

# Operation Phoenix

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**Wildlife  
Justice  
Commission**

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# Introduction

The Wildlife Justice Commission (WJC) commenced an extensive covert investigation during 2015 into a major criminal network involved in the trafficking of raw and processed CITES Appendix I and II listed species<sup>1</sup> including African elephant, African rhino, tiger, pangolin and helmeted hornbill, centered upon the village of Nhi Khe, Viet Nam.

Following review by two Independent Review Panel Members, we submitted a Case File presenting the results of this investigation to the government of Viet Nam in January 2016 and to the Chinese authorities in February 2016. The purpose of the Case File was to provide these governments with actionable evidence and intelligence that would support the initiation of criminal cases against the identified persons of interest (POIs).

We continued to investigate the activities of those POIs after the submission of this Case File in 2016.

We aimed at maintaining an up-to-date understanding of the illegal wildlife trade in Nhi Khe and to assess whether there

was any indication of law enforcement efforts by the responsible authorities and if so, what impact it had upon criminal activity.

This follow-up investigation was finalised on 1 July 2016 and an update of the Case File was submitted to the Vietnamese government on 4 August 2016. The two documents together contained over 5000 pages of detailed evidence (including photographic) against 51 POIs, documenting staggering levels of illegal wildlife trade conducted with apparent impunity.

The current document presents the key findings of our 18-month investigation, discusses the outcome of efforts we undertook to establish a dialogue with the governments of Viet Nam and China and outlines the steps we took on the path to activating justice against the criminal network that our team identified.



© Wildlife Justice Commission.  
WJC covert footage of one of the key traffickers inside her shop in Nhi Khe; visible are two rhino horn tips and a wide range of ivory products.



© Wildlife Justice Commission.  
WJC covert footage of an interpreter pulling out an ivory tusk from under a bed in a house in Nhi Khe.

<sup>1</sup> Species listed in Appendix I and II of the Convention on the International Trade in Endangered Species of Wild Flora and Fauna (CITES) are threatened with extinction and commercial trade in these species is prohibited.

# The Investigation



# Investigative methods

## The investigation consisted of the following components:

- We undertook five field missions to relevant locations, observing the extensive open trade throughout the village;
- We conducted and documented extensive research of WeChat and Facebook accounts for each POI identified, mapping out their network, criminal methods and recording any evidence of illegal wildlife trade;
- In order to assess the scale and extent of illegal wildlife trade in Nhi Khe and associated locations, we documented the quantity of wildlife products directly observed for sale. Subsequently, we devised a methodology to calculate the estimated total value of this documented illicit trade based on the prices given by the identified traders. This calculation resulted for the first time in a monetary value based on actual trade over a prolonged period of time.



Premises of interest in Nhi Khe village.

# Key investigative findings

## Nhi Khe 2015–2016

In the course of our investigation, we mapped out a criminal network firmly rooted in Nhi Khe and associated locations. During this period, Nhi Khe continued to be an important hub for the processing and wholesale supply of ivory and rhino horn parts and products in Viet Nam. The village was found to cater largely to a Chinese clientele, attracted by ‘loose laws’ and risk-free shopping, with Vietnamese sellers facilitating transport to China, subject to a delivery fee.

2016 saw an increased police presence in the village of Nhi Khe. Traders became more risk-averse and some appeared to be moving their larger stocks and criminal activity out of Nhi Khe to nearby villages and locations north of Hanoi.

Despite the shift in modus operandi, the illegal trade did not stop. The 33 key players identified in 2015 continued

to be as prominent in 2016. Moreover, during the 2016 investigation we identified 18 new individuals, increasing the total number of POIs to 51. Some of these POIs were found to be trafficking in such significant volume that the total quantity and value of illegal trade observed by the WJC during the 2016 investigation dwarfed that observed in 2015.

**To exemplify: the most prolific trafficker advertised an estimated USD 33 million in illegal wildlife products over a 10-month period.**

*The number of rhino horns found in trade through the Nhi Khe criminal network represents nearly half of the total number of rhinos poached in South Africa in 2015. The disruption of this network is likely to have a significant impact on the poaching of rhinos globally.*

## Total quantity and value of ivory, rhino horn, tiger observed for sale over 1 year.

Commodity	Quantity	Estimated Value	
	kgs	VND	USD
<b>Elephant Ivory (raw and processed)</b>	4,625	163,900,000,000	6,814,000
<b>Rhino horn (raw and processed)</b>	1,061	952,400,000,000	42,700,000
<b>Tiger</b>		80,170,000,000	3,600,000

**Estimated number of individual elephants, rhinos and tigers this illegal trade represents:** *An extrapolation of the amount of illegal wildlife products observed for sale to the estimated number of animals this illicit trade represents.*

