TRAFFIC

June 2024

A REVIEW OF

CHINA'S ANTI-MONEY LAUNDERING LAWS ON COMBATING THE ILLEGAL TRADE IN WILD SPECIES

A COMPARATIVE ANALYSIS OF NATIONAL LEGISLATIONS IN THE UNITED STATES, THE UNITED KINGDOM, AND CHINA

Hsun-Wen Chou

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SUMMARY

Illegal wildlife trade (IWT) has emerged as the fourth largest transnational organised crime, following drugs, weapons, and human trafficking. Criminal syndicates utilise sophisticated networks, comprising poachers and illicit harvesters (i.e., loggers), intermediaries, smugglers, transporters, and traders, to facilitate their illegal activities. Financial and non-financial private sector actors are exploited by syndicates to unlawfully transfer, conceal, and launder significant flows of illicit finance, within or across borders, to fund their illicit activities. Crime syndicates not only undermine the conservation of wild species but also disrupt a country's financial and political stability.

Since many wildlife-related crimes are highly profitable and transnational, the United Nations (UN) General Assembly adopted two resolutions in 2019 which proscribe the seriousness of wildlife crime and call upon members to recognize IWT as a predicate offence for money laundering. The Financial Action Task Force (FATF) — the global standards setting body for money laundering compliance — published its first study on wildlife-related illicit finance in 2020, when the FATF presidency was held by China. Echoing the UN resolutions, FATF recommended countries identify and assess IWT-related illicit finance risks and ensure legislation supports authorities in pursuing financial and asset recovery investigations in wildlife cases. By confiscating IWT proceeds and targeting its high-level beneficiaries, financial intermediaries and corrupt enablers, the UN resolutions and FATF recommendation aimed to make wildlife trafficking less lucrative and higher risk, thereby disrupting criminal networks and deterring future offending. Since then, international organisations have exposed links between wildlife and financial crimes, as well as other serious crimes such as corruption, fraud, and terrorism finance. However, despite the widespread introduction of legislation empowering enforcement and judicial authorities to

investigate IWT through a financial lens, there has been little practical application of these laws in investigation and prosecution practice. South Africa has conducted financial investigations and prosecutions on abalone and rhino horn trafficking, and Malawi recently achieved a landmark conviction against Chinese ivory traffickers for money laundering. Whilst China has made tangible progress elsewhere in tackling wildlife offending, and its national legislation does recognise wildlife trafficking as a predicate offence for money laundering, there are almost no examples of the practical application of AML legislation against wildlife offenders.

In January 2022, 11 governmental agencies, including the People's Bank of China (PBC), Ministry of Public Security (MPS), and the General Administration of Customs, jointly issued the Three-year Action Plan for Combating Money laundering Crimes (2022-2024). This plan outlines the protocol for "parallel investigations", i.e., to conduct investigations on both the predicate crime and money laundering offences in accordance with the law, enhancing efforts to target money laundering crimes as specified in Article 191 of the Criminal Law.

To better address the Action Plan objectives and assist Chinese law enforcement in strengthening the use of AML legislation and financial investigation techniques against wildlife traffickers, this report evaluates the suitability of China's current frameworks and China's Anti-Money Laundering Law (2006) to combat wildlife-related crimes (including the Draft Amendment for Public Comment, hereinafter referred to as the Draft Amendment on AML, which has not been adopted as of May 2024). Furthermore, this report compares China's current AML regulations with more developed AML frameworks in the United States (US) and the United Kingdom (UK), assessing three aspects: legislation and enforcement; supervision and administration; and international collaboration.

LEGISLATION AND ENFORCEMENT

This study found that China's current policy and practice in legislation and enforcement limits successful IWT-related AML activities in three ways. Firstly, contemporary legislation only applies money laundering to a predicate offence of trafficking protected species of animals and plants, with a definition rooted in the question of criminal intent to profit. Money laundering charges cannot currently be applied to other wildlife crimes such as illegal sale of wild species, poaching, and illegal logging. It may therefore be difficult to determine contravention to current AML laws due to the narrow definition of the criminal purpose in money laundering crimes. Secondly, whilst Criminal Procedure Law stipulates protocols for asset recovery in cases involving criminal suspects who have escaped or died, standard guidelines for asset recovery after conviction have yet to be established, limiting the utility of this approach to IWT cases at present. Finally, China's current AML frameworks lack extraterritorial reach and engagement with overseas financial institutions, making it difficult to trace or investigate illegal assets/funds overseas. Relatedly, mechanisms to protect Chinese financial institutions from foreign extraterritorial action are lacking, potentially undermining the reach of China's jurisdiction.

The Draft Amendment on AML addresses these vulnerabilities by broadening the application of AML legislation to disrupt illicit financial flows linked to multiple types of wildlife or forestry crime and providing a framework for cross-border cooperation which protects China's sovereignty in extraterritorial cases and facilitates collaboration on transnational investigations. The adoption of the Draft Amendment on AML will help protect national sovereignty and support law enforcement officials in combatting IWT-related illicit money flows.

SUPERVISION AND ADMINISTRATION

China's financial compliance framework currently encompasses fewer sectors at high-risk of money laundering than UK or US AML regimes, omitting law firms, accountancy, real estate, luxury goods and antiquities/art traders, creating vulnerabilities. Furthermore, current AML legislation does not specify the information that must be included in suspicion transaction reporting (STR) and regulated entities are not sufficiently penalised for failures in reporting, creating inadequacies in reporting. The Draft Amendment on AML addresses such gaps, bringing real estate actors, accountants, and precious metal traders under AML regulations, requiring them to conduct customer due diligence (CDD) and STR. Additionally, it will strengthen penalties for non-compliance. Should the Draft Amendment on AML be successfully adopted, it will incentivise a broader range of actors to combat IWT-related illicit finance.

This report also finds opportunities to develop and improve the mechanism of information sharing between public and private sectors, and also between wildlife and forestry government actors and key AML actors. The People's Bank of China (PBC) regularly convenes Inter-ministerial Joint Conferences on Anti-Money Laundering to stimulate information exchange between departments yet public-private engagement is lacking. Furthermore, membership of the Inter-ministerial Joint Conference on Anti-Money Laundering is dominated by enforcement, justice and financial authorities, excluding authorities in charge of wildlife protection, such as the National Forestry and Grassland Administration (NFGA) and the Ministry of Agriculture and Rural Affairs (MARA). Moreover, the Inter-ministerial Joint Conference on Combating Illegal Trade in Wildlife, led by the NFGA, focuses on combatting IWT through tackling supply chains for illicit product flows and has yet to incorporate the relevant authorities for combatting the associated illicit money flows.

INTERNATIONAL COOPERATION

Efforts to combat IWT through financial investigation are constrained by restrictions on international information exchange. China is not a member of the Egmont Group, a platform for cooperation and intelligence sharing between national financial intelligence units (FIUs) around the world. Instead, China's FIU is only authorised to share or request limited financial intelligence via a few bespoke bilateral agreements, limiting the quantity and quality of its data. Chinese enforcement authorities do use international police cooperation channels, such as submitting INTERPOL alerts or international police liaison requests, but such approaches - whilst simpler than formal mutual legal assistance requests - can result in inertia.

China's mutual legal assistance mechanism is characterised by multiple central authorities and a complex decision-making structure that leads to delays or a lack of response. Furthermore, the inability of Chinese authorities to align asset recovery guidelines which meet international standards and are recognised by other countries has led to difficulties in recovering illegal overseas assets or property.

Based on the findings of this research and analysis, this report makes recommendations for strengthening AML measures to combat IWT in China, tailored for various stakeholders:

For lawmakers/legislators

1. Facilitate the prompt enactment and implementation of the Draft Amendment on AML.

2. Modify the Draft Amendment to enable industry self-regulatory groups to set its own regulations, powers and responsibilities.

3. Expand the scope of predicate criminal acts applicable to money laundering crime provision in the Criminal Law

4. Revise the Supreme People's Court released judicial interpretation of money laundering crime in the Criminal Law to facilitate its practical application by law enforcement and the judiciary.

5. Improve and clarify procedures for confiscating financial proceeds and assets derived from convictions in the Criminal Procedure Law.

For AML administrative authorities

1. Expand the sources of financial intelligence to include information sharing with law enforcement agencies and beneficial ownership registries.

2. Establish a joint public-private sector financial intelligence taskforce to promote information exchange.

3. Improve information and intelligence exchange with financial intelligence units of other countries.

4. Join the membership of the Inter-ministerial Joint Conference on Combating Illegal Trade in Wildlife.

For central authorities responsible for receiving requests for judicial assistance

1. Improve the mechanism of judicial assistance, to increase efficiency of responses to requests for judicial assistance and promote a sound international cooperation experience with other countries.

For law enforcement agencies with the function of investigating upstream and downstream crimes of money laundering

1. Enhance law enforcement awareness and competence in using financial investigations to investigate cases of illegal wildlife trafficking.

2. Utilise international criminal justice channels when handling cases involving cross-border money laundering and fund transfers.

For Financial and Designated Non-Financial Institutions

1. Enhance the ability of financial and non-financial institutions professionals to identify suspicious transactions in IWT cases.

2. Enhance monitoring and control over suspicious transactions based on the risk characteristics and indicators of illegal wildlife trafficking and money laundering.

In conclusion, by comparing China's AML regime with equivalent frameworks in the US and UK, vulnerabilities and limitations can be identified in China's capacity to combat IWT. Gaps in legislation and regulatory guidance need to be addressed; supervision of non-financial actors must be broadened, and administration of AML regimes strengthened to incentivise compliance across all sectors. Opportunities also exist to improve public-public and public-private information exchange and collaboration within China, as well as internationally between national FIUs on extraterritorial and transnational investigations of IWT. The Draft Amendment on AML, published on June 1, 2021, will address many of these gaps and ensure China's AML regulations are in line with international best practice.

1. BACKGROUND

1.1 IWT

For the purpose of this study, wildlife and/or wild species are defined as undomesticated fauna and flora. Wild species play an important environmental role in maintaining healthy ecosystems and mitigating climate change, which benefits humanity and other species humanity depends upon. Furthermore, wild species resources provide essentials to human wellbeing, like food, medicine (including drug development), construction materials, culture, and educational experiences[1]. Legal wildlife trade encompasses any lawful activity involving the acquisition and exchange of wildlife resources, including hunting, trading, exchange, import, export and more. These resources can include live or dead wild animals and plants, their specimens, body parts and derivatives. The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is an international agreement established to reduce the threats to endangered wildlife from international trade and promote sustainable use of wild species. International wildlife trade in both CITES and non-CITES listed species is estimated to generate USD220 billion per year. Between 2016 and 2020, global exports of CITES-listed species alone reached USD11.1 billion, of which animal exports contributed around USD1.8 billion, while plant products comprised USD9.3 billion.[2]

IWT —a typology of wildlife and forestry crime, which in turns falls under the wider umbrella of environmental crimes – refers to the violation of international laws (e.g., CITES) and domestic laws through the illegal logging/harvesting/hunting, illegal trading (including supplying, selling, and transporting), and illegal processing, possession, and consumption of wild species and their products. This illicit trade crosses national borders and continents, encompassing sourcing, transit, and consumption points. Biodiversity-rich countries in Africa, Central and South America and Southeast Asia are key sources for IWT.

Developed regions (such as the US and Europe) and rapidly growing economies (such as East Asia and South Asia) are primary destinations. Illicit demand for wild species products varies based on cultural and consumption norms. Some countries serve as criminal transit hubs due to their strategic locations between source and end consumer countries. IWT is estimated to be worth between USD 7- 23 billion, making it the fourth largest category of illegal trade globally after drugs, arms, and human trafficking[3].

At this level, wildlife-related crime encompasses transnational organised enterprise. Equipped with sophisticated strategies, criminal syndicates adeptly adjust to changing circumstances to ensure a continuous supply of wild species products. Operating through a sophisticated network of opportunistic or commercial poachers, unlawful harvesters (e.g. loggers), intermediaries, smugglers, transporters and traders, they engage in illegal acquisition and transport operations. Corrupt government officials, the private sector, intermediaries, and front companies are leveraged to facilitate illicit product and financial flows. Moreover, financial and non-financial sectors are exploited to transfer, conceal and launder substantial funds and proceeds from the illicit trade across borders, perpetuating their illegal activities. These unremitting activities devastate wildlife resources and degrade ecosystems[4], accelerating climate change[5] and disrupting the financial and political stability of national economies[6,7].

1.2 FINANCIAL TYPOLOGIES IN IWT

IWT relies on various actors in the supply chain to carry out a range of illegal acts as the illicit items flow from source to destination. These actors' profit from these illegal acts and are paid for their services in a variety of ways. Table 1 provides an overview of the payment methods commonly used by various actors in the illegal wildlife trade chain.

Table 1. Overview of the payment methods commonly used by various actors in the IWT chain.

