, talk to people who already run market surveys or used forensic methods

Some of the most relevant and effective methods

- ✓ **Wood anatomy:** to verify declared species, established, fast, comparable cheap, very precise
- ✓ **Stable Isotopes:** to verify declared wood origin
- ✓ **Dendrochronology (measurement of width of annual rings):** to verify the origin
- ✓ **Fiber testing** for paper
- ✓ **Remote Sensing:** for monitoring on the ground

- ✓ **Database** for reference samples ([World Forest ID](#))

Part 1: Getting started with forensic timber testing methods, WWF Belgium

Market survey steps



- 1/ Selection of products
Risk factors: complex supply chains, wrong or incomplete product description, risky origin
- 2/ Request information from companies
- 3/ Formulate questions for lab
- 4/ Sampling and laboratory analysis
- 5/ Cross-checking with company information and evidence
- 6/ Collect relevant additional information about the species and risks

Results - main patterns in EUTR-covered products



Parts of product 'unknown' to retailer

Wood boards (particle board, MDF, plywood)

- Composition unknown, wrong or incomplete
- Including high-risk species from Africa, SE Asia

Results - overview



22 out of 49 products tested present inconsistencies

- 10 products covered by EUTR
- 3 products with FLEGT licence
- 9 products exempted or not covered by EUTR
 - 1 CITES-protected species (rosewood/*Dalbergia*)
- 17 products with high-risk timber

Take away messages

1 - Evidence that due diligence incomplete, beyond the paper trail

- As a result, high-risk timber introduced on the market
- Use systematically on wood boards

2 - Verification of licence/certificate validity or detection of 'smuggled' species

3 - Effectively close EU market to illegal timber: expand EUTR scope to all wood products

>> Link to [report on WWF website](#) and link to [technical appendix](#) including detailed results and company responses.

Part 2: Overview of forensic timber ID & tracking methods, World Forest ID @ Kew

Species identification

Wood anatomy

- Most widely used
- "Limited" training and equipment costs, most "ready-to-use" method
- Based on the anatomical pattern
- Can deal with a wide range of product types
- Allows for charcoal identification
- Paper: fiber analysis
- Sometimes stuck on genus
- Machine vision and machine learning opportunities

5

Species identification

Genetic methods

- Using DNA – the inherited genetic code
- e.g. DNA barcoding
 - Comparing the distinct sequence pattern of specific parts along the DNA strand
- Has been tested for a wide range of species
- Allows species level identifications
- Problems with highly processed wood
 - Difficult to extract high quality DNA due to fragmentation and degradation
- New high-throughput sequencing techniques can (partly) overcome issues associated with DNA fragmentation

7

Species identification

Wood anatomy - Xylotron

- Portable application
- Macroscopic imaging
- Assist customs officers in the field
- 150 Neotropical species
- John Hermanson

Credit: USDA, FPL, USFS-IP

6

Species identification

Near infrared spectroscopy

- Spectroscopy based on absorption or emission in the wavelength range from 800 to 2500 nm,
- Possible but few examples exist
- Screening tool + handheld device?

(Tsuchikawa et al., 2003)

8

Species identification

DART-TOFMS

- Direct Analysis in Real Time – Time Of Flight Mass Spectrometry
- Metabolome profiling
 - Low molecular weight metabolites
 - Typically under 1000 Da
- Versatile sampling – wood sliver
- Main technique at the USFWS Forensic Laboratory and WISC (Ashland/Corvallis, Oregon)
- Combination with wood anatomy
- More research is being done on its applicability for heavily processed wood or wood-based panels.
- Machine calibration and ForeST-database

(Deklerck et al., 2017)

9

Towards forensic timber identification

- Over 10000 curated spectra
- Aim to >20 spectra per species
- CITES and lookalikes – focus
- License Agreement
- Obtain list of highest matches reference spectra

- Multi-variate analysis
- Machine Learning analysis
- Classification
- Mass Mountaineer Software or R/Matlab coded algorithms
- Report classification accuracy -> "In our best knowledge..."

JEOL

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Forensic pathway

1. Paperwork/Suspicion by customs agent
2. Timber identification -> samples sent to the lab
 - a. Wood anatomy when possible -> genus, in best-case potential species
 - b. DART-TOFMS chemical fingerprinting

Credit Ed Espinoza (USFWS)

11

Geographical provenancing

1. Origin determination
2. Individual tracking

Resolution?

Wiedenhoef et al. (2019)

15

Geographical provenancing

Stable isotopes

- Food industry
- Only origin determination on different resolutions
- Variation occurring in stable isotope ratios for certain elements due to geographical location, the climatic conditions, and the soil pedology and geology of the location of origin. This is incorporated in the wood.
- Mixed success but high potential
- Is being developed further and more reference data is being gathered.

The landscapes of oak from Amur region

Credit Markus Boner (Agroisolab)

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Origin determination

DART-TOFMS

- Examples of origin, probably no practical use for individual.
- Very early stages of development
- Relationship between genetics, environment and metabolite information.

Agarwood (Espinoza *et al.*, 2014)

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Origin determination

Genetic approaches

- Both origin determination and tracking of individual trees are possible
- Origin determination: compare genotype of the timber to reference data of known origin
- Individual tree tracking: DNA fingerprinting to track timber throughout the supply chain, from sourced population to the customer

(Lowe and Cross *et al.*, 2011)

17

To keep in mind

- What legislation?
- What is the question?
 - Botanical identity
 - Origin
 - Supply chain
- What product?
- Identify or exclude?
- Reference data?
 - Available?
 - Different techniques need different material

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Part 3: Remote Sensing, ForestCom

APPLICATION OF WOOD SCIENTIFIC METHODS IN PREVENTION OF ILLEGAL TIMBER
 Leonid Osadchuk, Prof, ForestCom/UNFU

EU Civil Society Workshop – joining forces against illegal timber
 European Commission Project: “Strengthening Networks and Investigation for a more effective Implementation of the EU Timber Regulation (EUTR) / Forest Crime”

Virtually, Zoom + Interaction: 01-02, June 2021

1

Sampling of wood, taking cores from stumps and cores from trees that grow near stumps by an age drill

Used in a criminal investigation in Ukraine №4202007000000255 opened 12.05.2020 (still under investigation)

2

Preparation of cores and measurement of width of annual rings using a semi-automatic measuring system LINTAB-6

Used in a criminal investigation in Ukraine №4202007000000255 opened 12.05.2020 (still under investigation)

The moisture content of lumber above the hygroscopic limit can be only in lumber sawn from freshly cut logs

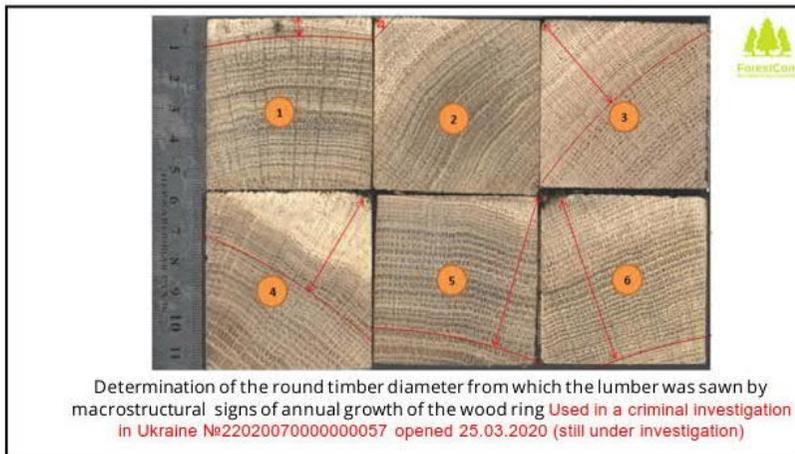
Used in a criminal investigation in Ukraine №1202126000000051 opened 16.02.2021 (still under investigation)



5



6



7

Thank you for your attention!

