

## Convergence of the Rhino Horn Trade with other Criminal Activity

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The rhino traffickers' ability to increase supply and price simultaneously means that the rhino horn trade is one of the most successful examples of *illicit entrepreneurship* in the world. While the drug trade revenues far exceed the profits of the rhino trade, it is an established business that expands but does not expand exponentially.<sup>1</sup> Growth rates for the rhino trade also exceed those for legitimate raw commodities. Rhino horn trade has scaled at a pace resembling that of the super-charged growth of a cyber business. Yet this growth has occurred largely without the web as most rhino horn available on line is counterfeit.<sup>2</sup>

Unfortunately for the traffickers this growth is not sustainable. The supply of rhino is finite. A group of criminal entrepreneurs have been able to procure rhino horn in Africa and ship it long distances to existing and newly created markets of wealthy buyers in opening Asian Communist countries of China, Vietnam and Laos.

The rhino trade has grown so rapidly because it has built on existing cross-national networks that trade in other illicit and licit commodities on a global scale. The rhino trade is not a stand-alone business. Rhino horn trade converges with many other criminal activities—such as drug, arm, cigarette and human trafficking, allowing it to scale so rapidly. It is also used to pay for many of the consumer goods produced in Asia sought by African consumers.

Organizations that traffick rhino also interact with other sophisticated criminal groups. Rhino traffickers, therefore, have their facilitators, shippers and front companies in place, helping them to mislabel and transport goods. They have located and work with corrupt officials, both local and international, who often do more than turn a blind eye; instead sometimes serving as key personnel in the conspiracies to find the rhino or move the horn. The illicit rhino horn is hidden, not only with other illicit commodities, but also with less valuable licit goods that pass unnoticed through customs and across numerous borders. The money is mostly moved in cash and through trade-based money laundering, a complex system that allows the imports from China to pay for the purchase of the rhino horn.<sup>3</sup>

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<sup>1</sup> UNODC *World Drug Report 2014*, p.x1, [https://www.unodc.org/documents/wdr2014/World\\_Drug\\_Report\\_2014\\_exsum.pdf](https://www.unodc.org/documents/wdr2014/World_Drug_Report_2014_exsum.pdf), accessed March 10, 2016.

<sup>2</sup> John M. Sellar, *The UN's Lone Ranger Combating International Wildlife Crime* Dunbeath: Whittles Publishing Co., 2014, pp. 61-63; Ivory is, however available on the web, Jessica Phelan, "You can buy ivory necklaces through Yahoo Japan for pennies," Feb. 11, 2016, <http://www.globalpost.com/article/6731678/2016/02/11/japan-ivory-online-trade>, accessed Feb. 13, 2016; TraCCC research.

<sup>3</sup> John A. Cassara, *Trade-Based Money Laundering* Hoboken, New Jersey: John Wiley & Sons, 2016, p.85.

The growth trajectory of the rhino horn trade, like that in elephant ivory, merely reflects the capacity of the traffickers to adapt and to obtain, move and market their product to affluent populations. Unlike the illicit drug trade, with which the rhino horn and elephant ivory trade often converge, the purchasers are not part of a criminal community but often affluent and high-status individuals from Asia's legitimate economy.

## **Trajectory of the Rhino Horn Trade**

The global community is now confronting the latest and probably the ultimate phase of rhino killing for profit.<sup>4</sup> Asia has almost completely obliterated its rhino population, a problem dating back well over a millennium.<sup>5</sup> The wars in Nepal killed many of Asia's last rhinos as these animals were turned into commodities to finance conflict.<sup>6</sup> South Africa remains the center of the contemporary slaughter.

## **Problem of pseudo hunts**

A limited number of white rhinos can be hunted legally in South Africa.<sup>7</sup> The main customers for these legal hunts are Americans and Europeans, customers paying at least \$30,000 to secure their trophies.<sup>8</sup> Yet there was a change in the patterns of hunting, coinciding with the ascent of rhino poaching in South Africa. The first Vietnamese rhino hunters arrived in 2003. Soon, there were increasingly large numbers of Asian "hunters" who shared none of the characteristics of traditional big game hunters. As one of South Africa's top rhino specialists explained "It has been noted that these hunters were generally unskilled and inexperienced and prepared to shoot even young female rhinos as long as they came away with a horn."<sup>9</sup> By 2010, these Vietnamese hunters had killed 329 rhino and "legally" exported all their horns.<sup>10</sup> This phenomenon was named the "pseudo-hunt" because it subverted the historical tradition of the hunt. Run by corrupt game farmers and their associates, they used these hunts to mask a large illegal trade in rhino horn to Asia. In these staged hunts, a trophy is legally prepared but the horn is exported

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<sup>4</sup> Julian Rademayer coined this phrase in his book, *Killing for Profit: Exposing the Illegal Rhino Horn Trade* (Cape Town: Zebra Press/Random House Struik, 2013).

<sup>5</sup> The art of rhinoceros carving, [http://www.npm.gov.tw/exh98/carvings/en\\_06.html](http://www.npm.gov.tw/exh98/carvings/en_06.html)

<sup>6</sup> Hemanta Mishra and Jim Ottaway Jr., *Soul of the rhino: A Nepali Adventure with the Kings and Elephant Drivers, Bureaucrats and Scientists, and the Indian Rhinoceros*, Guilford Conn: Lyons Press, 2008; C. Nellemann, R. Henriksen, P. Raxter, N. Ash, E. Mrema, (Eds.), *The Environmental Crime Crisis – Threats to Sustainable Development from Illegal Exploitation and Trade in Wildlife and Forest Resources*. 2014, p. 37. A UNEP Rapid Response Assessment. United Nations Environment Programme and GRID-Arendal, Nairobi and Arendal, [www.grida.no](http://www.grida.no).

<sup>7</sup> A website offering such hunts: <http://www.africanskyhunting.co.za/trophies/white-rhino-hunting.html>, accessed Feb. 16, 2016.

<sup>8</sup> [https://www.savetherhino.org/rhino\\_info/thorny\\_issues/poaching\\_crisis\\_in\\_south\\_africa](https://www.savetherhino.org/rhino_info/thorny_issues/poaching_crisis_in_south_africa)

<sup>9</sup> Ibid.

<sup>10</sup> Julian Rademayer, *Killing for Profit: Exposing the Illegal Rhino Horn Trade* Cape Town: Zebra Press/Random House Struik, 2013, p.103.

to Asia for consumption.<sup>11</sup> The documentation accompanying the horn may be falsified as will be discussed subsequently.