ROLES	RESPONSIBILITIES	TYPES OF PAYMENTS
Poachers (illegal harvesters)	Hunting, harvesting, or logging of wild flora and fauna resources	Cash
Brokers	Buying wild species directly from poachers (illegal harvesters)	Payment in cash or mobile payments
Intermediaries	Providing logistics for the transport of illegal wild species and their products; serving as middlemen between brokers and exporters	Bank transfers, remittances, and online banking (mostly large transactions)
Importers and exporters	Illegally transfer of wild species and wild species products across borders	Bank transfers, remittances, and online banking (mostly large transactions)
Wholesalers	Selling wild species and their products to retailers in the destinations (places of consumption)	Bank transfers, remittances, and online banking
Retailers	Selling wild species and wild species products to end consumers	Cash, online payments such as PayPal and WeChat Pay

In addition to the common payment methods outlined in Table 1, documented cases of IWT demonstrate the range of concealment tactics being used. This includes the use of Informal remittance systems (e.g. hawala)[8], virtual assets (cryptocurrency), barter systems[9], and legitimate registered entities or shell companies to obscure the details of their illicit operations (known as trade-based money laundering [TBML]). In TBML, these corporate entities are used to send funds across borders and withdraw cash from local ATMs. Overseas bank accounts are established to receive payments for illegal wildlife products, evading the oversight of domestic financial institutions. Third-party agents are employed to manage bank accounts for loan payments and currency exchanges. Cash-intensive businesses are also used to remit or receive funds. Family members or relatives are also utilised to receive remittances or illegal earnings.[10]

The illegal proceeds and profits from illegal wildlife trade are not only kept in the form of deposits in the financial system, but also used by wildlife criminals to purchase real estate, land, companies (such as hotels), luxury, high-value goods (such as large appliances, jewellery, gold bars, cameras, watches, vehicles, etc.), bonds, insurance policies, or cash transfers to family members to launder the proceeds of their crimes.[11]

1.3 INTERNATIONAL RESPONSE TO MONEY LAUNDERING ASSOCIATED WITH IWT

As wildlife-related crimes are a highly profitable type of organised crime, two resolutions have been adopted by the United Nations General Assembly (UNGA) to recognise the seriousness of IWT.

The 69th session of the UNGA adopted the resolution on combating illegal trafficking in wildlife (Resolution A/RES/69/314), and the 73rd session of the UNGA reiterated its call on all members to "amend national legislation, as appropriate, so that crimes related to the IWT are considered as predicate crimes for money laundering" in September 2019 (Resolution A/RES/73/343). During its presidency of FATF from July 1, 2019, to June 30, 2020, China has prioritised efforts to assist the FATF member countries in tracking illicit funds in IWT, with disrupting financial flows of large criminal syndicates a key focus during its rotation period.[12] Both the UN and FATF initiatives took the approach of bolstering AML in member states as a key strategy to tackling wildlife crime. The ultimate goal of these efforts is to seize and confiscate illicit proceeds and funds, thereby obstructing crime syndicates from continuing their unlawful pursuits.

As higher-ranking members within organised crime syndicates often manage these funds, tracing the financial flows and tracking down illicit proceeds can lead to deeper probes of these higher-ranking individuals within the criminal hierarchy. This approach contributes to dismantling organised networks engaged in IWT.

2. USING AML MEASURES TO COMBAT WILDLIFE-RELATED CRIMES: PRESENT STATUS AND CHALLENGES

Following a call by the United Nations General Assembly in September 2019, a number of international organisations have published studies on the link between wildlife-related crimes and money laundering. The FATF, an international AML organisation, released a report on the risks of money laundering in the IWT in June 2020 to provide guidance to countries on measures it could implement to combat money laundering in IWT. The Egmont Group, an international organisation composed of Financial Intelligence Units (FIUs) from various jurisdictions, released a financial investigation report on wildlife-related crimes in January 2021, unveiling trends and patterns associated with the flow of funds in wildlife wildlife-related crime. Royal United Services Institute (RUSI) released a report on IWT trends in West Africa and key challenges in using financial investigation in IWT cases in 2021 and another report on UK's exposure and response to IWT-linked illicit finance.[14]

TRAFFIC, in partnership with the United Nations Office on Drugs and Crime (UNODC), published a case compendium on money laundering in wildlife crimes in March 2021. The real-life examples in this compendium assist practitioners with financial crime prevention by displaying the trends and patterns in the illicit flow of funds, while also providing recommendations for practitioners. Even though various agencies and organisations have taken a proactive approach to AML as a result of the UN's call for action, strategies to track and capture illicit financial flows and the use of AML laws to prosecute are not yet widespread in most parts of the world.

Malawi and South Africa have recently pioneered some of the first successful AML convictions of illegal wildlife trade syndicates dealing in ivory and abalone respectively. Financial investigations have been applied in prosecutions on abalone and rhino horn trafficking.[15] Chinese ivory traffickers in Malawi were convicted of money laundering activities.[16]

Despite the fact that AML in combatting IWT was emphasised during the Chinese FATF Presidency, evidence of its use in IWT cases is limited. This is notwithstanding enabling legislation, including the inclusion of wildlife trafficking as one of the predicate crimes of money laundering under Article 191 of the Criminal Law of the People's Republic of China.[17]

In January 2022, 11 governmental agencies[18] jointly issued the Three-year (2022-2024) Action Plan for Combating Money Laundering Crimes. According to the Plan, the PBC and the Ministry of Public Security (MPS) would from January 2022 to December 2024, lead a three-year campaign nationwide to combat money laundering crimes. The operational mechanism of "parallel financial investigations" has been introduced to investigate illicit proceeds of the crime alongside activities that contravene the law. In particular, efforts will focus on money laundering breaches under Article 191 of the Criminal Law.

This report explores the effectiveness of the Draft Amendment on AML, which was promulgated on June 1, 2021 (although yet to be adopted as of May 2024), in tackling wildlife crimes. By doing so, this study seeks to support the efforts of the Three-year Action Plan and encourage law enforcement officials to make use of AML techniques to investigate, arrest, prosecute, and sentence those convicted of wildlife crimes. Furthermore, this report compares China's legislation and its draft amendment with the corresponding AML systems in the US and the UK. Three aspects of the AML regimes will be assessed: relevant legislation and enforcement; supervision and administration; and international collaboration. On the basis of this comparative analysis and research, recommendations for improving the use of AML measures are provided to various stakeholders in China responsible for combatting wildlife-related crimes.

3. LEGISLATION AND ENFORCEMENT

3.1 DEFINITION OF A MONEY LAUNDERING CRIME

This section will first define money laundering under US and UK legislation, before comparing how this type of financial crime is codified in China's domestic legislation.

Firstly, the US Money Laundering Control Act 1986 classifies money laundering into four offences:

1. Money Laundering Involving Financial Transactions, also known as General Money Laundering: this refers to knowingly engaging in (or intending to engage in) a specific financial transaction where the property is partially or entirely derived from illicit proceeds, conducted for one of four criminal purposes.

   In this context, "specific illegal proceeds" refer to the entirety or a portion of the income obtained from committing a serious crime that violates the laws and regulations of a state, federal government, or another country. The four types of criminal purposes are referred to in the US criminal code, specifically in the 18 USC. § 1956 Laundering of Monetary Instruments are:

   i. Intent to facilitate the conduct of specific illegal activities;

   ii. Intent to engage in tax evasion or tax fraud;

   iii. Awareness that a transaction is meant to conceal or disguise the nature, location, source, ownership, or control of a specific illegal activity;

   iv. Knowing that a transaction is intended to circumvent transaction reporting requirements mandated by state or federal law.[19]

2. Money laundering involving the transportation of monetary instruments, also known as cross-border money laundering: the act of knowingly engaging in (or intending to engage in) cross-border transactions with property that is partially or entirely derived from illicit proceeds, for one of four criminal purposes.[20]

3. Money Laundering in the Context of an Undercover "Sting" Case: the entrapment investigation, wherein individuals approved by law enforcement officers, federal investigators, or prosecutors play the role of inducers to lead the defendant into engaging in money laundering activities. The precondition for the implementation is that the defendant has the intention to promote "special unlawful activities" while carrying out financial transactions, hiding or disguising the nature, location, source, ownership of specific illegal proceeds, or evading the state or federal obligations to report transactions. The prosecution must also prove that the defendant intentionally committed the act of money laundering, and that money laundering was an inevitable act. That is, regardless of whether there is an instigator, the perpetrator will carry out money laundering, and the covert crackdown only provides an opportunity to do so.[21]

4. Money Laundering Involving Monetary Transaction, also known as money spending: the perpetrator knowingly engages in or intends to engage in a transaction of USD10,000 or more, with the knowledge that the proceeds of the transaction are derived in whole or in part from the illegal proceeds of a serious criminal offence (without needing to know the specific type of crime).[22]

CASES OF MONEY LAUNDERING INVOLVING IWT IN THE US [23 24 25 26 27]

In June 2022, a Malaysian wildlife smuggler named Teo Boon Ching (age 57) was arrested in Thailand at the request of the US pursuant to an established bilateral extradition treaty. In October of the same year, he was extradited to the US to stand trial. The smuggler in question was charged with involvement in a transaction linked to the trafficking of over 70 kilograms (154 pounds) of rhino horn, valued at over USD725,000 (equivalent to approximately CNY5,187,448).

The indictment filed by the Department of Justice stated that Teo Boon Ching was the leader of a multinational criminal organisation based in Asia, which operated extensively in Malaysia and Thailand, engaging in large-scale trafficking of rhinoceros horns from Africa to Asia. Furthermore, from July to August 2019, Teo Boon Ching was involved in and attempted to engage in financial transactions related to the illegal trafficking of turtles and tortoises and rhino horns in the southern district of New York and other locations, with the intent to conceal and disguise the nature of property, location, source, ownership, and control of the proceeds of specific illegal activities. As a result, the US Department of Justice charged Teo Boon Ching with trafficking and selling wildlife and two counts of money laundering. The money laundering charge carried a maximum sentence of 20 years in prison, while the trafficking and selling charges carried a maximum sentence of 5 years in prison.

The US Department of the Treasury stated, "Teo Boon Ching specializes in the transportation of rhino horns, ivory, and pangolins from Africa, generally utilizing routes through Malaysia and Laos and onward to consumers in Viet Nam and China."

The sanctions announced by the US Department of Commerce include a ban on Teo Boon Ching and others from accessing any property or financial assets held in the US, as well as prohibiting them from conducting business with American companies and citizens.

On September 19, 2023, Teo Boon Ching was sentenced to 18 months in prison for large-scale trafficking of rhino horns by US District Court for the Southern District of New York.

In the UK, the definition of money laundering is outlined in the UK's Proceeds of Crime Act (2002), as follows:

i. Concealing, disguising, converting, or transferring criminal property or moving criminal property out of England and Wales, Scotland, or Northern Ireland;

ii. Participate in or take notice of a particular activity, knowingly or suspecting that the activity contributes to acquiring, retaining, using, or controlling criminal assets;

iii. Obtaining, using, or possessing criminal assets.[28]

The definition of criminal proceeds associated with money laundering is not limited to profits from serious crimes, and the forms of proceeds are not restricted to monetary assets only but encompass any type of assets. This means that any person who acquires an advantage in the form of money or assets of any kind in the course of an offence committed in the UK is also guilty of money laundering.

FINANCIAL INVESTIGATION AND ASSET RECOVERY IN CASES INVOLVING IWT IN THE UK [29] [30]

This is a case that happened before the UK formally withdrew from the European Union (31 January 2020). In 2017, UK and other European authorities worked together on a case of a glass eel trafficker called Gilbert Khoo who used a front company to facilitate illicit trade in this protected species. The case arose on February 15, 2017, when the UK Border Force (UK BF) seized glass eels valued at more than GBP5.7 million under a shipment of chilled fresh fish. The goods were shipped from Spain to the UK for export to Hong Kong Special Administrative Region (SAR), China. The Spanish authorities had alerted the UK BF through informal channels that Khoo was suspected of illegally selling glass eels from the UK to markets located outside Europe. It is legal to sell glass eels under license within the European Union, but not outside the European Union.

The National Crime Agency (NCA) launched a criminal investigation and arrested Khoo at London Heathrow airport on February 23 when he returned from Singapore. NCA officers used a unique consignment number to prove the association between the designated consignment recipient and Khoo's company Icelandic Commodities Export Ltd (ICE). Information from the public registry of

beneficial ownership information for UK Companies House indicates that Khoo holds 80% of the shares of ICE Ltd. The NCA subsequently determined that Khoo used ICE to traffic protected species between January 2015 and February 2017. Khoo stored eels imported from France and Spain at farms in the UK before repackaging them as "chilled fresh fish" and shipping them to Southeast Asia. Officials estimated that Khoo shipped more than 1,775 kg of eels in 16 illicit consignments with an estimated market value of GBP53 million.

Investigators searched Khoo's home after his arrest, extracted emails and call records from his computer and cell phone, and collected bills. The NCA obtained the tax records from Her Majesty's Revenue and Customs. The Spanish authorities provided the eel transport notes issued to Khoo's associated companies. The Crown Prosecution Service (CPS) proved that Khoo was in control of the act. On February 7, 2020, Khoo was convicted of illegally importing and transporting protected species. Under the UK AML act, the CPS then initiated confiscation proceedings following a criminal conviction. However, whilst the CPS case established Khoo had made GBP5.9 million in illicit gains, only GBP23,533 in realizable assets were liable for confiscation at the time of conviction. The confiscation hearing subsequently culminated in a court order to Khoo to pay the lesser figure to the UK authorities within 3 months or face 8 months custodial sentence.