Leonid Osadchuk, Prof, ForestCom/UNFU (Leonid.Osadchuk@forestcom.org.ua)

The ForestCom activities are supported by the International Programs of the US Forest Service

8

Involving GIS for combating illegal Logging in Ukraine

Dmytro Karabchuk, PhD, ForestCom
 Oleh Chaskovsky, PhD, ForestCom/UNFU
 Leonid Shumilo, Dr., ForestCom/USI

EU Civil Society Workshop – joining forces against illegal timber

European Commission Project: “Strengthening Networks and Investigation for a more effective Implementation of the EU Timber Regulation (EUTR)/ Forest Crime”

Virtually, Zoom + Interactio:
 01-02, June 2021

1

1. VISUAL ANALYSIS OF CLEAR CUTS

26.06.2020 | 02.09.2020

2

Monitoring of forest road construction on the basis of Sentinel-2 Images

07/01/2020: ознак розчищення дороги немає
 17/03/2020: розроблено 800 м
 27/03/2020: розроблено 1200 м
 16/04/2020: розроблено 2000 м, ширина більше розміру 1 пікселя (10 м)

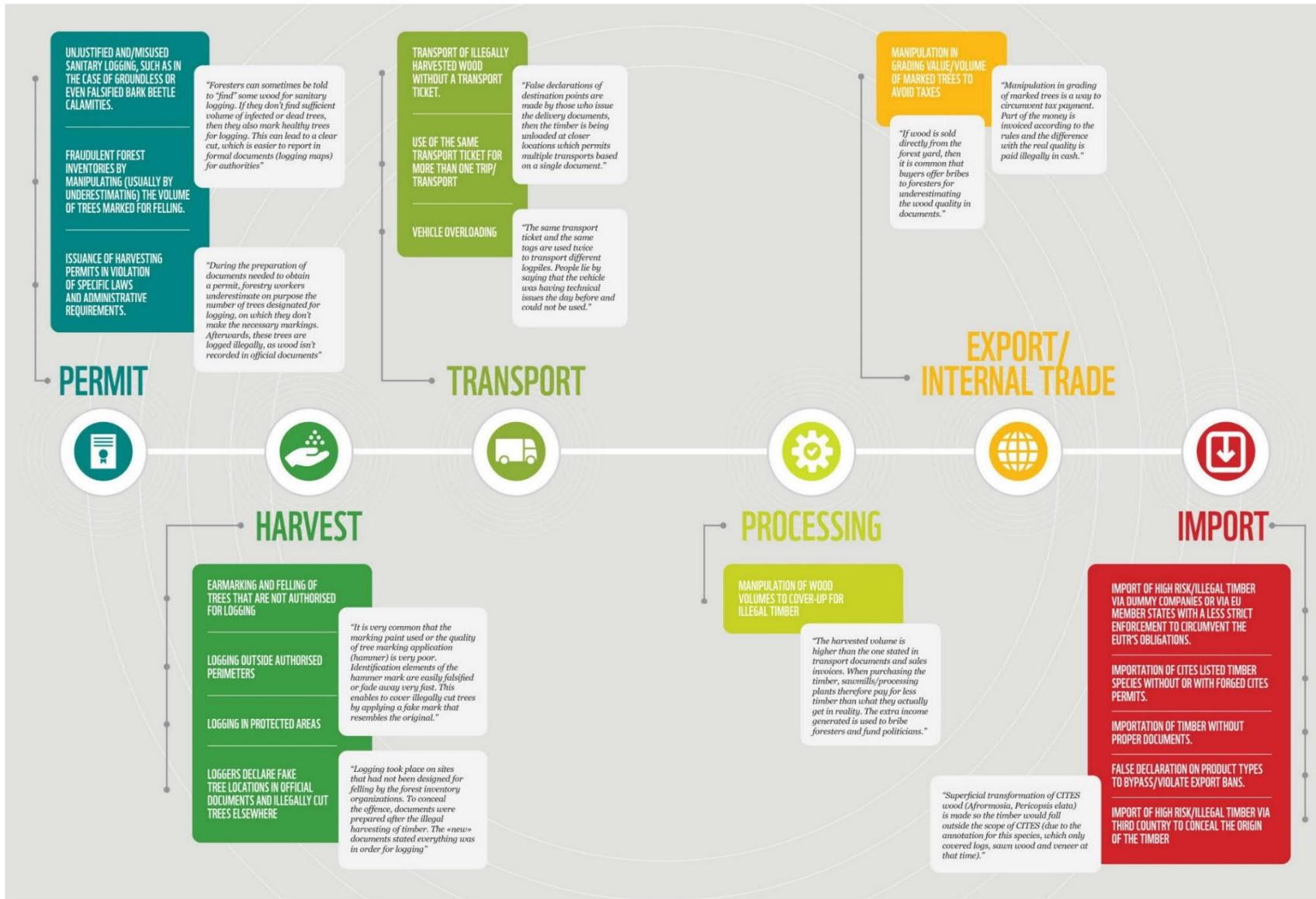
3

Forest monitoring in winter time and on cloud covered territory based on radar images

Sentinel-1 | Google Earth | Суцільний зруб

4

Modus Operandi



"Joining forces against illegal timber"

EU Civil Society Workshop June 1.-2. 2021



Next steps, new members of EU Forest Crime Initiative

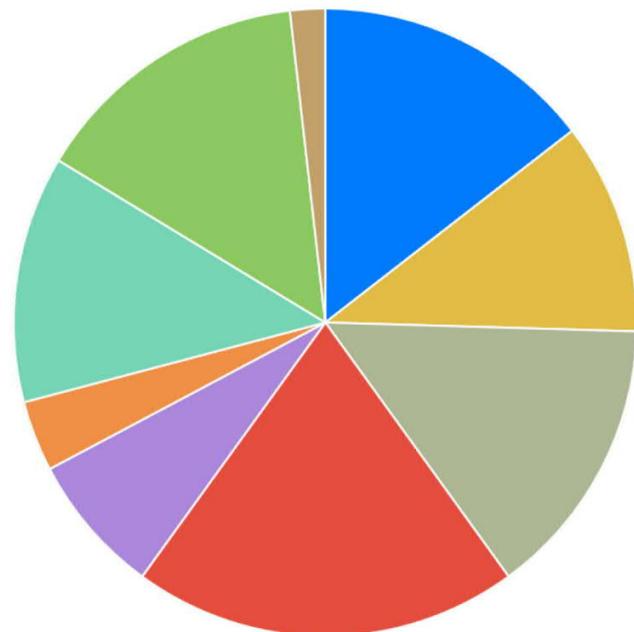
What is the benefit of an EU wide network?