High profile legal proceedings in South Africa have targeted two notorious Asian coordinators of pseudo hunts. The Thai, Chumlong Lemtongthai, is currently serving a 13-year sentence, reduced from 40 and then to 30 years, for bringing trafficked Thai women to South Africa to pose as hunters and take part in white rhino trophy hunts on game farms in the North West Province.<sup>12</sup> Lemtongthai in court admitted he “acted as an agent” for Vixay Keosavang, a prominent importer in Laos, serving as Keosavang’s coordinator and distribution manager in South Africa, where he coordinated all visas and travel plans for the pseudo hunters, identified and contracted a South African hunting outfit to carry out the fake hunts, and also coordinated mounting trophies and obtaining export permits.<sup>13</sup> Lemtongthai also arranged for the consignee and/or the destination country to be changed on the export documents, contrary to the CITES permits issued for the horn allowing the horns to be shipped to Asia.<sup>14</sup> Lemtongthai was convicted of multiple charges including fraud and criminal conspiracy. South Africa, has tried to prevent Vixay Keosavang from installing a replacement in South Africa to perpetuate this trade.<sup>15</sup>

The most notorious South African orchestrator of fake hunts is a rhino game farmer Dawie Groenewald, the alleged ringleader of the so-called “Groenewald Gang.” Charged and convicted previously in the US in 2010 for illegally importing a leopard,<sup>16</sup> his 2014 federal indictment, accused him of again violating the Lacey Act that provides for the protection of endangered species. He operated a business out of Alabama that recruited American hunters, duping them into believing they were legally hunting rhinos, and then exported the horns through the black market to Asian buyers.<sup>17</sup> As the US Department of Justice explained, in language that reveals the brutality of the killing:

The defendants are charged with selling illegal rhino hunts by misleading American hunters. The hunters were told the lie that a particular rhino had to be killed because it was a “problem rhino.” Therefore, while no trophy could be legally exported, the hunters could nonetheless shoot the rhino, pose for a picture with the

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<sup>11</sup> TraCCC research for this project.

<sup>12</sup> Hannah Osborne, “Poaching and Prostitutes: Thai Man Sentenced to 40 Years for Smuggling Rhino Horns in south Africa, November 9, 2012, <http://www.ibtimes.co.uk/rhino-poaching-longest-sentence-wwf-south-africa-403466>, accessed March 10, 2016 ; Rademayer.

<sup>13</sup> <http://www.scribd.com/doc/241035369/Chumlong-Lemtongthai-Supreme-Court-of-Appeal-judgment>; Interviews, Bangkok, January 2015; Traccc research.

<sup>14</sup> <http://www.scribd.com/doc/241035369/Chumlong-Lemtongthai-Supreme-Court-of-Appeal-judgment>; Interviews, Bangkok, January 2015; Traccc research.

<sup>15</sup> Traccc research.

<sup>16</sup> “South Africa Safari Operator Dawie Groenewald Convicted Of Felony,” June – 2010, [http://www.huntingreport.com/hunting\\_article\\_details.cfm?id=2461](http://www.huntingreport.com/hunting_article_details.cfm?id=2461), accessed February 18, 2016; rademayer,142-3.

<sup>17</sup> In the United States District Court for the Middle of Alabama Northern Division, U.S. Government vs. Dawie Jacobus Groenewald, Janneman George Groenewald and Valinor Trading Company CC, d/b/a Out of Africa Adventurous Safaris <https://www.fws.gov/southeast/news/pdf/RhinoIndictment.pdf>, accessed Feb. 16, 2016.

dead animal, and make record book entries, all at a reduced price. Meanwhile, the defendants are alleged to have failed to obtain necessary permits required by South Africa and cut the horns off some of the rhinos with chainsaws and knives.

The indictment alleges that the defendants then sold the rhino horn on the black market. Eleven illegal hunts are detailed in the papers filed in federal court, including one in which the rhino had to be shot and killed after being repeatedly wounded by a bow, and another in which Dawie Groenewald used a chainsaw to remove the horn from a sedated rhino that had been hunted with a tranquilizer gun.<sup>18</sup>

This American indictment complemented a legal action initiated in South Africa in September 2011. Groenewald was charged with 1,872 counts in South Africa ranging from illegal rhino hunting to racketeering, permit violations, illegal trade in rhino horn, money laundering, and violating the Biodiversity Act and the Act on the Prevention of Organized Crime.<sup>19</sup> The eleven suspects include a veterinarian, professional hunters, a helicopter pilot, safari operators and Groenewald's wife.<sup>20</sup> The Groenewald case was stalled in South Africa until the high court ruled on the domestic rhino trade, a trade that was temporarily legalized.

This case affirms a widespread perception that 'game industry white guys' get away with criminal activity, while poorer blacks involved in rhino crime end up in jail. One NGO study, for example, found that of the 29 white South Africans arrested in connection with rhino crime between 2006-2011, only 2 ever faced jail time, while 93% were granted bail, and more than 60% of their cases vanished, were thrown out of court, or faced multiple delays.<sup>21</sup> Whites involved in fake hunts can afford much more expensive lawyers than the often indigent black defendants who have access to limited and/or poor quality legal services.<sup>22</sup>

As the legal systems of the US and South Africa focused on Groenewald, he expanded his activities to the Czech Republic showing his adaptive ability and his capacity to tap into the necessary transnational criminal networks. The Czech Republic is a country with a long history of hunting and a large Vietnamese diaspora community, some of whose

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<sup>18</sup> "Owners of Safari Company Indicted for Illegal Rhino Hunts," October 23, 2014, <http://www.justice.gov/opa/pr/owners-safari-company-indicted-illegal-rhino-hunts>, accessed February 16, 2016.