Commodity	Quantity	Number of animals	Total number of animals
<b>Elephant Ivory</b>	1,146 tusks/tusk tips	573 elephants	Min: 573 elephants
	835kg processed products	334 elephants	Max: 907 elephants
<b>Rhino horn</b>	356 horns/horn tips	Min: 178 rhinos Max: 356 rhinos	Min: 401 rhinos Max: 579 rhinos
	444.5kg processed products	223 rhinos	
<b>Tiger products</b>	631 tiger canines	158 tigers	Min: 158 tigers
	40 tiger skins	40 tigers	Max: 225 tigers
	27 tiger skeletons	27 tigers	

# Enabling crime factors

## Interpreters facilitating illegal trade

Although some traders can converse in Mandarin, those who do not (particularly those with shops) depend heavily on interpreters who escort Chinese buyers to their premises and facilitate negotiations. These interpreters therefore play a key role enabling the activities of the criminal network.

## Money laundering

Vietnamese traffickers were found to use China based bank accounts to receive payments from Chinese buyers, thereby laundering the proceeds of the illegal trade in wildlife. In total, we identified 17 Chinese bank accounts. Importantly, we also identified the emerging use of WeChat for Chinese customers to transfer funds to their Vietnamese suppliers. This new trend may have ramifications for affected countries in their attempts to counter money laundering.

## Widespread use of social media

WeChat and Facebook are the chosen platforms for conducting illegal wildlife trade:

- WeChat is used to target a Chinese clientele;
- Facebook targets buyers in South East Asia and beyond.

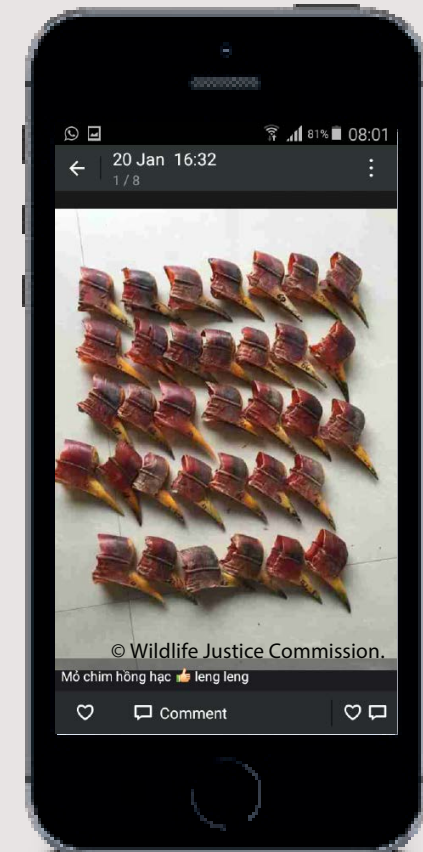
Extensive Facebook research allowed us to map out connections between the traders and identify new, associated POIs.

## Corruption

It is well known that widespread and large-scale wildlife trafficking cannot flourish without the existence of corruption<sup>2</sup>. Our investigation found several indications of corruption involving local authorities and established that smugglers bribe Vietnamese Customs officials to permit goods through into China.

Corruption remains a significant enabling factor. Until this is addressed several of the major traders identified in the Case Files will continue to trade unabated, or in their own words, 'protected.'

*On 8 December 2017, we gave the Vietnamese authorities a new Case File containing evidence regarding a criminal network trafficking more than USD 15 million worth of raw ivory and rhino horn over a 15-month period in Viet Nam.*



34 Helmeted Hornbill beaks advertised on WeChat.

<sup>2</sup> United Nations Office on Drugs and Crime (UNODC), <https://www.unodc.org/unodc/en/frontpage/2017/November/links-between-corruption-and-wildlife-crime-highlighted-at-an-anti-corruption-conference.html>

# Specific findings on the trade

## Rhino horn products for a Chinese market

During our investigation we documented the trade in hundreds of rhino horns and tips of up to 579 rhinos, in addition to huge quantities of processed rhino horn products consisting of carved products (tea cups, bowls, jewellery), consistent with products in demand on the Chinese market.

We observed to a much lesser extent offcuts of processed rhino horns, presumably sold to produce rhino horn powder. These findings appear to contradict the popular narrative that the market for rhino horn is driven by Vietnamese demand for use in health tonics and hangover cures, to name but a few.

Interestingly, some of the traders identified during the investigation stated that it was very difficult to obtain rhino horn. This may be attributed to:

- increased law enforcement effectiveness in Asia/Africa;
- a reduced supply of rhino horn;
- the relatively low price of rhino horn making it unattractive to some traders;
- or a combination of all three<sup>3</sup>.



© Wildlife Justice Commission.

Rhino feet and tail advertised on WeChat.



© Wildlife Justice Commission.

Assortment of rhino horn products advertised on WeChat.

