

Natural Resources Provide Illicit Profits for Terrorists

SCOPE: This product provides introductory awareness of the strategic threat posed by Mexico-based FTO-Designated Transnational Criminal Organizations (FDTCOs) and other terrorists using natural resources to finance operations. Natural resource crimes encompass trafficking of protected species of wild fauna and flora and maritime species; illegal mining of metals and minerals; and illegally logging timber. The illicit actors and commodities highlighted in this graphic represent only a sample of the total product and illicit actors involved in natural resource trafficking and trading in each of these geographic areas.

Natural resource trafficking and trading crimes transcend international borders and are part of a global economy. Illicit actors are often involved in trafficking or trading more than one illicitly acquired commodity and comingle with legitimate activities throughout the global supply chain. Trafficking and trading of natural resources are lucrative sources of illicit funding, in particular, for FDTCOs and other Foreign Terrorist Organizations (FTOs). These crimes threaten national security interests, including public health, economic stability, and environmental sustainability. Natural resource crimes generate billions in illicit proceeds annually and are viewed as relatively low risk with high rewards. China is a top global consumer and destination of illicitly acquired natural resources, which in combination with its strong FDTCOs ties, gives rise to a range of national security issues. FDTCOs, in collaboration with Chinese organized crime, launder illicit proceeds from drug trafficking operations and traffic natural resources, including reptiles, sea cucumbers, totoaba, abalone, sharks, jaguars, and various species of rosewood, from Mexico to China, sometimes through the United States in exchange for precursor chemicals for synthetic drugs.

Legal authorities and law enforcement efforts to counter those engaged in natural resource crimes are limited, demand for products is high, and criminal penalties are mild relative to other illicit activities that share the same logistics, routes, and methodologies, such as smuggling weapons, drugs, and humans. Natural resource crimes—whether at the source, along the trafficking routes, or at the end market—present unique investigative opportunities for law enforcement and CT practitioners to develop crosscutting investigations dedicated to preventing the funding of terrorism and drug trafficking.



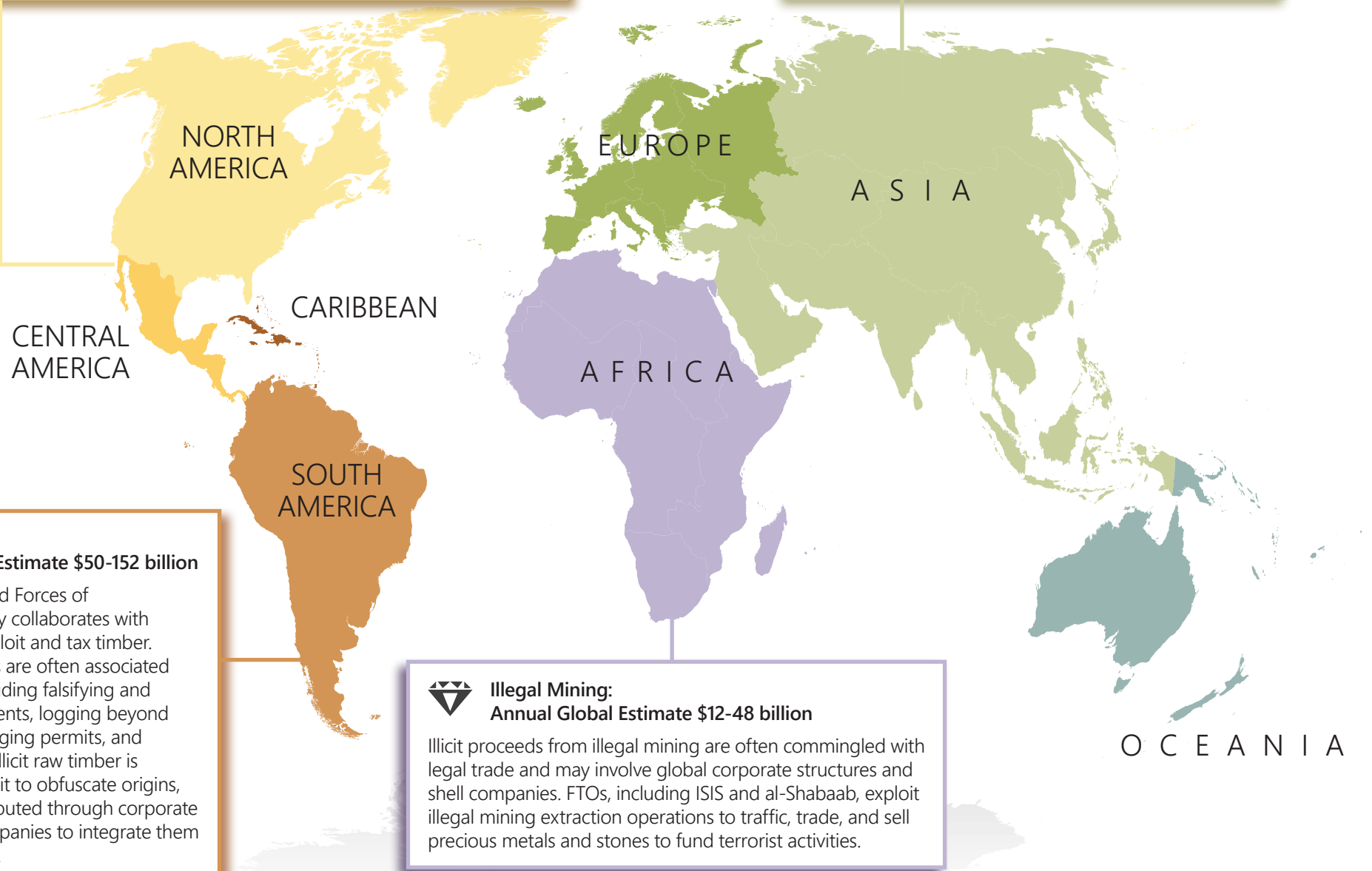
Illegal Fishing: Annual Global Estimate \$11-24 billion