<sup>19</sup> Alex Mitchley, "US Add to 'Groenewald Gang' Charge Sheet," October 25, 2014, <http://citizen.co.za/263495/us-add-to-groenewald-gang-charge-sheet/>. <http://www.savingrhinos.org/2012/04/24/south-africa-groenewald-gang-case-postponed-for-fourth-time/18798>, accessed Feb. 16, 2016; <http://www.scribd.com/doc/234546421/The-case-against-Dawie-Groenewald>, accessed Feb. 17, 2016

<sup>20</sup> <http://citizen.co.za/263495/us-add-to-groenewald-gang-charge-sheet/>;

<sup>21</sup> <http://www.savingrhinos.org/2012/02/10/rhino-crimes-are-the-right-people-going-to-jail>

<sup>22</sup> In 2006 Kevin Anderson is listed in this article as the attorney for Out of Africa (Groenewald's company), <http://www.newsweek.com/shoot-kill-108135> and in 2010 he was the president of Safari Club International when they were defendant in a case: <http://michellawyers.com/wp-content/uploads/2010/11/56-2-1.8.10-Dec-of-Kevin-Anderson-in-Support-of-Safari-Clubs-Amicus-Curiae.pdf>

members are involved in diverse forms of illicit trade within Europe and extending to Southeast Asia. According to Czech research done for this grant, approximately 90 % of all the rhinos “hunted” by Czechs in Africa were southern white rhinoceros from the Groenewald farm.<sup>23</sup> Others from the Czech Republic went to the safari ranch of a former Czech official who moved to South Africa and allegedly returned with even more assets than when he left.<sup>24</sup> Hunts for white rhinos were offered on their website until recently.<sup>25</sup>

In the Czech Republic, two important criminal cases resulting from pseudo-hunting were detected and investigated by Czech authorities. In the first case, the pseudo-hunting was organized from abroad (Operation RHINO, 2013-14); in the second case, the pseudo-hunting was organized in the Czech Republic (Operation OSSEUS-2015).<sup>26</sup> The Czech element of the illicit rhino trade is so significant that South African authorities have denied hunting permits to Czechs since 2014. Law enforcement has determined that 73% of Czech hunters are linked to illegal horn trade.<sup>27</sup>

Operation Rhino was initiated in 2013 when the Czech Customs Investigation Unit team, specializing in illegal wildlife trade, received information from its colleagues investigating Vietnamese illegal cigarette trading, that an illegal tiger shipment would transit the Prague airport on the way to Vietnam. The convergence of the illicit wildlife trade with the illicit cigarette trade and other commodities helps explain its rapid growth, a phenomenon to be analyzed shortly.

The customs agents seized the delivery at Prague’s Ruzyně Airport and discovered that instead of tiger bones, two rhino horns were hidden (or more specifically, the horns were skillfully embedded in resin and asphalt to avoid X-ray detection and then hidden in a big coil of copper wire) (GDC). The consignment was addressed to a fictitious person in Vietnam. This case involved customs fraud.<sup>28</sup> This is also the case that prompted our additional look at the role of taxidermists in South Africa, who are critical to moving the trophies from pseudo hunts to their end destination without arousing suspicion.

The ongoing Osseus case, run by Vietnamese crime groups in the Czech Republic, combines activities in the synthetic drug market with a diversified trade in animal parts, including rhino horn from Africa. The first convictions were obtained in 2015 but the complex investigations are still ongoing.<sup>29</sup>

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<sup>23</sup> Miroslav Nozina research for TraCCC.

<sup>24</sup> Ibid; Lovec pozemků, 12 may 2012, <http://www.silvarium.cz/zpravy-z-oboru-myslivost/lovec-pozemku-reflex-cz>, accessed Feb. 21, 2016.

<sup>25</sup> See: <http://web.archive.org/web/20111217093303/http://www.limpona-safari.com/co-se-lovi/>.

<sup>26</sup> Ibid and Trade in Rhino Horns in the territory of the Czech Republic, Report of Czech Enforcement authorities, n.d. <https://cites.org/sites/default/files/eng/com/sc/66/E-SC66-51-01-A6.pdf>, accessed Feb. 16, 2016.

<sup>27</sup> <https://cites.org/sites/default/files/eng/com/sc/66/E-SC66-51-01-A6.pdf>, accessed Feb. 16, 2016.

<sup>28</sup> [http://www.cizp.cz/files/=4302/CITESnews-Prague105\\_Operation%20RHINO.pdf](http://www.cizp.cz/files/=4302/CITESnews-Prague105_Operation%20RHINO.pdf), accessed March 10, 2016.

<sup>29</sup> <https://cites.org/sites/default/files/eng/com/sc/66/E-SC66-51-01-A6.pdf>, accessed Feb. 16, 2016.

## The European Source

In 2013, €500,000 worth of rhino heads and horn were stolen from a warehouse leased outside of Dublin by the National Museum of Ireland. The officials thought the rhino horn would be safer in storage than on display. Why would Irish museum officials go to the effort to remove one of their exhibits? The Rathkeale Rovers, a mobile Irish organized crime group have found a highly profitable niche market fulfilling the rapacious desire for rhino horn in Asia.<sup>30</sup> Moreover, this trade is technically legal as objects made with rhino horn prior to 1947 can be legally sold. But the Rovers do not acquire this horn legally as they are specialists in the theft of stolen rhino horn in Ireland and many countries of Continental Europe where they have targeted art galleries, museums, private collections, churches, and auction houses containing rhino horn.<sup>31</sup> In one Irish break-in of a manor house, the police found the only thing missing was the antique rhino horn. Auction houses have seen sky-high prices for objects containing rhino horn, indicating that the objects are being bought only to be destroyed.<sup>32</sup> One Irish auction house has already stopped selling rhino-horn items and “declined rhino horn consignments valued at up to €250,000”.<sup>33</sup> The illicit rhino trade is causing distortions in the art market, a force related to antiquities smuggling but not previously seen with illicit wildlife trade.

## Skyrocketing Rhino Horn Trade

Rhino trade could grow so rapidly because traffickers tapped into existing trade routes for licit and illicit goods and the smuggling of people. Fortunately, for the traffickers, the demand for rhino horn was in Asia, the prime export arena for South African natural resources in the post-apartheid area. Groups trading in rhino horn established ties with other global transnational criminal actors.

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<sup>30</sup> Martin Bailey, “Criminal Gang Convicted of Stealing Antiquities and Rhino Horn from UK Museums,” March 1, 2016, <http://theartnewspaper.com/news/museums/criminal-gang-convicted-of-stealing-antiquities-and-rhino-horn-from-uk-museums/>, accessed March 1, 2016.

<sup>31</sup> Involvement of an Irish mobile OCG. Europol Public Information. OC-SCAN POLICY BRIEF. The Hague, July 11, 2011, File Nr.: 2521-86; <https://www.europol.europa.eu/content/publication/oc-scan-policy-brief-involvement-irish-mobile-ocg-illegal-trade-rhino-horn-1485>; Charles Homans, “The Dead Zoo Gang,” The Atavist, <https://read.atavist.com/dead-zoo-gang>, accessed Feb. 18, 2016.