- ✓ Capacity building
- ✓ Monitoring systems
- ✓ Sharing innovations
- ✓ International expertise highly valued
- ✓ Especially supportive for very small organizations, that sometimes are not even registered.
- ✓ Mitigate risks
- ✓ National support



Survey:

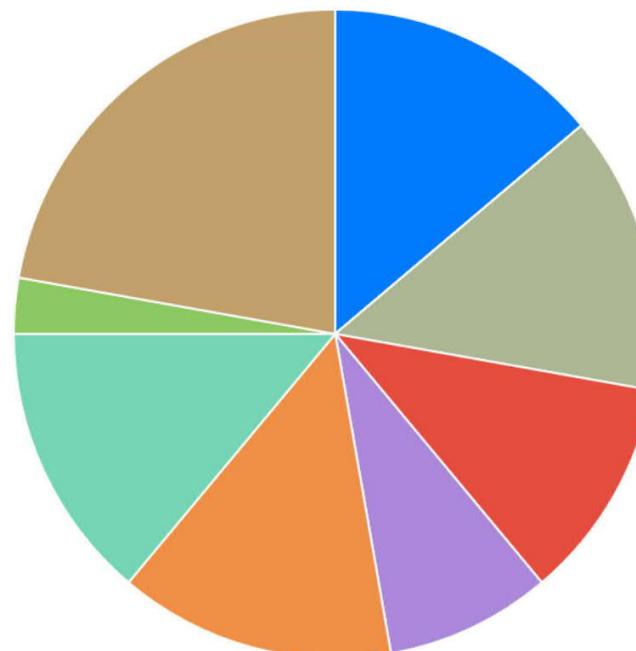
What am I already doing today against illegal timber on EU market?



- (8) Supporting other organisations, stakeholders
- (6) Bringing transparency in products and supply chains
- (8) Working on cases
- (11) Awareness raising
- (4) working on cross cutting issues e.g. corruption
- (2) Organising samples for forensic methods
- (7) Support the EUTR revision – to make the regulation and implementation stronger (e.g. all in, traders, on-product-declaration...)
- (8) Find the right people in authorities that are interested to work with Civil Society and network
- (1) other

"Joining forces against illegal timber"

What will I be doing in June 2022 against illegal timber on EU market?



- (5) Supporting other organisations, stakeholders
- (0) If you are regularly in the field – collect reference samples so forensic methods become more precise
- (5) Bringing transparency in products and supply chains (e.g. market checks)
- (4) Test forensic methods / Working on cases / network if cases are complex
- (3) Working on cross cutting issues e.g. corruption
- (5) Sensitize on the political level that envi-crime is a serious problem and push them to take action on the national and international level
- (5) push for strong authorities (staff, budget) / environmental prosecutors
- (1) Support the whistle blower directive – support a strong national law and implementation (deadline 12/2021)
- (8) Having a coffee and a chat for other supporters of the EU Forest Crime Initiative, when they are in my town

EU Civil Society Workshop June 1.-2. 2021

Targeting Natural Resource Corruption, TNRC

What does corruption look like in forest conservation?

Global

- Bribes to avoid inspection in trans-shipment or arrival ports
- Collusion of banks, lawyers to hold, disguise or launder suspect wealth
- Buyers collude to hide illegal sourcing
- Countries pay officials from other countries to support their policy goals in international fora

National

- Bribes to customs and border officials to accept forged permits
- Magistrate drops charges against customs official in exchange for promotion
- Political party donations in exchange for allowing an organized crime network to operate freely

Local

- Community forest management committee uses funds to build road to committee chair's home
- Embezzlement of resources for forest conservation
- Illegal loggers pay local authorities to avoid intervention, prosecution

Negative
NRM &
Conservation
Outcomes

What Do People and Business in Europe Think?

- Eurobarometer 2019
- 71% of citizens think corruption is widespread
- 63% of businesses think corruption is widespread
- 66% of citizens think high level corruption is not pursued sufficiently
- 78% of businesses think close links between business and politicians leads to corruption
- 51% of businesses do not think corruption measures are applied impartially
- Only 44% of citizens know where to report a corruption case

Approaches You Are Using Can Have an Anti-Corruption Effect

Using Wood Forensic Science to Deter Corruption and Illegality in the Timber Trade

© 2017-2021 | TNRC Paper Series
JASON GRANT | FIONA HUGHES-KUO
WENHONG CHEN | TRAFFIC

Download PDF (2.3 MB)

- *Illegal logging and the associated illegal timber trade are major global threats to forest conservation and management and are closely linked to corruption, both in the forest and in the supply chain to market.
- *Wood forensic science can help law enforcement combat illegality in the forestry sector, and it could also deter associated corruption, by using scientific testing methods to verify the species and/or geographic origin of wood products, thereby detecting fraud, strengthening the rule of law, and curbing supply of illegal wood products.
- *Wood forensic science encompasses an emerging set of tools, the use of which needs to be scaled up, and their effectiveness in combating crime and corruption will be contingent on enabling institutional, political and social conditions.
- *Wood forensic science has yet to reach its full potential but is improving rapidly; properly supported and used in combination with other approaches, it can make a significant contribution towards combating crime and corruption in the forestry sector.

Takeaways

Coming out of this session we hope you remember this:

- Corruption is not just one thing; break down specific corrupt actions or risks that threaten your objectives.
- Not everything that is illegal is corruption. Corruption facilitates a range of other illegal and harmful practices, and it may have different causes.
- Anti-corruption approaches include prevention, detection and enforcement, and multiple, reinforcing approaches are most likely to be effective.
- The timber trade sector exists more broadly within society.
- The political and social dynamics that underpin corruption are important to understand and work with

AND: Including more women in public institutions, helps against corruption – in democracies!

"Joining forces against illegal timber"

EU Civil Society Workshop June 1.-2. 2021

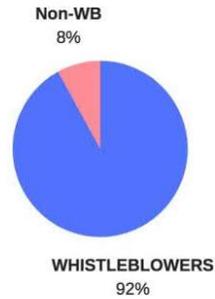
The EU Whistleblowing Directive - a once in a generation opportunity to enact effective anti-corruption laws, NWC



A Whistleblower Program Delivers Significant Benefits

- In FY 2017, the U.S. government recovered over \$3.7 billion through its civil fraud program.
- Whistleblowers were directly responsible for reporting of over \$3.4 billion of these recoveries.
- Whistleblowers were the source of the detection of 91.8% of all civil fraud recovered in FY 2017.

Source: [U.S. Department of Justice](#)



In 2017, of the \$3.4 billion recovered through the FCA and as a result of whistleblower assistance, \$392 million (11.5%) was awarded to whistleblowers.

The 27 member-states of the European Union must adopt new whistleblower laws by December 17, 2021.

Each member-state is now debating how to implement whistleblower protections.

The Time to Act is Now!



Demand that the EU Whistleblower Directive be Properly Implemented!

Whistleblowers who Report Climate and Timber Related Crimes Must be Protected	Anonymous Reporting
Limit the Scope of Article 22	Corporations Cannot use the Threat of Suing a Whistleblower to Silence Employees

How Can You Help? Tips for NGOs and Other Whistleblower Allies

Urge governments to enact effective whistleblower laws	Obtain training in how to process a whistleblower complaint
Use the strong U.S. Anti-corruption laws that cover international whistleblowers, such as the FCPA, Commodity Exchange Act and AML laws	Learn how to qualify for a whistleblower reward

Why leave your most powerful tool "on the shelf"

Q&A:

Where do you feel the main strengths of the EUTR are in comparison with similar legislations (for example the Lacey Act in the USA)?