In China, provisions under the Criminal Law of the People's Republic of China refer to the transfer, concealment and laundering of criminal proceeds and earnings. These include Article 191, "crime of money laundering"; Article 312, "crime of concealing and disguising criminal proceeds and earnings of criminal proceeds"; and, Article 349, "crime of harbouring, transferring and concealing drugs and drug proceeds".

Article 191 of the Criminal Law defines "money laundering" as the act of covering up and concealing the origins and nature of the proceeds from seven predicate crimes.[31] Offenders of these predicate offences (alone or with assistance from others, including those facilitating financial accounts) convert property (or item) into cash or other financial instruments, facilitates fund transfer and/or overseas remittance, and use alternative means[32] to disguise or conceal the illegal origins or those that benefit from the crime.

The 2020 Amendment to the Criminal Law (11th) (that came into effect on March 1, 2021) revised Article 191 by removing the subjective element of "knowingly" and the objective element of "assisting" from the original text. This implies that even if the perpetrator of the predicate crime handles the proceeds without the involvement of others in concealing or transforming them, they could still be held liable for money laundering ("self-money laundering"). The amendment increases the penalties for predicate offenders who reap the most benefits from money laundering.

The determination of a money laundering crime rests on subjective intent, which encompasses two aspects:

i.   Knowing that the property transferred or converted to financial assets is derived from criminal activities and their profits;

ii. Knowing that the crime and its proceeds are derived from any of the specified seven predicate crimes[33].

In Article 312 of the Criminal Law, "concealing and disguising criminal proceeds and earnings of criminal proceeds" refers to knowingly harbouring, transferring, acquiring, selling on behalf of others, or otherwise concealing or disguising criminal proceeds and the earning. There is no restriction on the type of predicate crime, and the defendant's awareness in covering up proceeds of crime forms a crucial part of the subjective element.

In legal proceedings, the interpretation of money laundering crime (Article 191) on the origins and laundering of the proceeds of a crime imposes constraints in the law's application. Firstly, money laundering crime pertains only to the seven specific predicate crimes, which excludes wildlife-related crimes other than wildlife trafficking, such as illegal trade, poaching, and illegal logging. Here the UK's definition of criminal proceeds may be instructive. It considers predicate crimes for money laundering as encompassing any offence that generates a profit and considers proceeds that include assets other than money.

Secondly, within the definition of money laundering, China's Criminal Law suggests that activities that are considered as predicate offences for money laundering must involve the perpetrator attempting to convert illegally sourced proceeds to legal tender, thus "laundering" it. Solely possessing or harbouring ill-begotten funds does not constitute money laundering, highlighting a constraint in the application of the definition of "money laundering crime" under Article 191. In the UK, money laundering includes not only the concealment, conversion, or transference of criminal assets, but encompasses the acquisition, use, or possession of such assets. In other words, criminal suspects who acquire any form of criminal proceeds are considered to be engaging in money laundering. Even if the proceeds of a crime have not yet been transferred or converted into other types of assets, simply possessing criminal proceeds can lead to their arrest and charges for money laundering.

Thirdly, the definition of money laundering crimes in China requires defendants to be found aware of the criminal act they are committing, referred to as "explicit recognition (knowingly)". This requirement for mens rea limits the application of money laundering charges by making them harder to evidence. As per the "Interpretation by the Supreme People's Court of Several Issues Concerning the Specific Application of Law in the Trial of Criminal Cases Involving Money Laundering,

etc. (FS [2009] No. 15)"[34] (hereinafter "Interpretation"), the criterion for defendants to be aware they are committing a money laundering crime includes either actual knowledge or constructive knowledge. Actual knowledge is based on the individual's clear awareness of their own or others' criminal acts (Article 1, Paragraph 2 (1)[35]) or a distinct recognition that the proceeds are derived from an individual involved in a predicate offence, and it could therefore be inferred that the monies and/or assets a defendant is assisting that individual with are derived from criminal proceeds (Article 1, Paragraph 2 (6)). Constructive knowledge, as outlined in Article 1, Paragraph 2 (2)-(5) of the Interpretation, involves inferring that the perpetrator possesses conscious awareness that they are deviating from regular market conduct, and cannot provide a legitimate reason for their behaviour.

US money laundering law not only includes cases where the perpetrator is aware or possibly aware of the nature of the transaction, but also cases of wilful ignorance towards the nature of the transaction. Wilful ignorance refers to the situation where a person lacks actual knowledge or correct understanding of a certain fact, and even if they have doubts, they intentionally avoid seeking clarification in order to deny the "knowledge". Given that the legislative scope on money laundering in China does not include "wilful ignorance", it could potentially lead to a situation where employees of banks, insurance companies, and other entities obligated by law to report on financial activities at risk of money laundering, intentionally fail to fulfil in their legal duty to report suspicious transactions. In such cases in China, criminal liabilities cannot currently be brought against the individual under the corresponding provisions of the Criminal Law.[36]

Finally, China's definition of money laundering crime has a limited scope in terms of criminal intent. Money laundering crimes are focused on the criminal intent of concealing and disguising the origin and nature of the proceeds of seven specific predicate crimes. However, the current framework struggles to encompass activities pursued for purposes beyond the criminal purpose of concealing the proceeds of these seven predicate crimes. The four criminal intents outlined in US money laundering law also include the intention to facilitate specific illegal activities, an intention to engage in tax evasion or tax fraud, and the avoidance of transaction reporting requirements mandated by state or federal laws. The scope of money laundering charges is much wider in the US as a result.

In conclusion, due to the restrictive definition of money laundering under Article 191 of the Criminal Law and its limits in legal proceedings, money laundering might only

apply to the trafficking of illegal wild species but lacks coverage in the broad range of other wildlife-related crimes such as illegal sale of wild species, poaching, and illegal logging. The limited scope of criminal intent could also make it difficult to prosecute offenders on money laundering charges when they are using the proceeds of crime to fund wildlife trafficking activities.

3.2 PREDICATE CRIMES

There are distinct differences in the definitions of predicate crimes in relation to money laundering between China, the US, and the UK. US legislation includes codes for "Laundering of Monetary Instruments (Chapter 95, Section 1956) and 'Racketeer Influenced and Corrupt Organisations" (Chapter 96, Sections 1961-1968), which establish the scope of predicate crimes related to money laundering offences. Paragraph (c)(7)(B) of the Laundering of Monetary Instruments also includes offences committed against a foreign state if the offence took place entirely or partially within the US states that if any or part of a financial transaction occurring in the US involves funds originating from certain foreign criminal activities, the proceeds may also constitute proceeds from specified illegal activities. In addition, Paragraph

(c)(7)(E-G) of the Laundering of Monetary Instruments includes environmental crimes as a predicate offence, including proscribed acts under the Endangered Species (Chapter 35, Sections 1531-1544), the African Elephant Conservation (Chapter 62, Sections 4201), and the Rhinoceros and Tiger Conservation Act (Chapter 73, Sections 5305a), as well as other pollution or public health-related offences. This clearly indicates that multiple typologies of wildlife crime can be considered a predicate offence for money laundering in the US. Distinct legislation in the UK enables thorough investigations into funds or assets for any criminal activity aimed at gaining specific benefits.

The key legislation in outlining predicate crimes for money laundering in China is Article 191 of the Criminal Law. Crimes related to drugs, organised crime with a triad nature, terrorist activities, trafficking (including wildlife trafficking), financial fraud, corruption and bribery, and undermining the order of financial management are considered predicate crimes. Concealing and disguising proceeds and earning from criminal activities other than seven types of predicate offences, such as other types of wildlife crime beyond the trafficking of wild species can be prosecuted under Article 312 of the Criminal Law. Table 2 provides a comparison of the predicate money laundering crimes in China, the US, and the UK.

Table 2. Overview of Predicate Money Laundering Crime Categories in China, the US, and the UK

CHINA	THE US	THE UK
Drug-related crimes (Article 191 of the Criminal Law)	Drug trafficking	Any crime that may potentially lead to money laundering, as well as financial activities linked to terrorism
Organised crime with characteristics of the under-world (Article 191 of the Criminal Law)	Organised crime, including terrorist activities	
Terrorist activities (Article 191 of the Criminal Law)		
Trafficking crime (including wildlife trafficking) (Article 191 of the Criminal Law)	Human trafficking	
Financial fraud (Article 191 of the Criminal Law)	Fraud (especially healthcare fraud, identity theft, tax fraud, mortgage fraud, retail and consumer fraud, and securities fraud)	
Corruption and bribery crimes (Article 191 of the Criminal Law)	Public corruptions involving domestic and international aspects	
Criminal activity undermining the order of financial management (Article 191 of the Criminal Law)		
Money laundering activities derived from other types of criminal offenses shall be subject to Article 312 of the Criminal Law	Environmental crimes (water pollution and endangerment of species)	

Limiting the scope of China's current Anti-Money Laundering Law to the seven predicate crimes has constrained the law's utility and practical application. FATF Recommendations suggests that besides the seven predicate crimes, China should include over 20 other predicate crimes including environmental crimes, extortion, theft and robbery, and copyright infringement. Other environmental crimes that should be incorporated include multiple forms of IWT, wildlife poaching, illegal logging, illegal fishing, illegal extraction of natural resources, and dumping of electronic and toxic waste[37].

In line with this thinking, Article 2 of the Law of the People's Republic of China on Anti-money Laundering (Draft Amendment for Public Comment) (hereinafter referred to the Draft Amendment on AML)[38] seeks to remove the constraints of limiting money laundering to seven predicate crimes, proscribing instead that money laundering of all kinds should be considered unlawful.[39,40] Whilst the current provisions in the Anti-Money Laundering Law align with the Criminal Law, the revised provisions in the Draft Amendment specify three types of offences, including crimes related to criminal proceeds and money laundering (Articles 191, 312 and 349 of Criminal Law). This also implies that the adoption of the Draft Amendment on AML could boost the practical application of the Anti-Money Laundering Law for IWT cases and strengthen the tracking of wildlife-related illicit financial flows. Expanding the scope of predicate criminal acts under Article 191 of the Criminal Law would greatly contribute to a more effective alignment between the Criminal Law and the new Anti-Money Laundering Law in terms of money laundering crimes.

3.3 ASSET RECOVERY

When it comes to confiscating illicit gains from illegal activities in the US, the Bank Secrecy Act enforces both civil forfeiture and criminal forfeiture[41] against money launderers. Any property and assets associated with money laundering activities is subject to seizure[42]. Criminal confiscation acts as a penalty following conviction and sentencing, targeting assets linked to the defendant's crime, including proceeds and properties used for illegal activities, as well as any alternative assets.[43] Civil litigation targets property related to criminal activities, and can be filed before or after the criminal cases, and may be initiated without a criminal prosecution.[44] It can include property related to the criminal act, such as proceeds, instruments used during the criminal act, or property that facilitated the crime.

To ensure the maximum possible confiscation of assets involved in a case, it is common practice in judicial proceedings to simultaneously initiate civil confiscation and criminal confiscation, to yield the maximum possible recovery of assets.[45]

The main facets of the UK's approach to tackling money laundering are primarily embodied in the POCA Act 2002. The purpose of this Act is to recover criminal assets through both criminal confiscation and civil asset recovery, deterring criminals from using their ill-gotten gains and to curtail further criminal activities. Any profits made from assets obtained as a result of illegal activity may also be recovered.[46] POCA grants investigative powers such as search and seizure, and powers to apply for production and disclosure orders, and allows for asset restriction or freezing to prevent transfers during investigation.[47] The Serious Crime Act 2015 and the Criminal Finances Act 2017 further empower law enforcement to investigate, freeze, and seize cash and assets associated with serious and organised crime and terrorist financing.[48]

Criminal confiscation in the UK involves a series of steps: once a guilty verdict is delivered by the court, the prosecution or the Asset Recovery Agency can request the court to confiscate criminal proceeds, initiating the criminal confiscation procedure. The court will determine whether to issue a confiscation order to recover the proceeds of crime and the recoverable amount based on the defendant's "criminal lifestyle" and whether they have benefited from criminal activities.[49]

Civil confiscations in the UK are authorised by the Crown Court and may be pursued even without a conviction or criminal proceedings being initiated.[50] The purpose of civil asset recovery is to seize assets, which are likely – against a lower burden of proof than in a criminal court – to have been obtained illegally.[51] The civil confiscation procedure targets illegal activities as defined by domestic criminal law, as well as activities deemed illegal in other countries under their respective legislature. Illegal gains and their proceeds, and property obtained as part of the unlawful activity, can be confiscated as part of civil asset recovery. When law enforcement agencies determine that certain assets are illegally obtained and subject to recovery, they can issue a recovery order to the person holding the recoverable property, requesting an application to be made to the Crown Court.[52]

In China, the recovery and confiscation of crime-related proceeds and property are primarily addressed within the Criminal Law and the Criminal Procedure Law. Article 64 of the Criminal Law introduced the concept of "special

confiscation" which encompasses retrieval of all illicit gains, confiscation of prohibited items, and seizure of personal belongings used in criminal activities. This is comparable to the criminal and civil forfeiture principle found in UK and US legal systems. Chapter Three of Part Five in the Criminal Procedure Law outlines procedures for the confiscation of unlawful gains in cases involving escape or death of suspects or defendants[53]. This enables asset recovery in circumstances where suspects or defendants may evade criminal prosecution due to escape or death. This confiscation procedure applies to crimes such as embezzlement, bribery, terrorist activities, money laundering, and related predicate crimes[54].