<sup>32</sup> Preliminary estimates are here for the Van Ham Asian art sale: <https://www.van-ham.com/fileadmin/download/Pressebericht/347%20-%20preliminary%20Report.pdf> and final sale report is here: <https://www.van-ham.com/fileadmin/download/Pressebericht/347 - Post Sale Report.pdf>

<sup>33</sup> Michael Parsons, “The market for rhino horn gives auction houses a dilemma,” Feb. 15, 2014, <http://www.irishtimes.com/life-and-style/homes-and-property/fine-art-antiques/the-market-for-rhino-horn-gives-auction-houses-a-dilemma-1.1691991>, accessed Feb. 14, 2016.



## Illicit Networks and Groups

The prime groups involved in the rhino trade in South Africa are African and Asian crime groups. African groups work across many countries and often ship the rhino horn out of East Africa. They are not necessarily South African although the gangs of Cape Flats from Cape Town that specialize in the illegal abalone often intersect with the illegal rhino horn trade.<sup>34</sup> Pseudo hunts, previously discussed, consist more of networks than true transnational criminal organizations as they are specialized groups capitalizing on hunting a few singularly expensive and rare animals.

Three primary networks appear responsible for the illicit rhino horn trade—all of them linked to different Asian countries. A triad based network, linked to the Chinese diaspora community that settled in South Africa in the 1990s moves the horn to Southeast Asia and Hong Kong. The interconnected Vixay Keosavang and Vannasang networks operate out of Laos and have close ties to Thailand, Cambodia, and Vietnam, through which much rhino horn transits.<sup>35</sup> The third is a Mozambique-based narcotics syndicate that also smuggles guns, ivory and rhino horn, and which has links to other narcotics and wildlife traffickers in Tanzania, Zanzibar and Kenya. Although this is a multi-ethnic network, its leaders are of South Asian ethnicity, and have ties to designated Pakistani narcotics trafficking networks.<sup>36</sup> Many diaspora Pakistani narcotics networks have links to crime-terror groups in their country.<sup>37</sup>

This observation on the third drug-based network is consistent with Chinese analyses. The Assistant Public Security Minister of China announced in June 2015 that African drug suspects have acted as agents for Pakistani drug lords.<sup>38</sup> This is the same pattern observed in the rhino trade, hardly surprising as the two intersect.

Facilitating the trade are park employees who serve as guardians. Corrupt park rangers, park guards and other employees of national and private reserves provide information to poaching syndicates about the rhinos' locations and also, on occasion, provide cover for poaching teams moving inside protected areas.<sup>39</sup> Some corrupt park employees actually run their own poaching rings, and there is analysis to suggest they are passing information on social media, using coded signals and photos.<sup>40</sup> Local police meet

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<sup>34</sup> Irvin Kines, "From Urban Gangs to Criminal Empires: The Changing Face of Gangs in the Western Cape," ISS Monograph 48, <https://www.issafrica.org/publications/monographs/monograph-48-from-urban-street-gangs-to-criminal-empires-the-changing-face-of-gangs-in-the-western-cape-by-irvin-kinnes>, accessed March 10, 2016; Interviews with South African criminologists.

<sup>35</sup> TraCCC research.; Hübschle (2016). *A Game of Horns: Transnational Flows of Rhino Horn* (Doctoral dissertation). Retrieved from [http://pubman.mpdl.mpg.de/pubman/item/escidoc:2218357:5/component/escidoc:2261029/2016\\_JMPRSDiss\\_Huebschle.pdf](http://pubman.mpdl.mpg.de/pubman/item/escidoc:2218357:5/component/escidoc:2261029/2016_JMPRSDiss_Huebschle.pdf);

<sup>36</sup> Interviews, Pretoria and Skukuza, January 2015. TraCCC research.

<sup>37</sup> Louise Shelley, *Dirty Entanglements: Corruption, Crime and Terrorism* New York and Cambridge: Cambridge University Press, 2015.

<sup>38</sup> Zhang Yan, "Police Face Hard Fight over Drugs," China Daily USA, June 25, 2015, [usa.chinadaily.com/cn/china/2015-06/25/content\\_21097666.htm](http://usa.chinadaily.com/cn/china/2015-06/25/content_21097666.htm), accessed Feb. 15, 2016.

<sup>39</sup> Interviews, Skukuza, April 2014, January 2015, by telephone. TraCCC research.

<sup>40</sup> Interviews, Pretoria, January 2015. TraCCC research.

prospective poachers in Mozambique and may also provide protection to poaching units as they approach the parks and private reserves.<sup>41</sup> Officials can issue fraudulent CITES permits authorizing exports of rhino horn that should not be permitted to leave the country.<sup>42</sup>

## Rhino Trade Intersects with Other Crimes

Vietnamese crime groups have a diverse criminal profile with rhino horn trade being just part of their diverse illicit activity. They are also engaged in: drug and diamond smuggling, vehicle theft, armed robberies and ATM bombings.”<sup>43</sup> The same is observed with Vietnamese diplomats. Vietnam officials arrested in 2006 with two rhino horn also carried large sums of undeclared money and diamonds.<sup>44</sup>

Chinese triads have a well-established base in South Africa arriving around 1990<sup>45</sup> when the country, nearing the official end of Apartheid in 1994, began to reengage with the global economy.<sup>46</sup> At the Johannesburg airport, a large sign will greet you inviting you to a visit a Chinese-owned casino, a traditional domain for Chinese triads to launder money. Firsthand accounts report threats by Chinese diaspora toward local ivory traders who sought to reveal their participation in the trade after it was banned<sup>47</sup>. Triad groups are also involved in human and drug smuggling in South Africa. They traffic the protected abalone, exchanging methamphetamines for the valued seafood product.<sup>48</sup> There is evidence to suggest that there are interactions between abalone and rhino-horn traders at the higher levels of the trafficking organizations in South Africa, not at the procurement stage.<sup>49</sup> According to anti-poaching specialists, there may be as much as 90 percent convergence between the illegal abalone and rhino horn trade at that level.<sup>50</sup>

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<sup>41</sup> Interviews, Pretoria, January 2015; Grill, <http://www.spiegel.de/international/world/investigation-into-rhino-poaching-turns-into-kidnapping-a-1022611.html>.

<sup>42</sup> Annette Hübschle, “A Status Symbol to Die For” p. 74, Jan. 15, 2015, Max Planck Research, [https://www.mpg.de/9093473/W005\\_culture\\_society\\_070-077.pdf](https://www.mpg.de/9093473/W005_culture_society_070-077.pdf), accessed Feb. 15, 2016.