- the EUTR has a more developed concept of 'due diligence'. Aside from the Article 6 of the EUTR, which nicely lists the core elements that a proper due diligence system should have, the Commission has adopted an implementing regulation to the EUTR (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32012R0607>) and guidance (https://ec.europa.eu/environment/forests/pdf/C_2016_755_F1_ACT_EN_V6_P1_831439.PDF), which specify details in this matter.
- The EUTR also directly enshrines that a lack of existence/evaluation/application of due diligence is an EUTR infringement (Article 4(2) of the EUTR). The 'due care' requirement set out in the Lacey Act is more vague; it refers to a legal principle and may cause difficulties in the course of prosecution in regards to burden of proof (see more in EIA's report on the EUTR and the Lacey Act – <https://eia-international.org/wp-content/uploads/EIA-report-A-tale-of-two-laws-spreads.pdf>)
- The Lacey Act, however, covers a broader product scope and applies to all entities involved in an illicit supply chain (while the product scope of the EUTR is limited and obligations are much stronger on operators than on traders).
- the **actual effectiveness** of these laws is measured by their **enforceability** which, in case of the EUTR, is not easy to assess due to its uneven application across EU Member States. Differences between Member States emerge in all aspects - ranging from the number of compliance checks, to the quality of checks, penalty schemes (administrative, criminal, mixed systems) and cooperation channels.
- current lack of sufficient interest in environmental crime amongst Member State authorities impedes the full potential of the EUTR. In other words, the tools that are already available for use are not sufficiently exercised. As a result the provisions of the EUTR should be strengthened so that implementation and enforcement of the EUTR are better coordinated and more effective.

What do you think it can happen to the EUTR should the EU deforestation-free proposal include timber among the commodities? do you foresee a possibility of EUTR being merged with the EU deforestation regulation?

- Since no text of the future regulation on forest-risk commodities has been divulged yet, it is difficult to make predictions. What will happen to the EUTR is strictly related to the requirements set out under the forthcoming regulation.
- At this stage, it is relevant to note that the EUTR and the forest-risk commodities regulation appear to rely on different criteria for products to be allowed on the EU market – the EUTR is focused on the legality of timber (whether timber or timber product has been harvested in compliance with laws applicable in the country of origin), whereas the forest-risk commodities regulation seems likely to

require compliance with criteria related to deforestation and forest degradation (or rather, lack thereof). Thus, these two acts appear complementary to one another. Regardless of whether a “merger” of the two acts will take place, it is be pivotal that a potential new act strengthens the level of protection of forest against illegal logging. It must also coherently ensure that the progress that has been made in the fight against illegal logging on a global scale (e.g., existing VPAs) is not undone and the work currently ongoing (e.g., under the FLEGT Regulation) is in no way jeopardised.

Resources:

Annex 1: INTERPOL Practical guidelines for sharing information with law enforcement

Annex 2: TRAFFIC Red Flags Concept

<https://www.clientearth.org/latest/documents/clientearth-s-response-to-the-european-commission-s-interim-findings-on-the-fitness-check-of-illegal-logging-rules/>

https://wwfeu.awsassets.panda.org/downloads/wwf_lift_it_up_eutr_april_2021.pdf

<https://www.traffic.org/publications/reports/case-digest-an-initial-analysis-of-the-financial-flows-and-payment-mechanisms-behind-wildlife-and-forest-crime/>

<https://eos.com/blog/free-satellite-imagery-sources/>

<https://worldforestid.org/>

[Basic differences between the EUTR, the Lacey Act, Australian Illegal Logging Prohibition Act and Japanese Clean Wood Act. \(2017\)](#)

Contact (also for full presentations):

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www.wwf.de/eu-forest-crime



Practical Guidelines: Sharing Information with Law Enforcement



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1 INTRODUCTION

A vital step towards effective intelligence-led policing of environmental crime is the regular exchange of information between all concerned parties. Potential sources of information related to environmental crimes include various law enforcement authorities, Non-Governmental Organizations (NGO's), Civil Society Organization (CSO's), and Inter-Governmental Organizations (IGO's) and members of the public. Law enforcement often relies upon information from these sources to supplement existing intelligence, alert them to crimes, criminals and emerging trends and provide new lines of investigative enquiry.

These Guidelines are meant for all members of the public, Non-Governmental Organizations (NGO's), Civil Society Organization (CSO's), and Inter-Governmental Organizations (IGO's), in order to gain knowledge about how they can share information, especially sensitive criminal information, with law enforcement agencies. It aims to help all parties to overcome some of the challenges encountered when sharing information by clearly and simply describing what types of information you should provide to law enforcement, to whom you should provide it, how to do so, and what response you can expect.

Your decision to share information with law enforcement is, in large part, dependent upon your confidence that a law enforcement response will follow. By following these Guidelines, you can increase the likelihood that the information you provide will result in effective law enforcement action. This provides a genuine opportunity for you to make a tangible contribution to protecting the environment from criminal exploitation.

To facilitate the sharing of information with law enforcement concerning environmental crime, INTERPOL has developed a revised version of the original 'Ecomessage' form. A copy of the form is included in the Appendix of these Guidelines for your use.

2 PROVIDING THE RIGHT INFORMATION

Law enforcement agencies act upon information concerning:

- A breach of law
- An alleged breach of law
- The protection of life and property;
- The preservation of order;
- The prevention of criminal offences;
- Bringing offenders to justice; and
- A duty or responsibility arising from law.

When providing information to law enforcement, you should ensure that it relates to one of these areas.

2.1 INTERPOL Ecomessage form

INTERPOL promotes the use of the 'Ecomessage' form for information sharing on environmental crime. The Ecomessage is the recommended form for providing information to INTERPOL about environmental crimes and the criminals involved. These Guidelines encourage and facilitate the collection of detailed and relevant information in a standardized format.

INTERPOL has created a specific version of the Ecomessage to be used by members of the public, Non-Governmental Organizations (NGO's), Civil Society Organization (CSO's), and Inter-Governmental Organizations (IGO's) (available in the Appendix of these Guidelines).

Using the Ecomessage ensures that all information that may be available to the source and useful for law enforcement authorities in each country, is shared in a systematic and organized manner. This also allows criminal intelligence analysts to study the data and identify the structure, extent and dynamics of international criminals and organizations involved. It also allows for easy cross-referencing between different Ecomessages.

The Ecomessage and instructions for its completion can also be found at <https://www.interpol.int/Crime-areas/Environmental-crime/Report-an-environmental-crime>.

2.2 Examples of useful information

Examples of the types of information you should provide include:

- Information about environmental crimes, or incidents related to environmental crimes, such as poaching of elephants for ivory, a seizure of tiger skins, illegal importation or exportation of unlawfully harvested fish, illegal logging or trafficking in protected timber species or illegal disposal of hazardous material;
- Information about people involved in environmental crimes including criminals, their associates, and criminal groups or organizations;
- Communications information related to people involved in environmental crimes, such as telephone numbers, website addresses and other media used to communicate or trade illicit commodities;
- Information about vehicles used in the commission of environmental crimes, such as trucks used to smuggle commodities across borders, shipping containers used to transport items or vessels involved in illegal fisheries activity;
- Financial information, such as bank account details or information about offshore holdings used to conceal or launder assets resulting from environmental crimes;
- Information about specific methods being used to commit criminal acts, including corruption, technical tools or ownership of weapons; and
- Addresses or locations associated with criminal activities, such as warehouses used to store rhino horns, shops illegally selling medicines made from animal parts, or shipping companies involved in the movement of illicit goods.