FDTCOs, including the Sinaloa Cartel and New Generation Jalisco Cartel, traffic the totoaba fish, a federally protected endangered species endemic to the Gulf of California in Mexico, and highly valued in Asian black markets. Totoaba swim bladders are traded to Chinese traders, who in return provide unregulated precursor chemicals used for making illegal drugs. The swim bladders may be resold for upwards of \$60,000-80,000 per kilogram (~2.2lbs).



Illegal Wildlife Trade: Annual Global Estimate \$7-23 billion

The pangolin—the most heavily trafficked mammal in the world—is in demand for its meat and scales in Asian markets. Illegal shipments of pangolin scales by sea, air, and land may be fraudulently declared or concealed using false shipping covers. Pangolin scales sell for more than \$3,500 per kilogram (~2.2lbs).



Illegal Logging: Annual Global Estimate \$50-152 billion

The Revolutionary Armed Forces of Colombia—People's Army collaborates with criminal networks to exploit and tax timber. A range of illicit activities are often associated with illegal logging, including falsifying and forging customs documents, logging beyond legal limits, misusing logging permits, and evading taxes. Licit and illicit raw timber is often comingled in transit to obfuscate origins, and illicit proceeds are routed through corporate structures and shell companies to integrate them into the financial system.



Illegal Mining: Annual Global Estimate \$12-48 billion

Illicit proceeds from illegal mining are often comingled with legal trade and may involve global corporate structures and shell companies. FTOs, including ISIS and al-Shabaab, exploit illegal mining extraction operations to traffic, trade, and sell precious metals and stones to fund terrorist activities.

Names and boundary representation are not necessarily authoritative.

CONSIDERATIONS

Law enforcement personnel should approach natural resource crime scenes with caution because some are potentially hazardous. First responders should coordinate activities with the federal agency with jurisdiction, depending on the type of resource and illicit activity involved. Natural resource crimes are often committed in combination with other types of criminal activity. Indicators of suspicious behavior or activity should be considered in combination with other observed behavior reasonably indicative of behaviors associated with terrorism or other criminal activity. Law enforcement officers should check for criminal history and warrants of suspects within National Crime Information Center (NCIC) database. A NCIC check will automatically include verification through the Threat Screening Center (TSC) of the Terrorist Screening Dataset (TSDS), which contains the identity information of those who are known to be or reasonably suspected of being engaged in or intending to engage in terrorist activities. TSDS records may indicate an individual's known or potential nexus to transnational criminal organizations. The following considerations may provide additional context for follow-up inquiry or investigative action. They are not intended to be all encompassing and should be considered in the totality of circumstances.

STATUTORY

Awareness of federal, state, and local laws and agency capabilities may help with natural resource detection and enforcement efforts. Many states have laws that focus on natural resource and environmental crimes, such as forestry, wildlife, and fishing violations. City and county jurisdictions may also have agencies that cover natural resource equities.

The Lacey Act (16 USC §§ 3371-3378) prohibits the import, export, transport, sale, receipt, acquisition, or purchase in interstate or foreign commerce of any wildlife, fish, or plant, with some limited exceptions, taken or traded in violation of the laws of the United States, a US State, or a foreign country.

EXPLOITATION THROUGH ILLICIT FINANCING

Criminally derived funds must be laundered to mask their sources and to appear licitly gained.

Witting or unwitting front companies or shell firms—including those engaged in the import or export business, such as brokers, customs officials, logistics providers, and freight forwarders—may be used to

commingle licit and illicit goods and funds. Trade, sale, or wildlife trafficking activities may be obscured through the use of online marketplaces; purchase of luxury assets; real estate transactions; cryptocurrency; financial, commercial, or industrial investments; or informal money transfer systems, such as hawalas, which are commonly used in Middle Eastern, North African, and South Asian countries that operate outside of conventional banking channels and are based on trust and honor.