<sup>3</sup>Black Business: Illegal rhino horn trade dynamics in Nhi Khe, Viet Nam from a criminal perspective: <https://wildlifejustice.org/wp-content/uploads/2017/09/Black-Business-FINALpdf.pdf>



## The Investigation

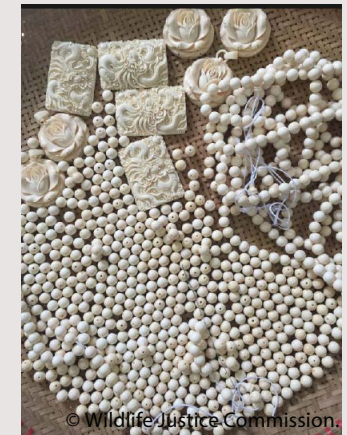
### Ivory dynamics and stockpiling

We also observed huge quantities of ivory for sale, in both raw and processed form. We learned during discussions with sellers in Nhi Khe that the quality of the ivory material varies. The top-quality ivory is called “blood ivory”, the market price of which tops other ivory by 20%. This blood ivory refers to ivory from African forest elephants, whose tusks are more tender and pinkish in colour as a result of abundant food supply and living conditions. We discovered that blood ivory is much rarer in the market than other ivory, indicating that the supply of forest elephant ivory is much lower than that of savannah elephant ivory.

Furthermore, we found that in response to a drop in ivory prices some major traffickers began stockpiling their supplies while waiting for the market to improve.



27 ivory tusk tips advertised on WeChat.



Ivory products advertised on WeChat.



Large stockpile of ivory advertised on WeChat.

## The Investigation

### High volume of tiger products in trade

We observed a highly concerning spike in the illegal tiger trade. We identified numerous subjects who advertise tiger parts on their WeChat and/or Facebook accounts, ranging from canines, claws, skins, bones, whole carcasses of adult tigers and of tiger cubs to tiger bone paste and wine. Given the paucity of wild tigers in the region, we suspect that the majority of these products are sourced from captive breeding facilities. Intelligence reports attribute this to farms in Viet Nam, Lao PDR and Thailand. We identified a vibrant domestic market for tiger parts in Viet Nam and a disturbing trend of tiger cubs trafficked for use in wine<sup>4</sup>. This corroborates the revelations made in May 2016 during the raid of the Thai Tiger Temple. After removing 137 live tigers and shutting down the attraction in May/June 2016, police and wildlife officials found 40 tiger-cub corpses piled in a freezer, and the remains of another 20 stuffed into bottles and jars. The jars with tiger cubs look very similar to adverts posted on social media by two POIs that we had identified<sup>5</sup>.



White tiger cub in vase, advertised by two Operation Phoenix subjects.



Taken in the Thai Tiger Temple during a raid by authorities in May 2016.



Dead tiger and tiger cub advertised on WeChat.

<sup>4</sup> <https://www.theguardian.com/world/2016/jun/01/40-dead-tiger-cubs-found-in-freezer-thai-temple-wildlife-trafficking>

<sup>5</sup> Wallstreet Journal, 5 June 2016: 'Thailand's Tiger Temple Probed for Links to Animal Trafficking': [wsj.com/articles/thailands-tiger-temple-probed-for-links-to-animal-trafficking-1465035892](http://www.wsj.com/articles/thailands-tiger-temple-probed-for-links-to-animal-trafficking-1465035892)

# The dialogue process

Following the independent review of the Case File and its submission in January 2016 to Viet Nam and in February 2016 to China, we launched an intensive outreach process aimed at establishing a dialogue with responsible government agencies in both countries and to leveraging the support of key stakeholders such as foreign governments, business leaders, Non-Governmental Organisations (NGOs) and Intergovernmental Organisations (IGOs).

We met with the Chinese Anti-Smuggling Bureau (ASB) in April 2016 and discussed efforts to crack down on the identified networks and to coordinate efforts with other relevant governmental entities. The ASB has continued to be responsive during subsequent contact.

Unfortunately, we did not receive any official acknowledgment of receipt of our Case File from the Vietnamese authorities, despite concerted efforts. We met with several Vietnamese governmental representatives during 2016. However, insufficient action was taken.

Following this lack of activity, we started to actively engage key stakeholders, including foreign embassies and governments. We also briefed NGOs with a field presence in Viet Nam and other relevant stakeholders.

Many stakeholders responded very positively to the detailed evidence we had collected and we continued to encourage, through various channels, the Vietnamese government to address wildlife crime activity in Nhi Khe.

## Justice Activation



# Response of the Vietnamese authorities to the Case Files

## Post Case File Submission

Although the Vietnamese authorities were seen to be taking some action, it was not sufficient to effectively address the specific wildlife crime problem in Nhi Khe.

We learned that there had been several police inspections and CCTV cameras installed in the village. There were also rumours of arrests in Nhi Khe, however this could not be verified.