When providing information to law enforcement, consider submitting supporting items that corroborate the information you are providing, such as photographs, documentation of postal transactions or internet communications. This will help law enforcement agencies to assess the value of the information.

The information you provide should be as detailed as possible. Whenever possible, it should include where and when the crime(s) occurred, details of the suspect(s), victim(s) and witnesses(s), the method used to commit the crime, what commodities are involved and why the crime was committed.

3 PROVIDING HIGH QUALITY INFORMATION

Not all information is of equal value to law enforcement. The information that you provide is more likely to be actioned if it is of a high quality. High quality information is:

- Relevant to a policing purpose;
- Specific in its subject matter;
- Detailed in its content;
- Complete, or with few information gaps;
- Accurate, or supported by sound evidence;
- Timely, if it relates to an impending event; and
- Lawfully collected.

Information must always be obtained in accordance with the relevant national laws

Make every effort to ensure that the information you provide exhibits these characteristics to the greatest extent possible. Do not edit out information which you think is unimportant. Something that seems irrelevant or insignificant to you may be highly relevant or significant to a law enforcement investigation.

In addition, conduct a basic assessment of the information before you share it with law enforcement. A basic principle of information evaluation is that the source of the information and the information itself should be assessed independently. The reason for this is that a trustworthy source may provide false information and an untrustworthy source may provide accurate information. Your assessment should consider both the reliability of the source and the information.

3.1 How *reliable* is the source?

Consider the following questions to help you assess the reliability of the source of the information:

- Did you collect the information yourself or does it originate from a third party?
- Is the source identified or anonymous?
- Have you received information from this source before and, if so, how accurate was it?
- Is the source technical or human? Technical sources include CCTV footage, biometric scanning or forensic data
- What is the motivation of the source in providing the information?
- Was the information collected legally?

3.2 How *reliable* is the information?

Consider the following questions to help you assess the reliability of the information supplied by the source:

- Is the information known personally to the source and the person reporting it?
- Is the information known personally only to the source but not to the person reporting it?
- Is the information based on rumor, personal opinion or hearsay?
- Has the information been corroborated by other, independent sources?
- How specific, detailed and complete is the information?
- Under what circumstances was the information collected?
- Is there any reason to doubt the reliability of the information?

3.3 Provide all information to Law Enforcement

In order to effectively action the information, law enforcement needs to understand the origin of the information you have provided and the manner and circumstances in which it was collected. To facilitate this understanding, provide your assessment of the source and the information to law enforcement along with the information itself. Be prepared for law enforcement to contact you with relevant questions.

Do not withhold information because you think it is unreliable. Share it with local law enforcement and allow them to make the decision. They may be in possession of corroborating information of which you are unaware.

It is in your interests to provide law enforcement with the highest quality information possible. This will ensure that your information has the greatest chance of being actioned and, over time, it will improve law enforcement's confidence in you as a source of valuable information.

4 TO WHOM YOU SHOULD PROVIDE INFORMATION

All information related to environmental crime should be provided to your relevant local or national police force or other investigating authority. You are recommended to restrict the dissemination of such information to law enforcement and not disseminate it widely as this may adversely affect potential law enforcement action.

4.1 Is your information of national or transnational concern?

The information will be stored, disseminated and dealt with differently depending on whether it is of national concern only or whether it has a transnational dimension:

- Information that is only of concern to the country in which it occurred will remain with the local or national police force or investigating agency
- Information that is in some way transnational (e.g. because it involves the movement of a commodity or of suspects across international borders) should be passed from the local or national police force to INTERPOL.

When providing information, whenever possible provide your contact details so that the law enforcement agency can contact you if they require clarification or further information.

Finally, ensure that you are not committing an offence by providing the information. Some national laws prohibit the dissemination of information about certain topics and categories of individual (such as Royalty or the political leadership), or information which may be considered slanderous. It is your responsibility to make yourself aware of the laws and regulations governing information collection and information sharing in your jurisdiction, and to respect these laws and regulations.

4.2 Providing information to CrimeStoppers

If you need to provide information anonymously, INTERPOL has partnered with Crime Stoppers International (CSI) to provide a web-based mechanism for the general public to provide anonymous and confidential tips on environmental crime issues. The online reporting form can be found at:

<http://csiworld.org/2015/08/environmental-crimes/>

The information received by CSI will be assessed to determine its relevance to INTERPOL. This information will be forwarded to INTERPOL for further analysis and to determine the best

course of action. This may include sharing it with relevant law enforcement agencies in the countries concerned.

Only information provided through national law enforcement channels can be recorded on INTERPOL's global databases

5 WHAT FEEDBACK YOU CAN EXPECT TO RECEIVE

The feedback you receive will most likely relate to:

- The usefulness of the information you provided;
- Requests for clarification or further information;
- Whether the information you provided is likely to be used in court proceedings; and
- The outcome of the investigation concerned.

Do not expect to receive immediate feedback. Feedback may be delayed by on-going operations and court proceedings. Even then, you will not receive feedback if providing this feedback will compromise future law enforcement action, or reveal sensitive sources or intelligence gathering methods. However, in some cases, a law enforcement agency may decide after considering all the risks involved that some items of information can be shared with you, in order to generate further information.

Do not expect to receive feedback about how the information you provided relates to other intelligence held by law enforcement authorities. This is confidential information disclosure of which may breach national laws, jeopardise the safety of individuals or compromise law enforcement activities. Law enforcement authorities have a duty of care to the communities they serve, and this includes safeguarding the information they hold and those impacted by this information. Most are bound by national legislation which restricts the disclosure of certain types of information to third parties.

It is possible that the information you provided cannot be used by law enforcement because of the way in which it was collected. In most countries, law enforcement agencies are governed by strict laws controlling how they can obtain, store and use information and prescribing standards of evidence. These laws may not apply to non-law enforcement personnel meaning that you may have collected information which, while valuable for criminal intelligence purposes, may nevertheless be inadmissible in court proceedings.

Bear in mind that a law enforcement agency is unlikely to share feedback with those who are likely to inappropriately publicise that feedback. INTERPOL recognises that there is a legitimate need for some non-law enforcement organisations to publicise their activities, for

example to generate public interest and donor funds. However, this should not be done at the expense of law enforcement activity or the safety of individuals.

Any strategies concerning public awareness campaigns or other media engagements necessitating public disclosure of law enforcement information (including use of social media) should be shared and discussed with the relevant law enforcement agency before any information is disclosed. While a timely, targeted and coordinated media campaign can be a valuable operational tactic, the premature public disclosure of information can jeopardise months or even years of investigative work.

The level of feedback that you receive from law enforcement will differ according to the agency and the country. Some agencies may provide regular feedback; others may provide no feedback at all. While feedback from law enforcement is encouraged, law enforcement agencies are not obliged to provide it and, as described, are often restricted from doing so.