Illicit payments or attempts to conceal proceeds may be obscured through purchase or payments of other commodities, such as gold, jewelry, and precious metals. Fraudulent claims regarding resources may be reported to avoid restrictions related to their trade.

Indicators of live wildlife trade or transport include purchases and movement of specialty equipment associated with care and storage of live animals, such as aquariums, food, tools, harnesses, veterinary services and medications, and boxes/containers with ventilation holes.

EXPLOITATION THROUGH FALSIFIED DOCUMENTS

Illicit trafficking and trade involve a range of fraudulent, falsified, or incomplete documentation to conceal or mislead the authenticity, legality, quality, volume, origin, and destination of natural resources. The following highlights some tactics, techniques, and procedures (TTPs) that may be used to exploit natural resources to facilitate further criminal activities. Consider these in totality of other observed behaviors and activities.

- Forging of government-issued documents, such as permits or customs declarations documents, security stamps, and markings
- Removing, alteration, defacing, or erasure of customs stamps, labels, or marks affixed to wildlife, plants, and parts
- Providing false information, including making false statements and misrepresentations to government officials
- Violating the conditions attached to permits and licenses
- Conducting the unauthorized removal, defacement, and alteration of stamps and markings
- Falsifying/omitting records and failure to keep records
- Possessing multiple passports; theft or sale of blank documents

- Conducting transactions using names of ingredients or products in traditional Asian medicine trade that refer to Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) species
- Attempting to bribe, extort, or influence airline staff, law enforcement, government officials, border patrol—particularly agencies that have oversight of wildlife and associated products—along with permits, licenses, and other documents

EXPLOITATION THROUGH ILLICIT TRADE

- Use of circuitous shipping routes and multiple transit ports to mask the source country or goods
- Alterations to an original bill of lading while a shipment is underway
- Last-minute requests for clearance
- Inconsistent shipping routes for product and destination
- Weight and cargo are inconsistent with bill of lading; weight is not reasonable for declared commodity
- Commodity descriptions appear vague, misleading, or incorrect
- Cash payments used instead of wire transfers or formal financial institutions

RESOURCE CRIMES AND EVIDENCE PRESERVATION

Investigation and recovery efforts for natural resource crime scenes may be complex, but preservation should be a priority so that they remain viable for examination and documentation. Forensic techniques may be used either to help with the identification or origin of the species, or to connect potential suspects with or physical evidence to a crime.

Use of protective equipment and good personal hygiene may minimize scene contamination and disease transmission, as many species pose a health risk to first responders.

Officials should follow the appropriate chain of custody procedure to ensure the origin and identification of the specimen. Beyond physical evidence, digital data might identify patterns or networks for further investigation. Use of intelligence capabilities and analytic tools may help identify actors, networks, and TTPs.

COLLABORATION AND INFORMATION SHARING

A multiagency response is usually necessary to ensure a successful criminal investigation and prosecution of associated crimes. Private sector partners should be aware of available reporting mechanisms for when suspicious transactions occur that seem inconsistent with customers' standard, established, or legitimate business operations.

- Coordinate with zoological services for education, response, and investigative support, as required.
- Maintain awareness for possible suspicious online postings, especially on social media that advertises the selling or trading of illegal natural resources, including the use of images, symbols, or icons that are potentially associated with an animal or part that may attempt to mask trafficking activity. Refer to departmental policies when conducting open-source research to identify suspicious posts and potential threats, and supplement investigations.
- Increase information sharing between financial institutions, law enforcement, and environmental protection agencies about illicit financing TTPs that may provide unique insights used to identify illicit financial flows.

RESOURCES

Customs and Border Protection

Natural Resource Protection and Enforcement: <https://www.cbp.gov/trade/programs-administration/natural-resources-protection>

Trade Violation Reporting: <https://eallegations.cbp.gov>

Financial Crimes Enforcement Network <https://fincen.gov/>

Support of Law Enforcement: <https://www.fincen.gov/resources/law-enforcement/support-law-enforcement>

Homeland Security Investigations

Wildlife and Environmental Crimes Unit: <https://www.ice.gov/about-ice/hsi/investigate/wildlife-trafficking>

National Oceanic and Atmospheric Administration

Fisheries Enforcement: <http://www.fisheries.noaa.gov/topic/enforcement>

Report a Violation: <https://www.fisheries.noaa.gov/national/enforcement/report-violation>

US Fish and Wildlife Service

Office of Law Enforcement: <https://www.fws.gov/program/office-of-law-enforcement>

Wildlife Crime Tips: <https://www.fws.gov/wildlife-crime-tips>



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