In cases where the suspects or defendants remain at large for over a year or have died, the prosecutor's office can petition the court to confiscate their illegal gains and other assets. To initiate seizure and confiscation, evidence must be submitted, specifying the asset types, quantities, locations, and actions to seal, impound, or freeze the assets. Money laundering crimes under the Criminal Law can result in the confiscation of illegal proceeds and subsequent earnings generated. However, the current framework lacks a provision governing the confiscation of assets when a defendant has been successfully convicted. This inconsistency is striking and suggests further reforms to the Criminal Procedure Law are necessary.

3.4 EXTRATERRITORIAL EFFECTIVENESS

Given the dominance of the US dollar as an international currency and the prevalence of offshore banking centres in the US, the AML statutes in the US include significant proportions of extraterritoriality and hold sway well beyond its borders. Article 6308 of the Anti-Money Laundering Act empowers the US Department of Justice and the Department of the Treasury to subpoena records from foreign bank accounts which utilise US correspondent banks and demand any associated records, including customer data stored outside the US territory[55]. Non-compliance by foreign bank personnel with these subpoenas, whether senior executives,

directors, or employees, can result in penalties, sanctions and the loss of power of attorney. The principle of long arm jurisdiction, as enshrined in Articles 317 and 319 of the Patriot Act, empowers the US Department of the Treasury, Department of Justice, and law enforcement agencies to extend their authority for supervision, inspection, control, and sanctions over financial activities both domestically and internationally. Legal actions based on US AML legislations can be taken against foreigners or foreign financial institutions. This includes recovering assets from foreign banks, recovering funds in the foreign banks' overseas branches setting in the US, and requiring foreign banks with correspondent bank accounts in the US to provide transaction records[56,57]. The advantage of long arm jurisdiction lies in its expansive reach to combat the equally diffuse and far-reaching acts and harms of transnational crime and terrorism.

The current Anti-Money Laundering Law of China does not yet contain provisions governing the extraterritorial reach of domestic legislation and penalties in overseas jurisdictions. This could make it challenging for Chinese authorities to trace illicit assets or funds outside the country. Conversely, to protect China's sovereignty, national security and social order, Article 47 of the Draft Amendment on AML empowers financial institutions in China to refuse information requests from foreign authorities and prohibits the seizure, freezing or transfer of assets within China without the approval of the financial regulatory authorities. The Draft Amendment also states that in accordance with the principle of reciprocity or based on mutual agreement with the relevant countries, foreign financial institutions having correspondent banks in China or close commercial and operational relations with China should cooperation with the Chinese authorities during the money laundering and terrorist financing investigation process. The Draft Amendment represents the Chinese government's commitment to safeguarding information and data within its borders, respecting international reciprocity and prioritising national security[58]. Enacting this amendment will further empower law enforcement to track and uncover the movement of illicit assets or funds tied to money-laundering abroad, securing the country's security and interests.

4. SUPERVISION AND ADMINISTRATION LEVEL

4.1 REGULATORY SYSTEM

The US regulatory system for AML/anti-terrorist financing consists of both federal and state regulatory authorities.[59] At the federal level, the main AML regulatory agencies are the Department of Treasury, the Department of Justice, and the Department of Homeland Security. The Department of Treasury serves as the lead executing agency responsible for ensuring the financial security of the US. Financial Crimes Enforcement Network (FinCEN), within Department of Treasury, is the FIU in charge of collection, analysis, and dissemination of financial intelligence[60].

The Department of Justice (DOJ) investigates and prosecutes money laundering/terrorist financing crimes. The Department of Homeland Security (DHS) is responsible for national security, including investigations of money laundering and preventing terrorism.

For a comprehensive list of the functions of other AML-related agencies, please refer to Table 3.

Table 3. List of US AML agencies by function

FUNCTION	AGENCY
Decision-making	National Security Council (under the President's Office), National Drug Control Policy Office (under the President's Office), Office of Terrorism and Financial Intelligence, TFI (under the Department of Treasury)
Intelligence gathering and analysis	FinCEN (under the Department of Treasury), Treasury's Office of Intelligence and Analysis (OIA) (under TFI), National Counter Terrorism Centre (NCTC), Office of Intelligence and Analysis (within Department of Homeland Security), Special Operations Division (SOD) (within Drug Enforcement Administration, the Department of Justice), Department of State, Bureau of Counterterrorism, National Counter Proliferation Centre (NCPC) (within the Office of the Director of National Intelligence)
Federal law enforcement and investigations	Federal Bureau of Investigation (under the Department of Justice), Organised Crime Drug Enforcement Task Forces (under the Department of Justice), Criminal Investigation Division of the Internal Revenue Service (under Department of Treasury), Immigration and Customs Enforcement (under the Department of Homeland Security), Customs and Border Protection (under the Department of Homeland Security), El Dorado Task Force, Bureau of Alcohol, Tobacco, Firearms, and Explosives (under the Department of Justice), the US Coast Guard (under the Department of Homeland Security), the Secret Service (under the Department of Homeland Security), and the US Postal Inspection Service
Federal prosecution	Federal prosecution The Office of the Prosecutor in the US (under the Department of Justice), the Criminal Division's Asset Forfeiture and Money Laundering Section (under the Department of Justice), and the National Security Division's Counterterrorism Section (under the Department of Justice)
Management of financial sanctions and asset seizure	Office of Foreign Asset Control (under the Ministry of Finance's Office of Terrorism and Financial Intelligence), and the US Federal Marshals Service (under the Department of Justice)
Compliance regulators	Bureau of Financial Crimes Enforcement, Federal Reserve Board, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency (under the Department of Treasury), National Credit Union Administration, and State Banking Regulatory Authorities

The UK's AML regulatory system is comprised of the Treasury, the Home Office, the Financial Conduct Authority (FCA), the Office for Professional Body AML Supervision (OPBAS), and self-regulatory organisations (professional body supervisors, PBS), as well as public-private partnerships, i.e. the Joint Money Laundering Intelligence Taskforce (JMLIT), and inter-agency frameworks, i.e. National Economic Crime Centre (NECC)[61]. The Treasury is responsible for ensuring the effectiveness of the supervisory regime by appointing 25 AML supervisors for the compliance of AML requirement, including three statutory supervisors (the

FCA, His Majesty's Revenue and Customs (HMRC), and the Gambling Commission) and 22 legal and accountancy PBSs[62]; the Home Office is responsible for maintaining public security and combating the risks of terrorist financing; the FCA is responsible for regulating the financial services industry[63]; the OPBAS housed within the FCA supervises the 22 PBSs in the legal and accountancy sectors[64]; the AML enforcement agencies consist of the Police, HMRC, the Crown Prosecution Service, and the NCA[65]. Please refer to Table 4 for a comprehensive overview of UK AML-related agencies and their functions.

Table 4. List of the UK's AML agencies by function

FUNCTION	AGENCY
Decision-making and policy-making	The Home Office, the Treasury, the Money Laundering Taskforce, the Departmental Committee on Terrorist Financing, and The Office for Professional Body AML Supervision (OPBAS)
Law enforcement and the judiciary	The NCA, the Serious Fraud Office (SFO), the Metropolitan Police and City of London Police along with Economic Crime Units in regional police forces, and the National Economic Crime Centre
Intelligence gathering and analysis	The NCA National Intelligence Hub, the Serious Fraud Office Intelligence Unit, Police, Joint Money Laundering Intelligence Taskforce, Joint Financial Analysis Centre, and the UK Security Services
Investigations and prosecutions	NCA, the Serious Fraud Office, Fraud Investigation Service of HMRC, Financial Conduct Authority, Regional Organised Crime Units and Economic Crime Units in local Police forces, CPS, Police Service of Northern Ireland, Police Scotland, Joint Terrorism Analysis Centre, and Counter-Terrorism Police
Management of financial sanctions and asset freezing	The Foreign and Commonwealth Office, along with the Office of Financial Sanctions Implementation (under the Treasury)
Compliance regulators	Financial Conduct Authority, HMRC, Professional Body Supervisors, Professional Anti-Money Laundering Supervision Office, and Gambling Commission

Led by the PBC, the Chinese AML supervision and administration system is responsible for the development of relevant regulations and rules. PBC also presides over the inter-ministerial joint conference on AML. China's FIU consists of the China Anti-Money Laundering Monitoring and Analysis Centre (CAMLMAC), the Anti-Money Laundering Bureau (AMLB) and the PBC branches, all of which are hosted by PBC. CAMLMAC, the central component of China's FIU, is in charge of

receiving STRs reported to PBC branches, as well as information exchange with foreign FIUs. The supervision, administrative investigations, policy oversight, and AML work coordination are carried out by AMLB. The decentralised FIU arrangement could reduce the efficiency of intelligence analysis and dissemination, caused by incomplete access by all parts of FIU to all data[66]. Refer to Table 5 for a list of China's AML agencies by function[67].

Table 5. List of China's AML agencies by function

FUNCTION	AGENCY
Decision-making and policy-making	The PBC and the Ministry of Foreign Affairs
Law enforcement and the judiciary	The Ministry of Justice, the Supreme People's Court, the Supreme People's Procuratorate, the General Administration of Customs, and the Ministry of Public Security
Intelligence gathering and analysis	CAMLMAC, the AML Monitoring and Analysis Centre, the Anti-Money Laundering Bureau, and branches of PBC, the Ministry of State Security, and the State Administration of Taxation
Prosecution and investigation	Ministry of Public Security (Narcotics Control Bureau, Criminal Investigation Bureau, Food and Drug Crime Investigation Bureau, and Economic Crime Investigation Bureau), and Anti-Smuggling Bureau (ASB) within General Administration of Customs (GAC)
Management of financial sanctions and asset freezing	The Economic Crime Investigation Department (ECID) of Ministry of Public Security and ASB of GAC
Regulation setting	PBC, Ministry of Finance, Ministry of Civil Affairs, Ministry of Housing and Urban-Rural Development, State Administration of Foreign Exchange, State Administration for Market Regulation, China Banking and Insurance Regulatory Commission, China Securities Regulatory Commission, and Shanghai Gold Exchange

4.2 SUPERVISED ENTITIES IN AML COMPLIANCE REGIMES

Section 1.2 on money laundering methods by perpetrators engaged in IWT suggests that illicit proceeds are commonly laundered by acquiring movable and immovable property, valuable items, or financial policies and bonds. This demonstrates that illegal gains are not just converted into cash held in various currencies, but also transformed into other types of assets through investment. Therefore, AML compliance supervision should extend beyond financial institutions to include designated non-financial businesses and professions (DNFBPs) susceptible to exploitation as money laundering conduits. Expertise held by professional intermediaries – such as lawyers, notaries, accountants, auditors, tax planners, and financial experts, among others – make such functionaries ideal targets for exploitation as well as potential accomplices to money laundering. In order to effectively prevent and combat money laundering, some countries include DNFBPs under AML regimes, assigning such actors legal and compliance responsibilities under national laws. The extent and breadth of regulatory coverage in non-financial sectors contributes significantly to the effectiveness of AML supervision.

Entities with responsibilities under AML supervision in China, the US and the UK differ considerably. In China,

only financial institutions established in China and DNFBPs such as securities companies, futures brokers, and insurance companies have such obligations. In the US and UK, there is a wider scope of DNFBPs with AML obligations, including lawyers, accountants, real estate agents, distributors of luxury goods, and traders in arts and antiquities, highlighting a significant blind spot in China's AML frameworks (Table 6).

DNFBPs in the UK are not only subject to the same regulatory supervision as financial institutions, but also adhere to a registry system to prevent criminals from entering the market. Relevant regulatory institutions, such as the Committee of Taxation and Customs Administration and the Financial Market Conduct Authority, carry out supervision and oversight of specific DNFBPs. The individuals under scrutiny are not permitted to conduct business until they receive the regulatory authority's approval for registration[68]. Industry associations and self-regulatory organisations have been entrusted with the responsibility of AML supervision, enabling them to issue a series of normative guidelines on AML to assist the industry in fulfilling their AML obligations[69]. China has also established self-regulatory organisations in related industries, such as the China Banking Association, the Securities Association of China, and the Insurance Association of China. However, due to the current Anti-Money Laundering Law not granting supervisory functions to self-regulatory organisations, their role in AML supervision is limited.