6 APPENDIX: ECOMESSAGE TEMPLATE

ECOMESSAGE

THIS INFORMATION WILL BE SHARED WITH LAW ENFORCEMENT AUTHORITIES UNLESS OTHERWISE REQUESTED

Please attach copies of supporting paperwork and photographs

Fields in red italics are useful if a law enforcement action is to be initiated

- 1. Subject**
- 1.1. **Brief description of the crime**
- 1.2. **Your Reference**
- 1.3. **Legal description of the crime:** citation of legislation violated and legally possible penalties
- 1.4. **Your contact details**

- 1. Subject**

- 1.1*
- 1.2
- 1.3
- 1.4

- 2. Place and method of discovery**
- 2.1. **Place where the crime was discovered.** If at sea or on open countryside note distance and direction to a reference point
- 2.2. **City, Country, Exclusive Economic Zone (EEZ) or Sea**
- 2.3. **Latitude and longitude**
- 2.4. **How the crime was discovered**

- 2. Place and method of discovery**

- 2.1*
- 2.2*
- 2.3
- 2.4*

- 3. Date and time**
- 3.1. **Date and time when the crime was discovered**
- 3.2. **Date and time when the crime was committed (if different from 3.1)**

- 3. Date and time**

- 3.1*
- 3.2

- 4. Identity of person(s) involved**

- 4. Identity of person(s) involved**

Note: Section 4 must be completed for each person involved

Note: Section 4 must be completed for each person involved

- 4.1. **Family name (& maiden name)**
- 4.2. **First name(s)**
- 4.3. **Sex**
- 4.4. **Alias(es)**
- 4.5. **Date of birth**
- 4.6. **Place of birth**
- 4.7. **Nationality**
- 4.8. **Address**
- 4.9. **Telephone number**
- 4.10. **Email**
- 4.11. **Information contained on passport or national ID -**
Include numbers, place & date of issue, period of validity
- 4.12. **Profession**
- 4.13. **Bank account/credit card number(s)**
- 4.14. **Role in the offence e.g. courier, dealer, etc.**
- 4.15. **Role in any company mentioned in item 6**
- 4.16. **Additional information about the person e.g. links to other criminals or crimes**

- 4.1*
- 4.2
- 4.3
- 4.5*
- 4.6*
- 4.7
- 4.8
- 4.9
- 4.10
- 4.11
- 4.12
- 4.13
- 4.14
- 4.15
- 4.16

- 5. Companies involved**

- 5. Companies involved**

Note: Section 5 must be completed for each business involved

Note: Section 5 must be completed for each business involved

- 5.1. **Type: Legal type of company**
- 5.2. **Name: Legal name and any trade names**
- 5.3. **Activities**
- 5.4. **Address and telecommunications details of headquarters**
- 5.5. **Registration number**
- 5.6. **Business address and phone/fax — If different to 6.4**
- 5.7. **Bank account/credit card number(s)**
- 5.8. **Additional information about the company e.g. links to**

- 5.1
- 5.2
- 5.3
- 5.4
- 5.5
- 5.6
- 5.7
- 5.8

6. Means of transport

6.1 **Type of transport** used in the commission of the crime. Include if seized

7. Vessel

- 7.1. Type of vessel, history, recent and previous flag state)
- 7.2. Has the vessel been blacklisted? If so, when and with which international Regional Fishing Monitoring Organization
- 7.3. IMO number
- 7.4. MMSI number
- 7.5. Hull number
- 7.6. Owner details including name, address and nationality
- 7.7. Flag state, registration document or number
- 7.8. Catch logbook number
- 7.9. Cargo manifest(s) or bill of lading
- 7.10. Is there a radio transmission logbook
- 7.11. Is there an engine logbook
- 7.12. Does the vessel have any country licenses for fishing in EEZ
- 7.13. Does the vessel have any quotas on species in EEZ

8. Locations and routes

- 8.1. Country and town/port of origin
- 8.2. Country of provenance: Country of last re-export
- 8.3. Country/countries of transit
- 8.4. Country and address of destination: destination declared on transport documents and the real destination, if different.

9. Modus operandi

9.1 Describe the method used to commit the crime including concealment method, use of weapons, falsified documents, equipment and financial instruments. Note links to other cases

10. Identification of documents used

10.1 **Types of documents**, including authorizations, transport documents, invoices, etc. Specify if altered or fraudulent

11. Additional information

11.1 Other relevant information not covered elsewhere

12. Evaluation

12.1 Is the source of the information:

(A) always reliable	(B) sometimes reliable	(C) unreliable	(X) untested
---------------------	------------------------	----------------	--------------

14.2 Is the information:

(1) known to be true	(2) known to the source but not the person reporting	(3) not known to the source but corroborated	(4) not known to the source and cannot be corroborated
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6. Means of transport

6.1

7. Vessel

- 7.1
- 7.2
- 7.3
- 7.4
- 7.5
- 7.6
- 7.7
- 7.8
- 7.9
- 7.10
- 7.11
- 7.12
- 7.13

8. Locations and routes

- 8.1
- 8.2
- 8.3
- 8.4

9. Modus operandi

9.1

10. Identification of documents used

10.1

11. Additional information

11.1

12. Evaluation

12.1 Put an 'x' in the correct box

14.2 Put and 'x' in the correct box



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Environmental Crime Homepage

Red flags concept applied to illegal timber trade

Project-Nr. "821579 -Forest Crime - ISFP-2017- AG-ENV" - Strengthening Networks and Investigation for a more effective Implementation of the EU Timber Regulation (EUTR) / Forest Crime

September 2021 - Elise HERAL

TRAFFIC[®]

CONCEPT of RED FLAGS

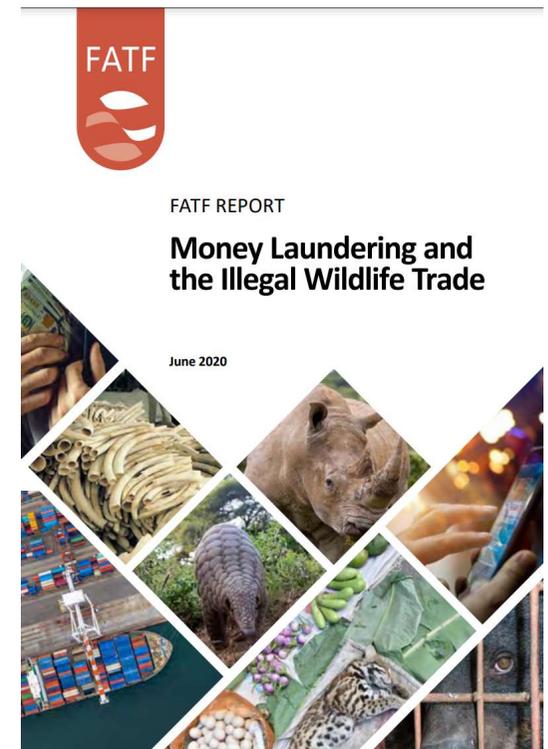
Red flags are indicators that can be applied to any part of a supply chain to **help identify illegality**.

Red flags must be **practical, easy to use**, and **up-to-date** with the current traffickers' modus operandi BUT they also need to be **adapted to one commodity/group of products** and its geography of movement.

General information such as the high level of corruption in countries and national bans should be considered overarching red flags.

Red flags look at financial and administrative evidence to extract patterns for **financial institutions, due diligence** and **law enforcement agencies**.

NOTE: A red flag indicator demonstrates or suggests the likelihood of suspicious activity, but only further investigations can confirm illicit activity.