<sup>43</sup> Kimon De Greef and Serge Raemaekers, *Africa’s Illicit Abalone Trade: An Updated Overview and Knowledge Gap Analysis*, Traffic Report, 2014, W-TRAPS-Abalone-report.pdf, p22.

<sup>44</sup> <http://www.prnewswire.com/news-releases/call-for-trade-sanctions-to-halt-vietnams-vast-illegal-rhino-horn-trade-vietnamese-diplomats-and-criminal-syndicates-driving-poaching-196962831.html>, accessed Feb. 15, 2016

<sup>45</sup> Peter Gastrow *Triad societies and Chinese Organised Crime in South Africa*. Occasional Paper No. 48. Institute for Security Studies, South Africa 2001, <https://www.issafrica.org/crimehub/papers/triad-societies-and-chinese-organised-crime-in-south-africa>, accessed March 10, 2016.

<sup>46</sup> Annette Hübschle, ed. *Organised Crime in Southern Africa: First annual review*. Monograph 56, Institute for Security Studies, South Africa, December 10, 2010, <https://www.issafrica.org/publications/other-publications/organised-crime-in-southern-africa-first-annual-review>, accessed March 10, 2016.

<sup>47</sup> Interview by TraCCC, July 2015 in Polokwane, South Africa.

<sup>48</sup> De Greef and Raemaekers, p.6. Traffic Report, 2014, W-TRAPS-Abalone-report.pdf

<sup>49</sup> Tom Milliken & Jo Shaw *The South Africa – Viet Nam rhino horn trade nexus*. TRAFFIC, Johannesburg, South Africa. [www.traffic.org/species-reports/traffic\\_species\\_mammals66.pdf](http://www.traffic.org/species-reports/traffic_species_mammals66.pdf), p.76 accessed March 10, 2016.

<sup>50</sup> Hongxiang Huang, Southern Weekly, Oct 10, 2013,



The rhino trade interacts with more than the drug trade. As Fundisile Mketeni, the director of South Africa's National Parks and a great defender of the rhino stated at our meeting, "rhino horn travels with cigarettes, arms and people." Long hollowed trucks help transport smuggled cigarettes. Rhino horns are moved along with the masses of cigarettes, the cigarettes passing unimpeded because this trade is under the patronage of one of the most politically powerful families in South Africa.<sup>51</sup>

The human trade consists of both human smuggling and trafficking. The pseudo-hunts, as previously discussed, were facilitated by the use of Thai trafficked women posing as hunters, to bypass regulations around the number of hunts allowed per person. Yet the illegal migration of Pakistanis and Nigerians allows horn to be moved along with people.

Arms are unfortunately, all too available in South Africa. A large illicit arms trade with arms coming from Europe and other parts of Africa as well as the stock from the former Soviet Union makes the weapons trade all too common in the region. Rhino horn trade helps pay for some of these weapons imported into the region.<sup>52</sup>

Rhino trade in the Czech Republic converges with many other forms of crime. The criminal groups within the Vietnamese community of the Czech Republic are involved with many other types of illegal activities most involving illicit trade with Asia including counterfeit clothing, electronics and smuggled or illegally produced cigarettes: illegal production and distribution of cigarettes and alcohol products with fake brand names. The components used for producing cigarettes are smuggled into the Czech Republic from Vietnam or China whereas the raw materials for alcohol production are obtained in the Czech Republic or the Balkan countries. Methamphetamines and marijuana have become increasingly lucrative, including sale in Germany.<sup>53</sup>

In Southeast Asia, the illicit rhino trade converges with many other forms of illicit wildlife trade, human trafficking, the drug trade and money laundering. Highlighting the intersection of all these phenomena is the special economic zone in Laos run by Hong Kong businessmen and 20% owned by the government of Laos. There, visitors can consume meat of endangered tigers while gambling large sums at the local casino.<sup>54</sup> Lack of state capacity, exacerbated by extremely high levels of corruption make this zone a paradise for all things illicit, particularly wildlife.<sup>55</sup>

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<http://www.infzm.com/content/94643>, accessed Feb. 16, 2016.

<sup>51</sup> Interview with a cigarette official working against illicit trade, Doha, February 2015.

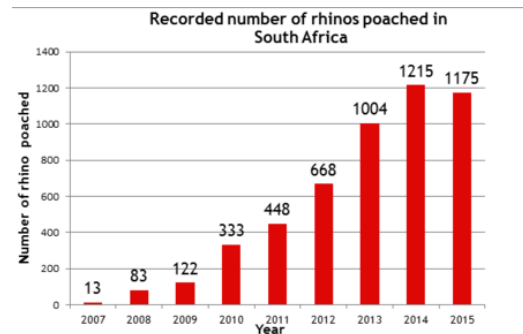
<sup>52</sup> Interview with Kathi Austin working on rhino trade in South Africa, Washington, D.C., 2015; Khristopher Carlson, Joanna Wright, Hannah Dönges, *Small Arms Survey 2015*, "Chapter 1: In the Line of Fire: Elephant and Rhino Poaching in Africa," p. 1-35.

<sup>53</sup> Interview with German parliamentarian, February 2015 representing Czech-German border area.

<sup>54</sup> Environmental Investigative Agency, *Sin City: Illegal Wildlife Trade in Laos' Special Economic Zone*, March, 2015, <https://eia-international.org/wp-content/uploads/EIA-Sin-City-FINAL-med-res.pdf>, accessed Feb. 21, 2016.

<sup>55</sup> Ibid., p. 16.

The forces driving illicit trade turned on the rhino following 2007. Between 2007 and 2014, killings of rhinoceri grew exponentially. Every year more rhino were killed than in the previous year. In 2007, 13 rhinos were killed and in 2014, 1,215 representing a growth rate of 15,476% over 8 years, or average annual growth rate of 76.3%.<sup>56</sup> Moreover, in contrast to many other commodities, growth in supply did not diminish price. The Environmental Program of the United Nations valued the rhino horn trade in 2014 at between 64 and 192 million dollars, with the lowest value being at the source.<sup>57</sup> Others have estimated the end value worth of the rhino in consumer markets even higher.<sup>58</sup> This recalls the economics of the drug trade where the price increases dramatically the farther one gets from the farmer and the closer one gets to the consumer.<sup>59</sup> The same rule also operates in the elephant tusk trade with price increase of 500% from bush to market with the vast profits going to organized crime groups.<sup>60</sup> Rhino horn has become and remains one of the most expensive commodities on earth surpassing the price of gold and cocaine. Its current price is estimated to be \$65,000 a kilo.<sup>61</sup>



The year that rhino killings escalated, 2008, was the beginning of the great global recession in most parts of the world. Sales of luxury goods declined in many regions but not in Asia where customers boosted sales of Gucci, Louis Vuitton and Yves Saint Laurent.<sup>62</sup> Fortunately, for the traders of rhino horn, the market for rhino horn in Asia operates like a consumer good with continued high demand among China and Vietnam's wealthiest citizens. Sales growth in fashion luxury items was in the double digits. But as the growth in illicit rhino horn shows, illicit entrepreneurship in wildlife parts had even higher growth rates with annual increases often in high double or triple digits. The rhino and elephant trades have scaled faster than any produced luxury good for sale on the Asian market.