CHINA (CURRENT AML LAWS)	CHINA (DRAFT AMENDMENTS)	THE US [70 71]	THE UK [72 73]
Commercial banks, urban credit cooperatives, rural credit cooperatives, postal savings and remittance institutions, and policy banks	Development financial institutions, policy banks, commercial banks, rural cooperative banks, rural credit cooperatives, rural banks, loan companies, bank wealth management subsidiaries, and small loan companies engaged in online microlending operations	Banking industry (referring to depository institutions, including banks and credit institutions (including banks and insurance companies))	Banking industry
Securities companies, futures brokerage firms, and fund management companies	Securities companies, futures brokerage firms, and securities investment fund management companies	Securities dealers, mutual funds, and investment advisors	Securities industry
Insurance companies, and insurance asset management companies	Insurance companies, and insurance asset management companies	Life insurance companies	Insurance industry
Trust investment companies, financial asset management companies, financial companies, financial leasing companies, and automotive finance companies	Trust companies, financial asset management companies, financial companies of corporate groups, financial leasing companies, automotive finance companies, and consumer finance companies	Trust companies, and incorporation agents	Trust and corporate service providers
Organisations engaged in foreign exchange transactions, payment settlement services, and fund sales business, and money brokerage companies	Money brokerage firms and non-bank payment institutions	Money service business (including virtual currency)	Money service enterprises, crypto asset exchange providers, and custodial wallet providers
		Lawyers	Lawyers
	Accounting firms	Accountants	Accountants, and tax consultants
	Real estate development enterprises, and real estate intermediaries	Real estate brokers	Real estate agency business
	Precious metals trading venues and traders	Dealers in precious metals and gems, dealers in vehicles/planes/ships, and antiquities trading (antiques and art trading)	Dealers of high-value items (precious metals, jewellery, automobiles, alcohol, etc.), and art trading industry
		Gambling houses	Gambling houses
		Travel agency/agent	

By comparison to the narrowness of China's current AML supervisory landscape, the Draft Amendment on AML promises a more expansive reach across a greater variety of financial institutions and DNFBPs, including:

1. Financial institutions: By comparison to the current Anti-Money Laundering Law, the Draft Amendment on AML dramatically extends the definition of financial institutions (see Table 6). Although those designated for AML oversight, such as insurance intermediaries, bank card clearing organisations, capital settlement centres, fund sales organisations (in accordance with the Measures of the PBC for the Supervision and Administration of Anti-Money Laundering and Anti-Terrorist Financing of Financial Institutions issued on April 15, 2021), are not explicitly listed in the Draft Amendment on AML[74], the broad definition of financial institution would still provide coverage.

2. DNFBPs: The current Anti-Money Laundering Law (Article 35) does not provide a definitive list of DNFBPs. Article 61 of the Draft Amendment on AML addresses this with a clear definition and list of the relevant DNFBPs, which includes real estate development enterprises, real estate brokerage firms, accounting firms, precious metals trading venues, and dealers. The scope of DNFBPs in the Draft Amendment on AML largely aligns with the UK and US AML compliance frameworks except for the exclusion of lawyers and heritage/art trading industries, which might create vulnerabilities to the efficiency in the prevention of money laundering.

3. Organisations and individuals: Article 4 of the Draft Amendment on AML designates both organisations and individuals as subject to certain compliance responsibilities, including assisting financial institutions and DNFBPs in performing customer due diligence, supporting AML investigations; and declaring payments of large cash transactions with receipts and other special preventive measures against money laundering. The Draft Amendment stipulates penalties for organisations and individuals who engage in or facilitate illegal and criminal activities such as money laundering.

Article 26 of the Draft Amendment on AML allows the supervised organisations to form and participate in related associations and other self-regulatory bodies. These associations and bodies are expected to aid in AML coordination and self-regulation. However, the Draft Amendment does not explicitly confer supervisory authority and corresponding obligations to private

sector bodies and self-regulatory organisations or their members. It is expected that self-regulatory organisations can coordinate AML efforts, as seen in the UK AML architecture organisations.

If adopted, the Draft Amendment on AML will broaden the type and number of supervised entities obligated to comply with AML regimes, significantly strengthening the breadth of AML efforts in China. The volume of money laundering cases involving the detection of illicit finance linked to wildlife trafficking and other predicate crimes should increase if a wider range of entities are successfully monitoring and reporting on large or suspicious financial transactions. The penalties proposed in the Draft Amendment for organisations and individuals who engage in or facilitate illegal and criminal activities such as money laundering should significantly strengthen efforts.

4.3 AML COMPLIANCES

In the US, the AML compliance for regulated entities are codified in the Bank Secrecy Act (BSA)(1970), the Money Laundering Suppression Act (MLSA) (1994), and the Anti-Money Laundering Act (AMLA) (2020). The BSA imposes obligations on banks, other financial institutions, and supervised entities listed in Section 4.2 to submit and retain suspicious activities reports (SAR) and reports of large cash transactions in excess of USD10,000. Records kept must include customer identity, account details and the source of funds[75]. Financial institutions that fail to meet their reporting obligations or file false reports are subject to civil or criminal penalties.[76] The MLSA tightened regulation over financial institutions and practitioners, accompanied with an increase in associated penalties[77]. The Annunzio-Wylie Act (1992) strengthened penalties for BSA violations, mandated suspicious activity reports from the financial sector, enforced verification and record-keeping of wire transfer details, and established the Bank Secrecy Act Advisory Group (BSAAG)[78]. The Annunzio-Wylie Act extended obligations to implement AML measures, retain funds transfer records and require suspicious transactions that may violate laws or regulations to be reported by officials, directors, and agents of financial institutions. It also criminalises businesses conducting fund transfers without a proper financial license[79]. In addition, the Corporate Transparency Act (2019), under the AMLA, requires the reporting companies, including joint-stock companies, limited liability companies, and small domestic or foreign entities in the US, to provide their beneficial ownership information to the FinCEN. Failure

to comply, providing incomplete or false information deliberately, will result in potential civil or criminal penalties for the company[80].

In the UK, the obligations of regulated entities for AML encompass several laws: the Proceeds of Crime Act (POCA) (2002), the Money Laundering Regulations (MLR) (2017), the Economic Crime (Transparency and Enforcement) Act (ECA) (2022) and the Oversight of Professional Body Anti-Money Laundering and Counter Terrorist Financing Supervision Regulations (the OPBAS Regulations) (2017). Specifically, Part VII of the POCA requires regulated financial institutions and businesses to report any suspected involvement of criminal assets or money laundering (known as Suspicious Transaction Reporting [STRs]) to alert the FIU of the UK's NCA. This reporting extends to unregulated institutions or businesses of any suspected money laundering activity during their trade or business operations. The MLR outlines the AML measures that all regulated entities are obliged to take. This includes risk assessment, internal control, customer due diligence (including enhanced due diligence for higher risk customers), record keeping, beneficial owners identification, suspicious transactions reporting, oversight of high-risk countries, protocols for politically exposed figures, among others[81]. The NCA also issued a series of guidelines[82] to instruct regulated financial and specific non-financial sectors on the submission of high-quality suspicious transaction reports to the NCA, in order to provide useful leads on potential money laundering activities. To prevent the use of the UK real estate market for money laundering operations by transnational criminal groups and corrupt individuals, the ECA Act mandates overseas entities to register details including their beneficial owners. Its objective is to compel foreign entities owning property in or seeking to own property in the UK to register. In addition, the Act encompasses provisions to address wealth and sanctions. The OPBAS Regulations outlines the duties and powers of the FCA and the application eligibility, legal obligation, and liability of self-regulatory organisations listed in listed in schedule 1 to the MLR.

Under the current Anti-Money Laundering Law (2006) in China, financial institutions are required to establish customer due diligence and submit reports on large and suspicious transactions. The Measures for the Administration of Large-Value Transactions and Suspicious Transaction Reports of Financial Institutions (PBC Order [2016] No. 3)[83] provide explicit definitions of large transactions, as well as the criteria warranting suspicious transaction reports to be submitted. It also stipulates the deadlines and methods for submitting large transaction reports. Should financial institutions neglect

their duty as stipulated in the Anti-Money Laundering Law, resulting in detected acts of money laundering, penalties of between CNY500,000 (~ USD70,535) and CNY5 million (~USD705,350)[84] would apply. For serious infringements, financial regulatory authorities may order a suspension of business for rectification, or even revoke their business license. The penalties under the existing Anti-Money Laundering Law in China for regulated entities that fail to meet the stipulated obligations appear to be relatively lenient against the stringent penalties, civil or criminal, in the US.

Compared to AML regimes in the UK and the US, Chinese laws and regulations lack explicit specifications regarding the contents that are required for reporting high-value and suspicious transactions. This may result in STRs submitted by entities failing to provide high-quality information for analysis by FIU. Key information such as customer identity and the source of funds for account holders are not explicitly outlined. There is also a lack of clear definition or standardisation in what constitutes a high-quality suspicious transaction report.

The current AML Law in China raises concerns due to its narrow range of penalties and low penalty values. China's Fourth Round Mutual Evaluation Report published by FATF in 2019 highlighted the need for China to increase its penalties for money laundering[85]. The Draft Amendment on AML addresses this, building on the current administrative penalty framework, strengthening the administrative penalties for money laundering crimes. Penalties under the Draft Amendment may be applied beyond the financial institutions (i.e., to their directors, senior executives, and other legally responsible persons) specified under the current Anti-Money Laundering Law, but include designated non-financial institutions, overseas financial institutions, as well as organisations and individuals. The Draft Amendment increases the rigour of money laundering penalties—both the types of penalties and penalty amounts—from the current provisions. The penalties in the Draft Amendment apply to financial institutions that neglect their duty, leading to money laundering as a result, range between CNY2 million (~USD282,140) and CNY20 million (~USD2,821,400). Article 58 of the Draft Amendment on AML extends the penalties to DNFBPs, at 20% of the proscribed value of penalties for financial institutions.

The Draft Amendment on AML builds on the existing risk control principle as laid out in the current Anti-Money Laundering Law. While the current AML Law requires financial institutions to establish and enhance their internal control, customer identification system and transaction record retention systems, it also

enforces a system for reporting large and suspicious transactions. For instance, once financial institutions have established their AML internal control systems, they would evaluate customers based on their risk profiles and apply appropriate risk control measures, and other related systems based on reality. Customer due diligence and beneficial ownership identification systems have to ensure continual monitoring and review of customer status and transactions, and to take appropriate due diligence and risk management measures in response. The Draft Amendment once passed could further reinforce the requirements mentioned above. DNFBPs are subject to the same AML regulations as financial institutions. The Draft Amendment also requires organisations and individuals to assist those obligated by law to report on money laundering activities with customer due diligence, investigations, and declaration of large cash receipts and payments. Should the Draft Amendment be enacted and implemented, it will comprehensively strengthen the legal framework for AML compliance on reporting of regulated institutions in China.

Furthermore, it is hoped that the Draft Amendment will encourage regulated institutions to improve their internal AML systems to closely comply with the relevant laws and regulations. The increase in the scope and gravity of penalties will heighten incentives for regulated institutions to diligently adhere to and uphold the regulatory requirements. On this basis, and with appropriate training, ethical leadership, resource prioritisation, enforcement, and political will, regulated institutions can provide assistance in identifying money-laundering activities and actors involved in IWT.

4.4 DATA SOURCES AND INFORMATION SHARING

Information sources for risk indicators and financial typologies of money laundering in the US and UK are diverse and can be categorised into three main sources: reports from supervised entities; law enforcement information; and business intelligence. Reports received by the Financial Crimes Enforcement Network (FinCEN) in the US include cash transaction reports (CTR), reports of international transactions of currency or monetary instruments (CMIR), suspicious activity reports by casinos (SARCs), suspicious act reports (SARs), reports of foreign bank and financial accounts (FBARs), along with information shared by law enforcement. In the UK,

financial intelligence comprises information pertaining to reports of any suspicious transaction conducted through the services of a regulated entity, and activity potentially related to money laundering, terrorism, and other criminal acts, such as corruption, fraud, and bribery. Business intelligence in both jurisdictions can include Know Your Customer (KYC) data and beneficial ownership information, as well as other related company and ownership data.[86]

The information sharing mechanisms in the US and UK are relatively comprehensive. The BSA in the US requires government agencies to share information with each other and encourages voluntary information sharing between the private and public sectors. FinCEN shares information through enforcement, commercial and financial transaction databases and analyses this data to provide intelligence to relevant agencies (under Article 314 (a) of the Patriot Act).

The UK established the Joint Money Laundering Intelligence Taskforce (JMLIT) in 2015, which comprises law enforcement and private sectors, in order to effectively promote the exchange and analysis of information related to money laundering and other economic threats. The taskforce, which is a partnership between government authorities and financial institutions, comprises over 40 financial institutions; financial self-regulatory bodies; the Credit Industry Fraud Avoidance System (CIFAS), a non-profit membership association providing fraud prevention data services; and law enforcement agencies including the NCA, the HMRC, the Serious Fraud Office (SFO), the City of London Police and Metropolitan Police[87]. JMLIT forms expert taskforces to monitor money laundering typologies such as trade-based money laundering, terrorist financing, and bribery and corruption[88]. This innovative model of public-private information sharing has effectively promoted the exchange of novel money laundering techniques, vulnerabilities, and real-time intelligence between the public and private sectors. Since its establishment in 2015, it has achieved very positive results and considered an exemplar of best practices internationally[89].