CONCEPT of RED FLAGS



Karolina Grabow /pexels

Banks, financial intelligence units (FIU), law enforcement and other actors with an interest in investigating wildlife crime may use red flags to identify and monitor high-risk entities and industries in their own countries that may engage in financial transactions facilitating Illegal Wildlife Trade (IWT)* by :

- Creating a baseline of financial data and identify key payment methods and patterns utilised as part of IWT.
- **Collating global case data highlighting any potential or actual financial crime** from banking through to FIU and law enforcement data (i.e. typologies, financial investigations, asset tracing and recovery etc).
- Understanding **convergence with other serious crimes**
- Moving away from a law enforcement focus on the seizure and focusing on **multi-agency approach and prosecution**

* In this presentation wildlife also includes timber species.

WHY DEVELOPING RED FLAGS IS IMPORTANT IN THE CONTEXT OF ILLEGAL LOGGING

- To assist financial institutions in detecting suspicious activities and **determining illegal timber versus legal timber** trade activities because, unlike illicit drugs, timber is typically fed into legal industries where its illegal origin can be obscured.
- To help law enforcement agencies to investigate the financial background of key enabling individuals and entities to identify any wider networks involved in the illegal timber trade. This may also **expose links to other criminal activities**.
- To fill the current gaps identified during the project and put the findings **into action directly** in the process of law enforcement agencies. Legislative changes can be long process but upgrading the existing systems in place can result in **quick improvements**.



WHY DEVELOPING RED FLAGS IS IMPORTANT IN THE CONTEXT OF ILLEGAL LOGGING



- **Corruption and money-laundering** can be found at every stage of the timber supply chain, including access and permitting, hiring, transport, processing, export and trade, governance, and the process of hiding the proceeds. Financial red flags can be used to expose illegal activities.
- **Due diligence** requirements are mostly limited to operators putting the timber product on the market but involving the financial sector should be soon part of the regulations. Banks should use red flags to continue Customer Due Diligence (CDD) checks throughout the relationship to **increase the chance of identifying any suspicious transactions**, especially involving source, transit and destination countries where IWT traditionally takes place.

HOW TO CREATE A RED FLAG



(Credits: Le Gabon Nouveau)

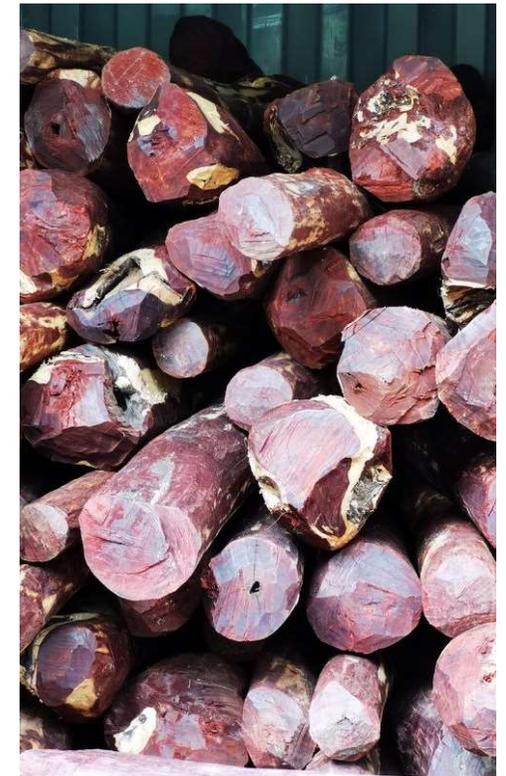
- STEP 1 - Collect information on the influences affecting illegal trade in the supply chain → [For EU timber trade](#), the supply chain is well documented (See slide 7).
- STEP 2 - Document financial flows related to the illegal trafficking → [For EU timber trade](#), it is difficult to obtain detailed information = **GAP** (See slide 8).
- STEP 3 - Analyse documented trade trends for illegal timber trade in the EU → [For EU timber](#), a literature review of the available resource can be a start. (See slides 9 -10)
- STEP 4 - Assemble information from recent successful court cases → [For EU timber trade](#) use cases against EUTR regulation, national environmental or anti-money laundering laws. Challenging to have detailed information = **GAP** (See case studies slides 11-16).
- **GOAL** - Identify and analyse common patterns and *modi operandi* used by criminals and where illegal activities occur.

HOW TO CREATE A RED FLAG

STEP 1 - Collect information about the supply chain

Collect specific information such as:

- Risk countries involved in the trade [Transparency International Corruption Perceptions Index](#)
- Protected species nationally and under CITES
- Look at the past cases involving timber and other resources: [IUCN](#), [EIA Crime tracker](#) *E.g.* : Main species in illegal trade - Rosewood, Agarwood, Teak, Meranti
- Main legal trade flows : [Resource trade](#), [UNCOMTRADE](#)
- Map the actors and associated industry entities along the supply chain to spot discrepancies in business practices



A seizure of illegal Red Sanders by Royal Malaysian Customs (TRAFFIC / F. Noor)

HOW TO CREATE A RED FLAG

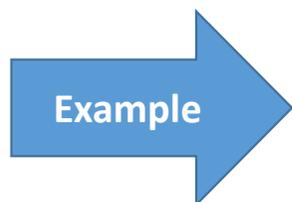
STEP 2 - Collect financial information

Gather financial information from illegal trade in the EU

Some elements are missing to be able to develop high-risk indicators for financial institutions and financial intelligence units.

For example :

- **Payment mechanism information**
- **Origin of the financial flows**



GENERAL FINANCIAL FLOWS

- **International bank transfers** from high-risk destination countries to known source countries.
- **High use of cash payments, Mobile Money and hawala (Fei-Chien)** underground money systems at lower levels of the organised criminal groups.
- **Use of more complicated techniques at known destination countries** such as nominee bank account holders and legitimate businesses to obscure criminal origins.

Source : TRAFFIC Report "[Case Digest- An Initial Analysis of the Financial Flows and Payment Mechanisms Behind Wildlife and Forest Crime](#)

HOW TO CREATE A RED FLAG

STEP 3 - Analyse the trends in illegal timber trade in EU

- **Conduct a literature review** to analyse the trends using existing publications such as [EU Forest Crime Initiative – Gap Analysis Ukraine](#). Trends can also be extracted from questionnaires shared with Ukrainian stakeholders. The modus operandi are a start in building red flags used in the due diligence of financial institutions or companies.

Here are some known modus operandi:

- Creation of shell companies for one transaction then closed → *Potential red flag: Recently opened businesses*
- Avoidance in the use of electronic timber accounting system for transport documentation among communal forestry enterprises and other owners. The use of written documentation increases the opportunity for fraud. → *Potential red flag: Transactions outside of the electronic system*
- Falsely declaring low-quality wood to pay low taxes but the wood is sold at a higher price → *Potential red flag: discrepancies between quality of wood and the sold value, especially for low-quality wood*

HOW TO CREATE A RED FLAG

STEP 3 - Analyse the trends in illegal timber trade in EU

Conduct a literature review to analyse the trends using existing publications such as TRAFFIC Report [Red Flag Indicators: for wildlife and timber trafficking in containerized sea cargo](#)

This publication presents the tactics and methods of traffickers in maritime supply chains.

Trends and red flags relevant for illegal timber trade in EU include:

- **Links between politically exposed persons (PEPs) and public officers may look like;**
 - Local transfers from a foreign national in a known destination country to a PEP without supporting documentation to clarify reasons for such transfer.
 - Large cash deposits by a public official in a known source country from a company unrelated to the anticipated account activity.
- **Unexplained discrepancies in freight on board (FOB) and wire transfer amounts may look like;**
 - Differences between the wire transfers received and the noted FOB value exported.