<sup>56</sup> [https://www.savetherhino.org/rhino\\_info/poaching\\_statistics](https://www.savetherhino.org/rhino_info/poaching_statistics), accessed on Feb. 16, 2016.

<sup>57</sup> Ibid; Nellesmann, p.8.

<sup>58</sup> Meeting with Gen Jooste; Nellesmann et. al.

<sup>59</sup> [https://www.unodc.org/pdf/WDR\\_2005/volume\\_1\\_chap2.pdf](https://www.unodc.org/pdf/WDR_2005/volume_1_chap2.pdf), accessed Feb. 16, 2016, p.127.

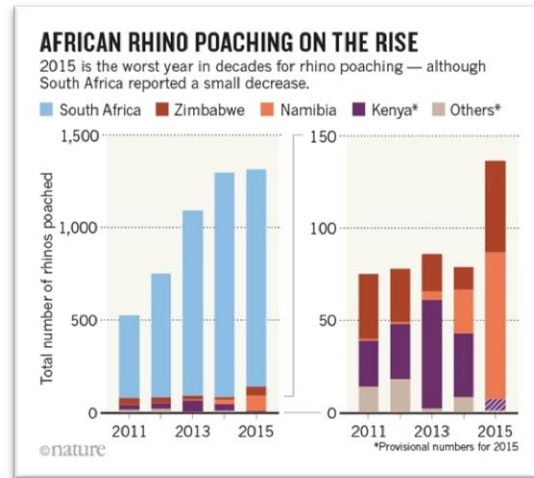
<sup>60</sup> Varun Vira, Thomas Ewing and Jackson Miller, *Out of Africa Mapping the Global Trade in Illicit Ivory*, August 2014, <http://www.wwf.se/source.php/1578610/out%20of%20africa.pdf>, accessed Feb. 22, 2016.

<sup>61</sup> Anton Crone, "Lifting the Ban on Rhino Horn Trade is no Victory for Rhino Owners," December 1, 2015, <http://www.dailymaverick.co.za/opinionista/2015-12-01-lifting-the-ban-on-rhino-horn-trade-is-no-victory-for-rhino-owners/#.VryK6lKlpe9>, accessed Feb. 10, 2016; UNODC, 'Rhino Poaching in Southern Africa', *Bulletin on Organized Crime in Southern Africa*, Issue 1 (2012).

<sup>62</sup> Rupert Neate, "Recession bypasses market for luxury goods", Feb. 15, 2013, <http://www.theguardian.com/business/2013/feb/15/recession-bypasses-luxury-goods-market> accessed Feb. 9, 2016.

Confirming that rhino horn continues to operate as a consumer good rather than a natural commodity is recent data on African exports to China.<sup>63</sup> China's recent economic travails and its transition to a more service-oriented economy have recently reduced raw materials exports from Africa to China by 40% in 2015.<sup>64</sup> But the trade in rhino does not abate. Even though rhino horn is a natural commodity, demand operates differently for it than for minerals or other raw materials from Africa.

In 2015, South African authorities reported that 1,175 rhinos were killed,<sup>65</sup> a slight decline from the previous year but way above the 668 recorded in 2012. But sceptics suggest that the figures understate the problem as revealed by the numbers of orphaned rhinos indicating that actual rhino fatalities might be a few hundred higher.<sup>66</sup> Even if the diminution of killings is credible, this is more than offset by the rise of rhino poaching in the rest of Southern Africa where there was a notable increase, as shown in the graph on the right.<sup>67</sup>



This announced reduction in rhino killings has been achieved at great cost—the killing of many poachers, the militarization of Kruger National Park and the expenditure of vast sums to safeguard the rhino, translocation programs of rhinos to secret or more remote locations in Kruger Park and outside of South Africa.<sup>68</sup>

The boom business in rhino horn may go on for a time as farmers who have rhinos on their property have stockpiled rhino horns lobbying for legalization of the trade in order that they could cash in on their horns. The Pretoria High Court in South Africa's capitol, in November 2015 rescinded, on a technicality, the ban on domestic sale of rhino horn

<sup>63</sup> Norimitsu Onishi, "China's Woes Deflate Hopes for Economic Rise in Africa," *International New York Times*, January 26, 2016, p.1.

<sup>64</sup> "Africa-China Exports Fall by 40% after China Slowdown," Jan, 13, 2016, <http://www.bbc.com/news/world-africa-35303981>, accessed Feb. 9, 2016.

<sup>65</sup> "Poachers kill 1,175 Rhinos in South Africa in 2015," <http://news.discovery.com/animals/endangered-species/poachers-kill-1175-rhinos-in-south-africa-in-2015-160121.htm>, accessed Feb. 6, 2016.

<sup>66</sup> Christopher Torchia, "South African group reports rhino poaching drop in 2015; others say picture still dire," Jan. 2, 2016, <http://www.thestar.com/news/world/2016/01/02/south-african-group-reports-rhino-poaching-drop-in-2015-others-say-picture-still-dire.html>, accessed March 10, 2016.

<sup>67</sup> Richard Van Noorden, "Worst Year Ever for Rhino Poaching in Africa," *Nature*, January 25, 2016. <http://www.nature.com/news/worst-year-ever-for-rhino-poaching-in-africa-1.19225>, accessed Feb. 20, 2016.

<sup>68</sup> Jasper Humphreys and M.L. R. Smith, "The 'Rhinofication' of South African Security," *International Affairs* 90: 4 (2014) 795–818; <http://voices.nationalgeographic.com/2014/08/13/kruger-park-to-move-500-rhinos-to-save-species-from-extinction/>.

after a case was initiated by leading private rhino ranchers.<sup>69</sup> This decision was upheld in January 2016 by a higher court.<sup>70</sup> But the Department of Environmental Affairs (DEA) has appealed the lifting of the domestic ban so the moratorium remains in place at the moment until the appeal is heard.<sup>71</sup> There is speculation that the South African government will try to put legalization on the agenda for the September 2016 CITES meeting in South Africa.