In terms of information sharing and sources in China, CAMLMAC relies principally on reports from financial institutions on large-value and suspicious transactions suspected of money laundering, as well as suspicious transactions suspected of terrorist financing[90]. There are still certain barriers to sharing their databases among relevant government departments. Consequently, information and intelligence is fragmented, exacerbated by the decentralized and diffuse nature of domestic AML architecture in China. The PBC regularly convenes Inter-

ministerial Joint Conferences on Anti-Money Laundering (IJCAML)[91] to harmonise the understanding and efforts of various government departments, as well as mobilise society as a whole on AML. This helps to facilitate information exchange between government departments in IJCAML, however, the coordination and information-sharing mechanisms between the public and private sectors needs developing.

From the perspective of combating wildlife trafficking, the current membership of the IJCAML is completely absent by authorities in wildlife protection, so information sharing on IWT-related illicit finance is intrinsically limited. The IJCAML is dominated by law enforcement, judicial and financial compliance actors. The NFGA and the Ministry of Agriculture and Rural Affairs, both of which are concerned with wildlife protection, are not included in the IJCAML. Meanwhile, the Inter-ministerial Joint Conference on Combating Illegal Trade in Wildlife (IJCCITW), led by the NFGA and encompassing a

range of sectors including law enforcement, transport, communications, publicity, public health, and industrial and commercial management, lacks attendance from key AML actors[92]. The aim of the IJCCITW is to disseminate information regarding IWT and the illegal transport of wildlife. Notably, the important authorities responsible for impeding the flow of illegal funds are absent. There would be several benefits if the PBC, the primary supervisory body for overseeing AML efforts within financial institutions, were to join the inter-ministerial joint conference system for combating illegal trade in wildlife. PBC's involvement would provide a means to stay updated on the latest trends and shifts in IWT, strengthen communications and information exchange between China's leading AML regulators and other relevant authorities, and importantly, facilitate the identification and tracking of proceeds generated from of wildlife-related crimes.

5. INTERNATIONAL AML COOPERATION

5.1 CROSS-BORDER INFORMATION AND INTELLIGENCE EXCHANGE

FinCEN is an important institution in the US for the exchange of financial information and intelligence. As a member of the Egmont Group, FinCEN utilises the Egmont Group processes and the Egmont Secure Web (ESW) system to exchange financial intelligence with other members. For non-Egmont Group countries or regions, however, a MoU or exchange of letters needs to be signed in order to engage the foreign FIU in information sharing. National FIUs like FinCEN can also enter into MoUs with other countries (regions) to facilitate information exchange[93].

The US also assists other countries with investigations and prosecutions of money laundering, terrorism, and predicate crimes through various means. Foreign law enforcement authorities may directly submit requests for general investigative assistance and information sharing to their overseas liaison officers, who will then forward the requests to their respective regional offices or headquarters in the US for execution. In addition, the US participates in the Camden Asset Recovery Inter-Agency Network (CARIN), an informal international framework for law enforcement officers and justice professionals working on asset recovery cases, to provide assistance in investigation, freezing, seizing, and confiscation processes[94]. However, it should be noted that the US can only provide intercepted evidence to fulfil overseas Mutual Legal Assistance (MLA) requests if there is an ongoing domestic investigation[95].

The information provided by the US may also be limited in other ways. Generally, in the absence of a treaty or information exchange agreement, the US will not provide tax information to foreign law enforcement agencies for non-tax criminal investigations. In terms of beneficial ownership (BO) information, US law enforcement

agencies lack a legal basis for the systematic recording of BO information through the incorporation or the banking process, creating barriers to timely access to such information[96]. To obtain BO information, US law enforcement agencies must frequently rely on resource-intensive and time-consuming investigation and surveillance techniques.

The UK obtains and shares financial intelligence through various channels. The UK FIU exchanges information with foreign financial intelligence units, and information sharing also takes place through participation in financial intelligence groups such as Egmont Group. UK NCA International Liaison Officers (ILOs) are stationed overseas in countries or regions most relevant to money laundering and financial crime risks. These enforcement officers gather intelligence and provide information exchange assistance to the host country regarding cases related to money laundering and corruption with a UK nexus.

The UK also engages in information exchange through the European Police Office (Europol) and the AML arm of the Five Eyes[97] Law Enforcement Group (FELEG). The International Anti-Corruption Coordination Centre (IACCC) established in the UK is designed to integrate resources from the UK, INTERPOL, Canada, Australia, New Zealand, and Singapore, aiming to facilitate intelligence sharing in the realm of major corruption and money laundering. The UK utilises the JMLIT platform to disseminate Egmont Group's requests to participating members and actively drive public-private information exchange as well as a task force for fraud and money laundering intelligence in other countries and regions such as Australia[98] and Hong Kong SAR. In terms of sharing BO information, the UK generally has good access to company ownership information and can provide this information to foreign jurisdictions in a timely manner upon request,[99] including a register of "the People with Significant Control (PSC)"[100] for BO information. In terms of responding to the request

for international exchange of BO information, foreign law enforcement agencies may be directed to the public PSC register for BO information. Requests can be made to Companies House, HMRC, or relevant law enforcement agencies, if requested information is not available from the PSC register[101].

CAMLMAC, under the supervision of the PBC, is responsible for exchanging information with the financial intelligence units of other countries, receiving, analysing and transmitting financial intelligence and signing bilateral MOUs or MLATs on information exchange and cooperation concerning money laundering and terrorist financing[102]. Although China is not a member of the Egmont Group, it still signs agreements with other countries' financial intelligence units to share information. CAMLMAC is expected to seek more information from abroad and infrequently sends international cooperation requests to foreign FIU. The ratio of information requests received and issued by CAMLMAC is 30:1, indicating that the potential to conduct financial information exchange from other FIUs is significantly under-utilised.

In terms of the information that is shared with their foreign counterparts, the Chinese FIU, CAMLMAC, provides information from the existing databases and does not have legal power to request novel information from any reporting agency, which limits the quantity and quality of the data provided[103]. In terms of beneficial ownership information sharing, China has two mechanisms for acquiring beneficial ownership information: identifying, verifying and preserving beneficial ownership information of legal persons through customer due diligence of AML obligated agencies; and disclosing basic legal person information through the National Enterprise Credit Information Publicity System. The lack of a centralised and unified system for registering beneficial ownership information in China indeed affects the ability of authorities to directly search and obtain beneficial ownership information in a timely way. In parallel, the accuracy of basic information about Chinese legal persons and the level of customer due diligence by AML obligated organisations also influences the capacity in obtaining information on beneficial ownership in China.[104]

5.2 CHANNELS FOR INTERNATIONAL POLICE COOPERATION

International police cooperation entails collaboration between law enforcement agencies from different

countries and regions. This is executed within bilateral or multilateral frameworks, adhering to national laws, and supported by international agreements. The purpose of such cooperation enables cross-border investigations, extraterritorial pursuit of suspects or fugitives, and recovery of assets. Multilateral police cooperation is mainly coordinated through INTERPOL, which investigates and reports major transnational crimes spanning from tax evasion, terrorism, organised crime, drugs and arms trafficking, money laundering, child pornography, corruption, cyber-crimes, and environmental crimes. Notifications from INTERPOL are categorised by colour, with Red Notices indicating a request from a particular country for the arrest and extradition of specific suspects. As of May 2024, INTERPOL has a total of 196 member countries. National Central Bureaus (NCBs) are permanent offices established in the territory of each member country to act as representatives for INTERPOL and staffed by seconded members of local law enforcement. China, the US and the UK are all members of INTERPOL[105].

The US INTERPOL NCB is based in Washington, D.C., and is staffed by analysts and agents from the Departments of Justice, Homeland Security, Treasury, and many other agencies[106] involved in the INTERPOL NCB's operation[107]. Over the past few years, the Department of Justice has used confiscated criminal proceeds to fund the INTERPOL Washington NCB's Asset Forfeiture Program, which supports domestic forfeiture investigations and assists in the identification of assets within the US at the request of INTERPOL NCBs in other countries[108]. By posting Police Commissioners abroad, the US has established an extensive global network of liaison commissioners from US law enforcement, justice and financial crime agencies who are well-placed to coordinate international cooperation on behalf of the US when needed.

The UK INTERPOL NCB is set in UK International Crime Bureau (UKICB) of NCA, in Manchester, England [109,110]. The NCA is a national law enforcement agency, established in 2013 as a non-ministerial government department, operationally independent and accountable to Parliament thorough the Home Secretary[111]. More than 264,000 INTERPOL messages were handled by UK NCB in 2016[112]. Moreover, before Brexit, 185 officers from across UK law enforcement, including regional police forces are hosted by Europol's headquarters in the Hague, the Netherlands. UK liaison officers are present in Europol's headquarters in accordance with the UK-EU Trade and Cooperation Agreement (TCA) after Brexit[113]. Local law enforcement agencies in the UK, including police forces, have strong, long-standing relationships with their foreign

counterparts, having experienced positive, informal cooperation. The UK participates in various multilateral forums to seek and deliver common action. It also uses a Joint Investigation Team as a cooperative modality for international cooperation against money laundering[114]. The UK's overseas criminal justice network posts intelligence liaison officers who are either certified in financial investigations or trained in financial intelligence to assist in gathering intelligence and providing assistance to countries of greatest concern on money laundering and financial crimes[115].

The NCB of China, which is directly under the International Cooperation Office of the MPS, coordinates on INTERPOL affairs, and provides international criminal intelligence information, research, and related legal support. The MPS has established cooperative relations with other countries by establishing bilateral and multilateral cooperation mechanisms, opening liaison hotlines, and posting police liaison officers overseas[116]. In the event of a suspect's flight and/or the transfer of funds/assets abroad, China's public security agencies and prosecutorial agencies often issue arrest warrants through INTERPOL or consult with the police liaison officers of the country's embassy in China to request assistance[117]. Such an approach is simpler and easier to implement than a formal request for mutual legal assistance in criminal matters, but it can lead to a passive investigation of cases, as police cooperation is limited by the laws of certain countries and the powers of local law enforcement officials. In some countries, the powers of the police are severely restricted, and the police are not allowed to provide information to foreign countries without a court order, nor can they restrict the personal freedom and property rights of criminal suspects. Even if an INTERPOL Red Notice is issued, it is used as an exchange of information between member countries and cannot be used as a legal basis for search, arrest, detention, and other coercive actions[118].

5.3 CRIMINAL LEGAL ASSISTANCE MECHANISM

Criminal legal assistance refers to a process where the criminal evidence relevant to investigation, prosecution or trial is located in a different country, and countries request the assistance of other nations to gather evidence relevant to enforcement and judicial processes outside of their jurisdiction. This legal mechanism enables courts to conduct trials and prosecutors to investigate crimes more effectively but can result in jurisdictional challenges. The legal basis for international criminal judicial cooperation rests on

domestic legislation, bilateral and multilateral treaties and international agreements between countries.

International cooperation plays an important role in the US efforts to combat money laundering and terrorist financing. Given the country's exposure to the laundering of proceeds from transnational organised crime, international terrorism and foreign predicate crimes, collaboration with other countries has become vital. Requests for legal assistance received by the US are primarily executed by the Department of Justice's Office of International Affairs (DOJ-OIA). Attorneys of DOJ-OIA review each request, provide guidance, facilitate communication between the requesting agency and the executing agency, transmit evidence, and provide sample court documents for use by prosecutors and law enforcement officials who may cooperate with prosecutors[119].

The UK's position as a global financial centre creates risks of becoming a destination country for laundered criminal proceeds. International cooperation on judicial assistance is therefore also crucial for this country. Before its withdrawal from the EU, the UK provided varying judicial channels for different countries on international law enforcement cooperation against money laundering. For EU member countries, the UK cooperated through the European Investigation Order (EIO) system. Following the UK's withdrawal from the EU in 2020, the European Investigation Order system no longer applies, and requests for mutual legal assistance, mutatis mutandis, became necessary[120]. For non-EU members, the UK provides mutual legal assistance using bilateral or various multilateral agreements, of which there are 39 in place, or reciprocal assistance on an ad-hoc basis, such as on tax matters. Mutual legal assistance is administered by three central bodies: The Home Office Central Authority (UKCA), which handles requests relating to England, Northern Ireland, or Wales; HMRC's International Mutual Assistance Team handles requests relating to tax matters; while the international cooperation unit of the Crown Office and Procurator Fiscal Service of Scotland (COPFS) deals with requests relating to Scotland[121].

China's National Risk Assessment noted that proceeds of crime were often transferred abroad through bank cards, underground 'hawala'[122] money changers, cross-border transportation of cash, splitting and purchase of foreign currency exchange, etc. The flow of illicit funds overseas indicates the importance of international law enforcement cooperation to mitigate money laundering risks. China's international judicial assistance is implemented on the basis of the Law of the People's

Republic of China on International Legal Assistance in Criminal Matters. The Ministry of Justice (MOJ) serves as the principal central authority for receiving, reviewing, and facilitating mutual legal assistance requests, and other authorities can also receive requests based on different international conventions and the presence of a mutual legal assistance agreement with China. For instance, the MOJ is one of the competent authorities for mutual legal assistance requests under the Palermo Convention[123], as well as those referred to in agreements and treaties signed by China; the MPS is another competent authority in the Palermo Convention and in many bilateral treaties and agreements; the Ministry of Foreign Affairs (MFA) is the channel for extradition requests and mutual legal assistance in the Vienna Convention[124] and in the absence of an agreement; The Supreme People's Procuratorate (SPP) is referred to as the central authority in the Merida Convention[125] and in a number of agreements. Upon receipt of a request for assistance, the central authorities examine the request based on the official mechanisms to determine whether the conditions for mutual legal assistance are met. Once the conditions are met, the request is forwarded to the relevant central or local agencies for execution[126].