HOW TO CREATE THEM

STEP 4 - Analyse successful court cases

Analyse successful court cases using existing publications such as TRAFFIC Report [“Case Digest- An Initial Analysis of the Financial Flows and Payment Mechanisms Behind Wildlife and Forest Crime”](#)

The report uses this template to analyse court cases so patterns or specific typologies can be identified:

Key payment mechanism:
Crime type:
Trafficked commodity:
Seizures:
Jurisdictions: Primary / Secondary
Defendant:
Dates of arrest:
Status of proceeding:
Period of criminal activity :

STEP 4 - Analyse successful court cases

Case study: Peru timber trafficking

Key payment mechanisms: Tax fraud by overvaluing timber exports using fraudulent documents to exploit a tax rebate for import duties. Potential international bank transfers via known tax havens to minimise taxes for importing companies.

Crime type: Illicit timber trafficking

Trafficked commodity: Timber (various including threatened species)

Seizures: 9,600m³ of timber of illegal origin

Jurisdictions: Primary: Peru Secondary: Brazil, Dominican Republic, Mexico, USA

Defendants: 52 cases remain ongoing with investigations into more than 100 people

Date of arrest: No arrests so far

Status of proceedings: Ongoing

Period of criminal activity: From 2008 to 2016 (estimated)



Analysis = Network Structure + Financial investigations (Flows / Asset identification, forfeiture and recovery)



Lessons:

- Fraud and corruption may exist in the forestry permitting systems and all stages of the forestry supply chain. Tax revenues may be lost on large amounts of timber that are being trafficked worldwide.
- A collaborative law enforcement approach helps to advance work to combat forestry crime. The investigation and interception of the vessel was a result of **interagency co-operation and information sharing at the national level.**

Recommendations for financial institutions:

- Proactively review companies within the timber supply chain for unusual activities including transactions via high-risk jurisdictions, known as tax havens, and potential bribe payments including **large cash deposits.**

STEP 4 - Analyse successful court cases

Case study: The Siamese rosewood smuggling network

Key payment mechanisms: International bank transfers wired from a foreign account whose registered purpose was business related to wood processing. Use of apparent legitimate businesses for money-laundering / cash to acquire expensive assets / mobile and internet-based payments

Crime type: Money-laundering with predicate crimes consisting of using, holding or possessing natural resources or processes for exploiting natural resources illegally; and of trading in narcotics

Trafficked commodity: Siamese rosewood and various wildlife products

Seizures: 155 items (cash, gold bars, land titles, other artefacts, etc.)

Jurisdictions: 1st: Thailand + Lao PDR, Malaysia, Viet Nam / 2nd: China

Defendants: Seven individuals and one bank

Date of arrest: 18-19 April 2014 (Past arrestations of family members on the grounds of illegal possession of protected species and narcotics)

Status of proceedings: Ongoing / Anti-Money Laundering Act

Period of criminal activity: 2009–2016

→ **Analysis** = Network Structure + Financial investigations (Flows / Asset identification, forfeiture and recovery) →

Findings

- Organised criminal groups involved in the trafficking of wildlife may operate within family networks. **It is important to investigate the connections between the operations and finances of family members.**
- The tax forms submitted to tax authorities are fundamental evidence. While more sophisticated criminals **will make sure the information matches, many will fail to justify the legal origin of their income and assets.**

Recommendations for financial institutions

- As part of the **Know Your Customer (KYC) form**, request information about employment, purpose of the account and an estimation of the foreseen monthly cash flow. Flag the use of personal accounts for business purposes.
- Perform enhanced **due diligence to the accounts of high-risk businesses** to wildlife and forest crime in source countries, such as second-hand car dealerships and animal breeding farms.

HOW TO CREATE A RED FLAG

STEP 4 - Analyse successful court cases

Example – Court case analysis for imported illegal timber harvested outside the EU to identify

Case: Houthandel Boogaerdt illegal import of teak

ORANGE – denotes gaps in the available information

- Key payment mechanisms: **XX**
- Crime type: Importation of illegal timber,
- Trafficked commodity: teak
- Seizures: **XX**
- Jurisdictions: Primary: Dutch / Secondary: Croatia, Myanmar
- Defendants: C. Boogaerdt and his two sons Eric and Peter
- Dates of arrest: **XX**
- Status of proceedings: The Court upheld the penalty imposed on the companies, which would require them to pay a fine of €20,000 per cubic metre of teak they continued to import without meeting the requirements of the EUTR.
- Period of criminal activity : **XX**

(Source: EIA / [“EIA victory in Netherlands highest court confirms EU rules for Myanmar timber imports”](#), August 2021)

HOW TO CREATE A RED FLAG

STEP 4 - Analyse successful court cases – Example 1

Example – Court case analysis for imported illegal timber harvested outside the EU to identify

Case: WOB - illegal imports of timber from Myanmar

ORANGE – denotes gaps in the available information

- Key payment mechanisms: **XX**
- Crime type: imported teak from Myanmar in 31 cases between 2008 and 2011, despite the EU embargo, and had thus violated the German Foreign Trade and Payments Act (Außenwirtschaftsgesetz)*
- Trafficked commodity: teak
- Seizures: **XX**
- Jurisdictions: Primary : Germany/ Secondary : Myanmar
- Defendants: The managing director and main defendant Stefan Bührich
- Dates of arrest: **XX**
- Status of proceedings: Closed / a suspended prison term of 21 months and a fine of EUR 200,000.
- Period of criminal activity : 2008 - 2011

*Foreign Trade and Payments Act of 6 June 2013 (Federal Law Gazette I p. 1482), as last amended by Article 4 of the Act of 20 July 2017 (Federal Law Gazette I p. 2789)

(Source: Mongabay / [“Trafficking of banned Myanmar teak lands German company with \\$4m fine”](#), May 10 2021)

HOW TO CREATE A RED FLAG

STEP 4 - Analyse successful court cases - Example 2

Example – Court case analysis for illegal logging in the EU to identify

Case: Alba, Romania – Illegal logging

ORANGE –denotes gaps in the available information

- Key payment mechanisms: **XX**
- Crime type: illegal logging
- Trafficked commodity: timber
- Seizures: confiscated 177 cubic meters
- Jurisdictions: Primary / Secondary Romania Law 171/2010* on establishing and sanctioning forestry contraventions and the rest to other normative acts
- Defendants: O. Valentin, M. Marius, F. Nicolae and S. Sorin
- Dates of arrest: Between October 14 and 15, 2020
- Status of proceedings: **XX**
- Period of criminal activity: 2008-2014

*<http://legislatie.just.ro/Public/DetaliuDocumentAfis/120856>

Conclusions and Recommendations

- Most court case information is not gathered with attention to the financial mechanism and the details are rarely published in the information sources available

Recommendation: Financial angle needs to be investigated and considered/presented in court

- A systemic approach to judiciary information to go further than the seizure has to be put in place.

Recommendation: NGOs and law enforcement agencies need to collaborate on this matter

For example through projects such as “Successful Wildlife Crime Prosecution in Europe / [SWiPE](#)”

- Parallels can be drawn with other commodities and these two publications can be used as reference → [“Red Flag Indicators: for wildlife and timber trafficking in containerized sea cargo”](#) OR [“Case Digest- An Initial Analysis of the Financial Flows and Payment Mechanisms Behind Wildlife and Forest Crime”](#)