International sale is not authorized and may never be as CITES permits are required for export and import, re-export and introduction into a country, and they will not be issued.<sup>72</sup> As previously mentioned, plenty of questionable “trophy” permits have been issued by CITES for horn export from SA. But the presence of significant transnational criminal networks in South Africa means that the legitimized internal rhino trade could intersect quickly with the illegitimate global trade. It can also lead to an increase in medical tourism as Asian tourists come to consume rhino horn and then take some home on departure.<sup>73</sup>

## **The Perfect Storm**

Illicit entrepreneurship in the rhino horn trade could grow so rapidly because there was demand and money in the markets of Asia, rhinoceri in Southern Africa and developed criminal networks and high levels of corruption along the entire supply chain. These market conditions of supply and demand made this trade work but many more forces explain how this business scaled so rapidly. Some of the facilitating conditions are unique to the history and culture of South Africa, but, unfortunately many of them characterize vast swaths of Africa that is now the source of much endangered wildlife. The presence of fakes, the public service campaigns in Asia to prevent consumption and the exorbitant costs of the rhino horn, have unfortunately, not dented consumption. Rather, the presence of fakes may highlight the value of rhino horns.<sup>74</sup> Law enforcement in Africa, Asia and at points in between has failed to disrupt the crime syndicates and transnational networks that are key to the success of this trade. As a prime South African government advocate for the rhino said to me in a meeting, “There is not only our corruption but everyone else along the route.”<sup>75</sup>

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<sup>69</sup> “South African judge lifts domestic ban on rhino horn trade”, <http://www.theguardian.com/environment/2015/nov/26/south-african-judge-lifts-domestic-ban-on-rhino-horn-trade>, accessed Feb. 9, 2016; Crone.

<sup>70</sup> Associated Press, “South African Court Rules in Favor of Local Rhino Horn Trade, January 21, 2016, <http://www.dailymail.co.uk/wires/ap/article-3409897/South-African-court-rules-favor-local-rhino-horn-trade.html>, accessed Feb. 9, 2016.

<sup>71</sup> <http://www.africanenvironment.co.za/dea-files-to-appeal-rhino-horn-moratorium-judgment/>.

<sup>72</sup> Ibid; Sellar, *The UN’s Lone Ranger*, pp.7-9; <https://www.cites.org/eng/disc/how.php>, accessed Feb. 13, 2016.

<sup>73</sup> Selene Brophy, “Domestic Trade in Rhino Horn Could See ‘Medical’ Tourism Spike in South Africa,” Jan, 21, 2016 <http://traveller24.news24.com/Explore/Bush/domestic-trade-in-rhino-horn-could-see-medical-tourism-spike-in-sa-20160121>, accessed Feb. 12, 2016.

<sup>74</sup> Moses Montesh, “Rhino Poaching: A New Form of Organised Crime,” [http://www.rhinoresourcecenter.com/pdf\\_files/136/1368077595.pdf](http://www.rhinoresourcecenter.com/pdf_files/136/1368077595.pdf), accessed Feb. 10, 2016.

<sup>75</sup> High-level South African official, Pretoria, South Africa, January 2015.

Senior Vietnamese diplomatic staff stationed in South Africa have been directly implicated in illegal rhino horn trade including – the First Secretary, the Economic Attaché, and the Political Counselor of the embassy.<sup>76</sup> In late 2015, a North Korean diplomat was found to be trafficking in rhino horn from South Africa.<sup>77</sup> This is hardly surprising as North Korea has been funding its overseas operations through illicit trade in wildlife since at least the early 2000s.<sup>78</sup>

Corruption is a key facilitator<sup>79</sup> but it is not the only component explaining the absence of success in combating illicit rhino horn trade. Another key element is that most who trade in rhino horn along the entire supply chain from Africa to Asia do not accept the ban on its trade. Interviews with hundreds of smugglers, buyers and combatants by a South African researcher reveal that traders do not recognize what they are doing as illegal. “It starts with the poachers who are individuals that have lost their ancestral lands and the associated hunting rights as a result either of colonial expropriation or of the establishment of protected areas and transfrontier conservation parks.”<sup>80</sup> The mainly white Afrikaner farmers who breed rhinoceri believe that is their right to have the option to extract maximum profit.<sup>81</sup> Many buying the horn in Asia are unconcerned that it is illegal. Moreover, many of those buying the horn in Asia are doing so as an investment bank on the extinction of the rhino.<sup>82</sup>

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<sup>76</sup> “Call for Trade Sanctions to Halt Vietnam's Vast Illegal Rhino Horn Trade: Vietnamese Diplomats and Criminal Syndicates Driving Poaching,”

March 11, 2013, <http://www.prnewswire.com/news-releases/call-for-trade-sanctions-to-halt-vietnams-vast-illegal-rhino-horn-trade-vietnamese-diplomats-and-criminal-syndicates-driving-poaching-196962831.html>, accessed Feb. 15, 2016; Rademayer, p. 257-9.; Environmental Investigation Agency, ‘Vietnam’s Illegal Rhino Horn Trade: Undermining the Effectiveness of CITES’ (February 2013). <http://www.eia-international.org/wp-content/uploads/Species-Rhino-CITES-COP-Red.pdf>, accessed March 10, 2016.

<sup>77</sup> <http://www.news24.com/SouthAfrica/News/exclusive-north-korean-diplomat-expelled-from-sa-for-rhino-horn-trafficking-20151223>, accessed Feb. 20, 2016.

<sup>78</sup> *North Korea: Illicit Activity Funding the Regime*, [Senate Hearing 109-887] [From the U.S. Government Printing Office] S. Hrg. 109-887, Hearing before the Federal Financial Management, Government Information, and International Security Subcommittee of the Committee On Homeland Security and Governmental Affairs United States Senate 109<sup>th</sup> Congress, Second Session, April 25, 2006; interview with Suzanne Hayden in 2015 who is mentioned on p.17 of this study as a key investigator.