5.4 EFFICIENCY OF EXECUTION OF MUTUAL LEGAL ASSISTANCE MECHANISMS

As one of the world's largest economies and financial systems, the US is inherently likely to receive a large number of requests for mutual legal assistance with respect to money laundering. Between 2009 and 2014, the US executed more than 5,200 requests for mutual legal assistance in criminal matters, of which 1,541 related to money laundering, terrorist financing and asset forfeiture. Between 2009 and 2014, the US received mutual legal assistance requests related to money laundering and asset forfeiture primarily from Switzerland, Mexico, the UK, and the Netherlands.[127]

To promote efficiency in requesting mutual legal assistance, US federal law enforcement agencies and federal prosecutors have access to a template for preparing mutual legal assistance requests and a list of criminal assistance treaties through the internal, non-public website of the DOJ-OIA to prepare high-quality requests for assistance in a timely manner. Furthermore, the US actively promotes the sharing in the proceeds of crime. DOJ launched Money Laundering Asset Recovery

Initiative (Kleptocracy Initiative) is a model in this regard in international criminal cases[128]. The Department of Justice, the Department of State and the Department of Treasury have actively sought to encourage foreign governments to cooperate in joint money laundering investigations by offering the possibility of sharing confiscated assets. To date, Antigua and Barbuda, the Bahamas, Canada, the Cayman Islands, China (including Hong Kong SAR), Jersey, Liechtenstein, Luxembourg, Singapore, Switzerland, and the UK have shared confiscated assets with the US[129]. The sharing of international assets facilitates better and faster legal assistance for the US when requesting it from other countries or regions.

In the face of a large number of requests for mutual legal assistance, the DOJ-OIA efficiently manages and prioritises these requests, ensuring timely responses, particularly in cases involving money laundering and terrorist financing. Extradition requests are received through the Department of State and usually forwarded to the DOJ-OIA. An electronic case management system helps practitioners review and prioritise pending requests, especially when they involve serious crimes, which helps to provide mutual legal assistance. Cases involving money laundering and terrorist financing are presumed to be serious. Lawyers assigned by the DOJ-OIA are responsible for country-specific mutual legal assistance and extradition requests[130].

A number of other efforts have helped to expedite responses to legal assistance requests. The US established the Cyber Unit to shorten the response time for requests of mutual legal assistance related to electronic data[131]. Added to this, the US launched its MLATs modernisation program to expedite the processing of requests from foreign governments for evidence. This modernisation program aims to update, improve, and accelerate the processing of foreign governments' requests for evidence. The program allows the DOJ-OIA to hire additional attorneys, paralegals, and support staff to reduce response times to foreign requests for mutual legal assistance, reduce the backlog of pending requests for mutual legal assistance (particularly electronic evidence), and train US and foreign prosecutors in mutual legal assistance[132]. Their public website also publishes basic information and contact links for requesting mutual legal assistance/extradition. The DOJ-OIA also collaborates closely with the Asset Forfeiture and Money Laundering Section and the network of asset forfeiture experts within the US Attorneys' Offices, which is located throughout the US to provide extensive assistance in the areas of asset restrictions, seizures, and forfeitures. The timeliness

for carrying out the mutual legal assistance procedures in the US depends on several factors: the clarity and completeness of the request received, the complexity of the case, the ease of obtaining evidence, and the need for enforcement. In general, requests seeking electronic evidence can usually be made within three to four months, but if compulsory legal proceedings are required, then it may take up to a year[133].

Amidst a high influx of mutual legal assistance requests, the US also uses this avenue to pursue domestic predicate criminal and terrorist financing cases with a foreign nexus. These efforts include requesting evidence, freezing, seizure, and confiscation of assets. As of July 2015, the US had issued approximately 2,400 requests for criminal judicial assistance to other countries, 1,542 of which involved money laundering, terrorist financing, and asset forfeiture. Between 2009 and 2014, the US sent the largest number of mutual legal assistance requests for money laundering and asset forfeiture to Switzerland, the UK, the Netherlands, and Canada[134].

The UK receives a large number of requests for mutual legal assistance and European Investigation Order (EIO) from countries and regions around the world, 80% of which are handled by the UKCA. Prior to the UK's departure from the EU, simplified procedures within the EU have strengthened cooperation between the UK and EU member countries, resulting in EU member countries accounting for the vast majority of activity in mutual legal assistance and extradition requests received by the UK. In 2016, for example, UKCA received a total of 7,132 requests for mutual legal assistance from 108 countries and territories, 80% of which originated from EU member countries.

The UK central authorities have the capacity to respond promptly to requests for mutual legal assistance. The length of time required depends largely on the complexity of the case and the type of assistance sought. Requests for mutual legal assistance in electronic form can often be prioritised and fast-tracked. Around 20% of these requests and 50% of European investigation orders (EIO) received by the UK between 2016 and 2017 are for the enforcement of production orders on banks. The UK's electronic system allows such orders to be applied for and granted electronically, which can be processed quickly and shortening court proceedings. With a wide range of asset recovery tools at the disposal of relevant authorities, including conviction-based forfeiture, civil recovery, tax recovery and cash forfeiture, the UK is able to provide a wide range of assistance in asset recovery cases, including identifying, tracing, restraining, and seizing assets. At the same time, the UK

manages declined requests for mutual legal assistance comprehensively. Such requests are rarely rejected by the UK, and further assistance is often provided after a refusal. The reasons for rejected requests are mainly due to requests being sent to the wrong central authorities, or containing insufficient information, in which case the appropriate authority and necessary information are often identified for the applicant country[135]. In general, it takes four to six months for a request for mutual legal resistance to be concluded in the UK; under the EIO system, non-urgent cases take about 90 days, and urgent cases can be dealt with within a few days.

In addition to actively responding to requests for mutual legal assistance, the UK takes the initiative to provide guidance to countries wishing to make these requests from the UK. The guide on requesting mutual legal assistance is available on the Home Office website in English, French, Portuguese, Polish, Spanish, and Turkish. This guide includes specific templates and forms for requesting specific assistance, including requests for evidence, search and seizure, restraint and forfeiture, and service procedures[136].

Given its status as an international financial centre, a large portion of money laundering and predicate crimes in the UK have a transnational aspect. Consequently, UK enforcement and justice agencies generally acknowledge the importance of pursuing international assistance for transnational money laundering cases. Mutual legal assistance sought by the UK in money laundering cases includes requests for restraint, freezing and confiscation. Of the 208 requests for mutual legal assistance made to non-EU countries through UKCA in 2016, 78 were related to money laundering[137].

Prior to leaving the EU, the UK was very efficient in seeking mutual legal assistance from other countries due to its unique European Arrest Warrant (EAW) system. In relation to EU countries, the UK used the EAW to actively pursue extradition requests. The decision to request mutual legal assistance and extradition is taken by the prosecutor involved in the case. EAW are obtained by prosecutors and forwarded by the NCA (for England, Wales, and Northern Ireland) or the Crown Office and Procurator Fiscal Service (for Scotland). Extradition requests to non-EU member countries are made by the UK under the relevant bilateral, multilateral, or ad hoc agreements. The UK's international network of international liaison officers advises UK agencies on overseas issues, helps prepare requests, assists UK law enforcement agencies in following up on unanswered requests, and helps authorities in their host countries to execute inbound requests to the UK. The UK authorities

also have a range of other channels to follow up on unanswered requests, including direct contact, regional networks, or diplomatic channels such as the video teleconference program between the UK and a number of countries[138]. These mechanisms have been very useful in facilitating requests for restraint, freezing and confiscation.

After leaving the EU, the UK is no longer part of the EAW framework and when seeking mutual legal assistance and extradition requests, related provisions in TCA effective on 1 January 2021 and relevant conventions and laws, such as the Council of Europe's European Mutual Assistance Convention of 1959 and the Extradition Act 2003, would be followed[139]. These agreements and conventions still allow the UK to extradite its own nationals from the EU, though some EU countries, e.g. Germany, are not permitted to extradite their own nationals to non-EU countries, which may lead to a reduction in the effectiveness of extradition. Moreover, as the UK has become the third country, processing UK's mutual legal assistance requests would unavoidably be at a reduced pace, which would likely hamper investigations in the UK[140].

China has not received as many requests for mutual legal assistance as the US and UK. Between 2012 and 2016, the MOJ, the MPS, the MFA and the SPP received 300 and 500 requests for mutual legal assistance per year, totalling 2,323, of which 60 involved money laundering. The MOJ received 53% of the requests, while the MPS, the MFA and the SPP received 17%, 16%, 14%, respectively[141]. Because of the lack of centralised statistics for mutual legal assistance requests, there might be duplications in the data provided by the authorities mentioned above. China provides a range of assistance for the requests for mutual legal assistance related to the provision of documents, witness testimony and asset recovery, including the identification, tracing, and freezing of proceeds of predicate crimes in foreign countries.

China handles mutual legal assistance requests and extradition in accordance with the approval procedures and standards set forth in its domestic laws, bilateral treaties, and multilateral conventions. Owing to the complex decision-making structure for the provision of mutual legal assistance, the execution of requests often needs a five-week review process[142]. In addition, China's extradition procedures can be quite lengthy. After

the MFA receives an extradition request from a foreign country, the Supreme People's Court examines whether the request complies with the Extradition Law and established extradition treaties. In practice, the Supreme People's Court has delegated the power of review to the Higher People's Court. Sometimes, the actual operation of the extradition system in China can take several years. In addition, China has no legal framework for registering and enforcing foreign confiscation orders. International cooperation in the recovery and confiscation of the proceeds of crime is difficult because most other countries have no applicable laws when seeking to recover illicit property from Chinese territory[143]. International criminal judicial cooperation follows the principle of reciprocity. Only when requests for asset freezing and seizure made by foreign authorities can be effectively implemented in China, can similar requests made by China to foreign countries be successfully executed.

In terms of seeking mutual legal assistance, the number of requests for mutual legal assistance related to money laundering made by China is relatively few. According to data provided by the MOJ, China submitted a total of 155 requests for mutual legal assistance between 2012 and the first half of 2018, of which 109 involved money laundering and predicate crimes of money laundering. With the exception of extradition cases, China does not make regular use of official mutual legal assistance mechanisms. China has tended to use alternative mechanisms to achieve its objectives in cases requiring international cooperation, such as utilizing methods like "persuasion to return", conducting visits to the concerned countries, and leveraging channels provided by INTERPOL for joint operations[144]. The current challenge for China is that its competent authorities can't currently issue confiscation orders that are recognised by foreign countries and meet enforcement standards. Scholars have noted that "the penalty of confiscation of property in China is commonly applied in cases of economic crimes and corruption offenses, but it is in serious conflict with the criminal confiscation system of the vast majority of countries in the world, as it allows for the confiscation of an offender's lawful property, or even the confiscation of all of an individual's property, which is not accepted by the legal systems of the overwhelming majority of countries"[145]. Consequently, foreign courts often do not uphold China's decisions to confiscate all an individual's property.

6. CONCLUSIONS

In comparison with the AML-related laws and regulations of the US and the UK, the capacity of China's AML laws to combat wildlife crime need improvement. The scope of the current predicate crimes for money laundering under the Criminal Law (Article 191) renders it impossible to include activities such as the illegal sale of wildlife, poaching and logging. The criminal purpose of money laundering limits the possibility of sanctioning wildlife criminals who seek to exploit the proceeds of their crimes for purposes such as trafficking or other criminal activities.

The procedure for confiscating proceeds of crime, as outlined in the Criminal Procedure Law, can offer some degree of assistance in recovering the proceeds of wildlife trafficking crimes, in cases where the suspect or defendant has fled or passed away, but where the defendant has already been convicted, the procedure for confiscating and recovering assets and other proceeds of the crime is unclear under the current legislation. The current Anti-Money Laundering Law does not yet contain provisions relating to the extraterritorial effects and penalties for overseas financial institutions, which makes it difficult to trace or detect illicit assets or funds located beyond the national borders. The current Anti-Money Laundering Law also has some shortcomings in its regulation of the private sector. A narrow supervisory landscape, as well as vague provisions within the regulations, make it difficult to apply money laundering techniques to the enforcement of IWT-related financial crime.

Currently, China's AML authorities rely heavily on reports about large and suspicious transactions from financial institutions to identify cases of money laundering, which makes it challenging to detect money laundering activities that utilise non-financial institution for their illicit activities. The limits to information available to money laundering authorities can hinder their ability to

effectively assist law enforcement agencies to track illicit financial flows arising from wildlife-related cases.