<sup>79</sup> Annette Hübschle, “A Status Symbol to Die For” p. 74, Jan. 15, 2015, Max Planck Research, [https://www.mpg.de/9093473/W005\\_culture\\_society\\_070-077.pdf](https://www.mpg.de/9093473/W005_culture_society_070-077.pdf), accessed Feb. 15, 2016; Annette Hübschle (2016). *A Game of Horns: Transnational Flows of Rhino Horn Sellar* (Doctoral dissertation). Retrieved from **correct**

**this** [http://pubman.mpg.de/pubman/item/escidoc:2218357:5/component/escidoc:2261029/2016\\_IMPRSDiss\\_Huebschle.pdf](http://pubman.mpg.de/pubman/item/escidoc:2218357:5/component/escidoc:2261029/2016_IMPRSDiss_Huebschle.pdf); The UN’s Lone Ranger, pp.45-56.

<sup>80</sup> Hübschle, “A Status Symbol to Die For,” p. 74, For further analysis of this idea see, Rosaleen Duffy, *Nature Crime: How we’re getting conservation wrong*, New Haven and London: Yale University Press, 2010, p.55.

<sup>81</sup> One owner interviewed by a TraCCC researcher in July 2015 bought rhino from another private owner to keep them secure, but informed the TraCCC staffer that it’s become such an expense and risk to properly protect them, that she says she and others need help from the government to afford the security, or she needs to be able to use profits from horn to cover it.

<sup>82</sup> Hübschle, “A Status Symbol to Die For,” p.74.



This absence of perception of illegality sets apart many forms of illicit wildlife trade from other kinds of criminality. Wildlife trafficking was not a crime in Mozambique until recently and the main wildlife law did not come into effect until 2014.<sup>83</sup> But many entrepreneurs in illicit trade have even less justification to excuse their activity. Many counterfeiters, producing even harmful counterfeits, perceive that they are committing no harms. Individuals engaged in the trade of people, likewise view their business in the same way. Smuggling, even placing individuals under life-threatening circumstances, is seen as a service to the community<sup>84</sup>. Some drug entrepreneurs, such as Pablo Escobar, thought they were merely entrepreneurs growing a transnational business.<sup>85</sup> With this failure to acknowledge the harm they cause, it is hardly surprising that the trade in rhino horn intersects with many other illicit phenomena.

Those who kill the rhino rarely do this on their own initiative; there is very little speculative rhino killing. Neither were the poachers driven to this crime by the post-2008 recession. Nor is this like the Colombian drug trade where the Colombians refined the drug and then looked for consumers farther north to buy their commodity. South Africans generally only kill rhinos when they have orders and the funds provided from Asia to poach these massive animals.

Most rhino poachers are so poor that they had to be provided everything to go out and kill the animals---transport, guns and cell and satellite phones.<sup>86</sup> Therefore, the increased killing of rhinos is not a sign of entrepreneurship in difficult market conditions. Most are killers for hire, retained by criminals higher in the criminal network. The poachers are found among those who frequent local taverns (shebeens) within the community. South African researchers found other poachers travel to the Park from major cities to slaughter the rhinos, the killers having once worked together in the mines or served together in prison.<sup>87</sup> Most poachers, estimated at 80%, venture from Mozambique from the underdeveloped border region across the Olifants River.<sup>88</sup> Many Mozambican middlemen have enriched themselves through the rhino trade, as evidenced in their palatial homes, and can finance these expeditions.<sup>89</sup>

What contributes to the availability of killers from both South Africa and Mozambique is poor education in rural areas that do not equip individuals for the limited number of jobs,

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<sup>83</sup> Suzanne Hayden paper for TraCCC.

<sup>84</sup> Patrick Radden Keefe, *Snakeheads: An Epic Tale of the Chinatown Underworld and the American Dream*, New York: Doubleday, 2010

<sup>85</sup> "Godfather of Cocaine," March 25, 1997, <http://www.pbs.org/wgbh/pages/frontline/shows/drugs/archive/godfathercocaine.html>, accessed March 10, 2016.

<sup>86</sup> TraCCC research.

<sup>87</sup> Duarte research

<sup>88</sup> <http://www.spiegel.de/international/world/investigation-into-rhino-poaching-turns-into-kidnapping-a-1022611.html>

<sup>89</sup> Alec Russell, "Rhino Poaching: Inside the Brutal Trade," October 2, 2015, <http://www.ft.com/cms/s/2/f71d53ea-67b3-11e5-97d0-1456a776a4f5.html>, accessed Feb. 22, 2016.



high rates of employment and few means to engage with the licit economy. Poverty is endemic. Criminal activity provides the only possibility for significant access to cash.<sup>90</sup> Rhino trade is possibly the most attractive criminal alternative.

## Conclusion

Our research has revealed that the rapid growth of the illicit rhino horn trade has been possible because it has gone into existing criminal and trade networks. Convergence of illicit rhino horn trade with other illegal commodities is central to its phenomenal growth and the strength of the networks that engage in this activity. Corruption on the ground and along the supply chains has been important in facilitating this trade. These corrupt facilitators range from individuals in the parks, to customs officials in transit countries and Asian criminals protected by high-placed individuals.

Apart from the traditional crime groups that engage in this activity, our research reveals that there is a fake-hunt business that is tied to some rhino farmers and even corrupt taxidermists. Yet these individuals are not stand alone criminals. Illustrative of this is the criminal indictment of Groenewald, charged by American authorities, who has a previous conviction for illicit wildlife trade. Therefore, we are consistently finding that these are not single criminal events for individuals involved in this trade but individuals who have a range of corrupt and criminal activity.

Asian and African crime groups on both continents have enabled this trade to develop. Moreover, our research reveals that Vietnamese diaspora communities have been key facilitators in trade routes through Europe. Fortunately, well-run investigations in Europe have provided insights that help us understand better the illicit networks, the problems of convergence and the points of connection between the poaching of rhino and the business of pseudo hunts.

Unfortunately, the efforts to stem the trade of rhino horn in South Africa have spread the killing to neighboring countries. This phenomenon corresponds to criminological insights on the geography of crime. Therefore, it reveals that we must have regional and not just country-based strategies to protect animals at the source. We must pay more attention to the phenomenon of convergence; this will help us to follow crime patterns better. Moreover, it will also help consumer populations like the Chinese to understand that the drug networks bringing drugs into China are being enriched by the illicit rhino trade. Therefore, this trade might be stopped if they want to curtail the networks that they perceive as so harmful to their national survival.

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<sup>90</sup> This recalls the famous novel of Alan Paton, *Cry the Beloved Country* of a murder committed when a burglary committed to acquire a grub stake goes terribly wrong. Although this was 65 years ago, unfortunately little has changed for many black South Africans.