In terms of information exchange among relevant domestic authorities, the PBC and the NFGA, which lead the Inter-ministerial Joint Conference on Anti-Money Laundering and the Inter-ministerial Joint Conference on Combating Illegal Trade in Wildlife, respectively, have both contributed to the exchange of information in their areas of responsibility. Currently, the two authorities haven't participated in the joint conference systems led by each, hindering cross-sector information exchange. Meanwhile, the mechanism for AML coordination and information sharing between the public and private sectors needs to be strengthened.

The Draft Amendment on AML, published on June 1, 2021, can address many of the gaps in the existing Anti-Money Laundering Law. If revised and successfully implemented, the draft amendment can help elevate China's AML regulations to levels consistent with international standards, and potentially enable AML techniques to be an effective tool for targeting and destabilising wildlife crime operations. For instance, the Draft Amendment on AML places considerable emphasis on preventing and suppressing money laundering across a spectrum of illegal and criminal activities. This approach could pave the way for future application of the Anti-Money Laundering Law to combat IWT and associated criminal activities. Furthermore, the amendment's provisions on extraterritoriality and penalties for overseas financial entities hold the potential to assist law enforcement officials in the tracing or detecting of movements of illicit assets or funds involved in money-laundering predicate crimes abroad. The Draft Amendment on AML broadens the range of entities subjected to AML obligations in China. Passage of the Draft Amendment would be highly likely to ensure significant progress toward the early detection of money

laundering activities tied to the proceeds of wildlife trafficking and other predicate crimes. Robust actions by relevant entities in fulfilling their AML obligations and the submission of reports on large or suspicious transactions should facilitate the detection of money laundering activities.

China has achieved progress in international cooperation on money laundering, including information exchange, international police cooperation and criminal judicial assistance, but there is much room for improvement. Regarding the exchange of information and intelligence, CAMLMAC seldom exchanges information with foreign financial intelligence units that have MOUs with China. Moreover, there are restrictions on the extent of financial intelligence and information that can be shared with external parties. In investigating cases involving money laundering and fund transfers beyond China's borders, Chinese police have primarily utilised international

police cooperation channels such as INTERPOL's Red Notice system, but these efforts are constrained by limitations of national laws and other disincentives for overseas law enforcement officials, leading to responses to China's requests for assistance which are often passive or lack a successful outcome in other regards. For international judicial assistance, China has several bodies that receive requests for judicial assistance, confusing and fragmentation international cooperation on judicial assistance with other countries to some degree. Requests for China's judicial assistance are often met with its internal lengthy reviews, impacting cross-border or extraterritorial investigations among other countries. These shortcomings are detrimental to efforts in addressing cross-border trafficking, money laundering, and other major crimes, as well as in fugitive repatriation and asset recovery.

7. RECOMMENDATIONS

To enhance the effectiveness of the current AML laws and bolster the fight against wildlife-related crime, the following recommendations are proposed to key stakeholders based on the findings of the present study:

LAWMAKERS/LEGISLATORS

1. **Facilitate the prompt enactment and implementation of the Draft Amendment on AML**

   The Law of the People's Republic of China on Anti-money Laundering (Draft Amendment for Public Comment) released on 1 June 2021, expands on the definition of money laundering and extends the scope of predicate crimes. This renders the draft amendment applicable to address a broad spectrum of money-laundering activities and to effectively combat wildlife-related crimes, and the tracking of its illicit proceeds. In addition, the Draft Amendment significantly widens the scope of obligated entities and reinforces their AML obligations. It also strengthens domestic data protection and administrative penalties. The enactment and implementation of the Draft Amendment on AML will refine China's AML system, elevating its efficacy in countering and deterring money laundering.

2. **Modify the draft amendment to enable industry self-regulatory groups to set its own regulations, powers and responsibilities**

   The Draft Amendment permits entities required to fulfil AML obligations to establish or join a relevant association or self-regulatory organisations, to collaborate on AML activities, but it does not explicitly grant regulatory functions, powers, and associated obligations to self-regulatory organisations. For such groups to play a substantial role in AML efforts in the future, the power and obligations of these groups need to be enhanced.

3. **Expand the scope of the predicate criminal acts applicable to money laundering crime provision in the Criminal Law**

   If the Draft Amendment on AML is adopted and comes into force, the scope of predicate crimes will be further extended. To ensure there is legal coherence between the Criminal Law and the

new Anti-Money Laundering Law, it is essential to integrate the range of predicate crimes applicable to money laundering into the Criminal Law. This alignment will enable the future inclusion of money laundering offences in other major crimes, including wildlife crime.

4. **Revise the Supreme People's Court released judicial interpretation of money laundering crime in the Criminal Law to facilitate its practical application by law enforcement and the judiciary**

   China's definition of criminal intent in money laundering restricts its applicability. One aspect of this is how the definition excludes "intentional ignorance", where a defendant deliberately overlooks the criminality of an act, in considering whether the defendant has "explicit recognition" or awareness that their conduct is illegal. This could be, for example, an intentional failure of a financial institution to ask relevant questions or screening for money laundering. It is recommended that the SPP and the Supreme People's Court modify the judicial interpretation of money laundering crime, drawing on the US' approach in determining subjective intent, to enhance the prosecutions of money laundering crimes to law enforcement and judicial realities.

5. **Improving and clarifying the procedure for confiscating financial proceeds and assets derived from convictions in the Criminal Procedure Law**

   The current Criminal Procedure Law stipulates the procedures for confiscation of unlawful gains in cases of corruption, bribery, terrorist activities and money laundering and their predicate crimes where the suspects or defendants have escaped or died. This addresses the previous shortcoming where such criminals cannot be prosecuted due to flight or death. In contrast, the general confiscation procedures for recovering and confiscating assets from convicted criminals have yet to be established. Reference from criminal confiscation procedures in the UK and the US can be taken to enhance the seizure process of financial proceeds after a conviction. This would not only apply to domestic cases, but also facilitate other countries in seeking relevant extraterritorial laws to recover illicit assets from within China's borders.

AML ADMINISTRATIVE AUTHORITIES

1. **Expand the sources of information**

   At present, the China AML Monitoring and Analysis Centre relies principally on reports from financial institutions about large-value and suspicious transactions suspected of money laundering and terrorist financing. Reference from the practices of the US and the UK can be taken, where intelligence sharing on corruption, fraud, bribery, and other related offences are conducted by law enforcement agencies, The establishment of a beneficial ownership information database would also help consolidate collected and historical data.

2. **Establish a joint public-private sector financial intelligence taskforce to promote information exchange**

   The AML Monitoring Centre under the PBC currently relies on reports on large and suspicious transactions from financial institutions, but information gathered on money laundering activities could be further enhanced if information was shared between relevant government departments. Financial information shared as further evidence could help boost investigations by law enforcement agencies. It is recommended that the PBC spearhead the establishment of a joint public-private financial intelligence taskforce. This would involve members of the Inter-ministerial Joint Conference on Anti-Money Laundering, institutions from the financial and non-financial sectors, industry self-regulatory organisations, and NGOs. The aim is to facilitate the seamless exchange of financial information between law enforcement agencies, financial institutions, industry associations, financial regulators, and NGOs, as well as law enforcement agencies. This would greatly aid investigations and financial inquiries concerning predicate crimes, such as wildlife trafficking and trade.

3. **Enhance information and intelligence exchange with financial intelligence units of other countries**

   Although China is not a member of the Egmont Group, it still engages in information exchange with other countries' financial intelligence units, enabled through bilateral MOUs. To date, a small number of information requests have been sent to foreign financial intelligence units, suggesting that this method of gathering intelligence on money laundering is underused. It is recommended that China should make a more concerted effort to gather intelligence from foreign countries where a MOU on intelligence exchange exists. It should also be diligent in responding to requests from other countries for information and engage in negotiations to sign MOUs with more countries, in order to capacitate its financial intelligence unit with a wider network of potential information sources.

4. **Join the system of the Inter-ministerial Joint Conference on Combating Illegal Trade in Wildlife**

   It is recommended that the PBC, as the country's top AML regulatory organisation for financial institutions, should join the inter-ministerial joint conference system for combating illegal trade in wildlife. This would offer various benefits. While PBC can be considerably more informed about the trends and developments in IWT. Existing members of the inter-ministerial joint conference would be better equipped with financial investigative capacities. Overall, the increased cooperation is likely to strengthen communication and information exchange, facilitating the discovery and tracking down of illegal proceeds in wildlife-related crimes.

CENTRAL AUTHORITIES RESPONSIBLE FOR RECEIVING REQUESTS FOR JUDICIAL ASSISTANCE

1. **Enhancing the mechanism of judicial assistance, improving the efficiency of responding to requests for judicial assistance, and promoting a sound international cooperation experience with other countries**

   China has multiple central authorities in accepting requests for judicial assistance. Selecting the appropriate authority to send such a request depends on the relevant international conventions and whether a judicial assistance agreement has been signed with China. To streamline the process for requesting judicial assistance, it is recommended that China should establish and provide guidelines for foreign countries, including judicial assistance training for foreign prosecutors, multilingual judicial assistance request guidelines and relevant templates and forms included on official websites. It is also advisable to consider optimising the existing decision-making structure for judicial assistance requests in order to reduce the response time.

LAW ENFORCEMENT AGENCIES WITH THE FUNCTION OF INVESTIGATING PREDICATE OFFENCES AND MONEY LAUNDERING CRIME

1. **Enhancing law enforcement officials' awareness and competence in utilizing financial investigations to investigate cases of illegal wildlife trafficking**

   The Three-year Action Plan for Combating Money-laundering Crimes (2022-2024) released in January 2022 calls for simultaneous scrutiny of potential money laundering crimes during the investigation of predicate crimes, thereby leveraging the working mechanism of "double investigation on one case". This implies that customs officials, police officers, and other law enforcement officials will need to have financial investigation skills and awareness when investigating cases in the future. By incorporating financial investigation and AML measures into regular training courses, the ability of relevant law enforcement officials to approach wildlife trafficking cases from a financial standpoint will be enhanced. This should extend to building the capacity of law enforcement agencies to trace illegal money flows from key figures in organised criminal networks.

2. **When investigating cases involving transnational money laundering and fund transfers, it is advisable to make proper use of international criminal judicial assistance channels**

   Chinese law enforcement authorities heavily rely on international law enforcement cooperation channels and notifications from INTERPOL when investigating cases related to cross-border money laundering and fund transfers. It is easy for such requests to fall through, due to constraints in foreign laws, the varying limits to foreign law enforcement officials to act, as well as the non-binding nature of INTERPOL notices. It is recommended that international judicial assistance channels should be used not only for information gathering as part of investigations, but also to freeze illicit assets, extradition, etc. Training should be provided to Chinese law enforcement officials in drafting request documents for criminal judicial assistance, in hopes of increasing the success rate by developing requests that meet the relevant regulations of the recipient country.

FINANCIAL AND DESIGNED NON-FINANCIAL INSTITUTIONS

1. **Enhancing the ability of financial and non-financial institutions professionals to identify suspicious transactions in IWT cases**

   The pattern of money laundering in IWT cases highlighted in this report and the two cited cases of money laundering involving illegal trade in wildlife in the US and the UK indicate that fund transfers, remittances, and online banking transactions are used by wildlife traffickers. FATF's "*Money laundering and illegal wildlife trade*"[146] and TRAFFIC and the UNODC's "*Case Digest- An Initial Analysis of the Financial Flows and Payment Mechanisms Behind Wildlife and Forest Crime*"[147], both show that criminals are using both financial and non-financial institutions to transfer, conceal, and launder funds related to IWT. These sectors should recognise the misuse of their platforms for illegal gains, and the important role they could play in curbing IWT. Regular training on risk characteristics and indicators of IWT should be provided to professionals in the field, thereby building their awareness and capabilities in identifying suspicious transactions associated with IWT.

2. **Enhance monitoring and control over suspicious transactions based on the risk characteristics and indicators of illegal wildlife trafficking and money laundering**

   Professionals from financial and non-financial institutions who have received training on the risk characteristics of money laundering associated with IWT should apply what they have learned when screening for suspicious financial transactions. If necessary, professional organisations could be consulted when dealing with possible cases of IWT.

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     (II) Assist in the transfer and conversion of criminal proceeds and their earnings by mixing them with the operating income of cash-intensive
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     (III) Assist in converting illicit proceeds and their earnings into "legitimate" assets through fictional transactions, fabricating debt claims, false
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     (IV) Assist in the conversion of criminal proceeds and their earnings through activities such as buying and selling lottery tickets and prize
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     (V) Assist in converting criminal proceeds and their earnings into gambling earnings through gambling;
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     (I) Assist in the conversion or transfer of assets knowing that others are engaged in criminal activities;
     (II) Assist in the conversion or transfer of assets through illegal means without valid reasons;
     (III) Acquire assets at a significantly lower price than the market price without valid reason;
     (IV) Assist in the conversion or transfer of assets without valid reason and collecting "service fees" significantly higher than market rates;
     (V) Assist others in dispersing large amounts of cash among multiple bank accounts or frequently transferring funds between different bank
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IN WILD SPECIES IS LEGAL AND
SUSTAINABLE, FOR THE BENEFIT
OF THE PLANET AND PEOPLE