We do know that none of the big players we identified were arrested. We continued to monitor their illegal activity on social media. As of 1 September 2016, we had not observed any changes in their behaviour.

## Dissemination of Intelligence

We prepared an intelligence report based on the body of evidence contained in the Case Files. We disseminated the document to key law enforcement agencies, NGOs, as well as IGOs such as INTERPOL, UNODC, the CITES Secretariat and the European Commission with the purpose of enhancing these agencies' insight into Vietnamese criminal networks conducting large-scale wildlife trafficking operations in Viet Nam and beyond.

# Public Hearing: The Hague, November 2016

After seven months of requests for information and extensive diplomatic efforts, there was no indication that Viet Nam had started a criminal investigation against the network and individual POIs identified.

As a consequence, and in conformity with our procedures, we informed the Vietnamese government of our decision to hold a Public Hearing. We provided the Vietnamese government with the planned date for the Hearing three months in advance. We also delayed it once on the basis of information regarding law enforcement action on the ground and the new Vietnamese Penal Code, which was supposed to come into force on 1 July 2016. We also offered to turn it into a joint event, where we would present the findings of our investigations and the Vietnamese government could explain their reaction to the evidence.

None of these efforts resulted in concrete action and thus a Public Hearing was held in The Hague on 14-15 November 2016.

The following Designated Independent Review Panel members participated in the Public Hearing:

- Prof. Dr. Edgardo Buscaglia: Senior Scholar in Law and Economics at Columbia University, and President of the *Instituto de Acción Ciudadana para la Justicia y Democracia* in Mexico.
- Diego García-Sayán: Former President of the Inter-American Court of Human Rights, former Minister of Foreign Affairs and former Minister of Justice of Peru.
- Misha Glenny: Award-winning journalist and historian, author.
- Justice Philippe Kirsch: Former President of the International Criminal Court in The Hague.
- Justice Isaac Lenaola: Presiding Judge of the Constitution and Human Rights Division of the High Court of Kenya and is Deputy Judge of the East Africa Court of Justice.

The Designated Independent Review Panel reviewed and validated the findings of the investigation, and confirmed that immediate action was required to be taken by the Vietnamese government.

The Panel acknowledged the positive steps taken by Viet Nam, including seizures of large quantities of ivory and rhino horn over the 12 months prior to the Public Hearing, the police inspection of the village of Nhi Khe in June and the reported arrest of four individuals linked to Nhi Khe village on 12 November 2016.

# Public Hearing: The Hague, November 2016

## **Deficiencies and recommendations:**

*“The Panel also noted deficiencies and on this basis recommended that Viet Nam takes specific actions in compliance with their international legal obligations. Amongst others, that the General Inspectorate Police use the information in the Case File and its update to conduct an investigation targeting individuals and networks identified.”*

## **They also made recommendations to other branches of the Vietnamese government including:**

*“The establishment of a joint taskforce directed by the Office of Supreme Peoples’ Procuracy.”*

*“That the Government Inspectorate Authority undertake a review of vulnerable posts and trafficking routes to devise realistic and effective mechanisms to counter and prevent corrupt practices linked to organised crime.”*

## **Of the 16 recommendations made, other highlights include:**

*“To establish a witness protection program and procedures to protect whistle-blowers;*

*To allocate law enforcement resources to detect illegal wildlife trade on social media platforms;*

*To liaise with the relevant Chinese law enforcement counterparts to co-ordinate the exchange of intelligence and information in relation to the identified criminal networks, including the use of Chinese bank accounts and other methods used to facilitate money laundering;*

*That Viet Nam co-operate with international stakeholders and engage civil society networks as mandated by relevant international treaties to which Viet Nam is a party;*

*That CITES Standing Committee consider the suspension of trade;*

*Finally, the Panel recommended that all parties to the relevant international treaties take appropriate measures in support of Viet Nam to combat and prevent transnational organised wildlife crime in compliance with their obligations.”*

# Keeping our fingers on the pulse

Following the Public Hearing, we continued to monitor the activities of the most prolific POIs identified during the initial investigation. This approach has dual purposes:

- To monitor what enforcement action is being taken by Vietnamese authorities stemming from our Case Files and assess any impact upon crime levels;
- To identify those POIs operating at the supply component of the trade chain.

This has led to the creation of several spin-off investigations focusing on the involvement of Vietnamese POIs engaged in wildlife crime.

# An update on the crime situation - Nhi Khe

We visited Nhi Khe again in November 2017 to assess whether the illegal wildlife products we had found during our 2015-2016 investigation were still widely and openly available in shops.

We found that the prevalence of illegal products on open sale had lessened significantly. While we recognise that some of this trade has likely been displaced underground, it has made it significantly more difficult for buyers to source products in the village. As such, a significant disruption to how the criminal networks were operating has been achieved.

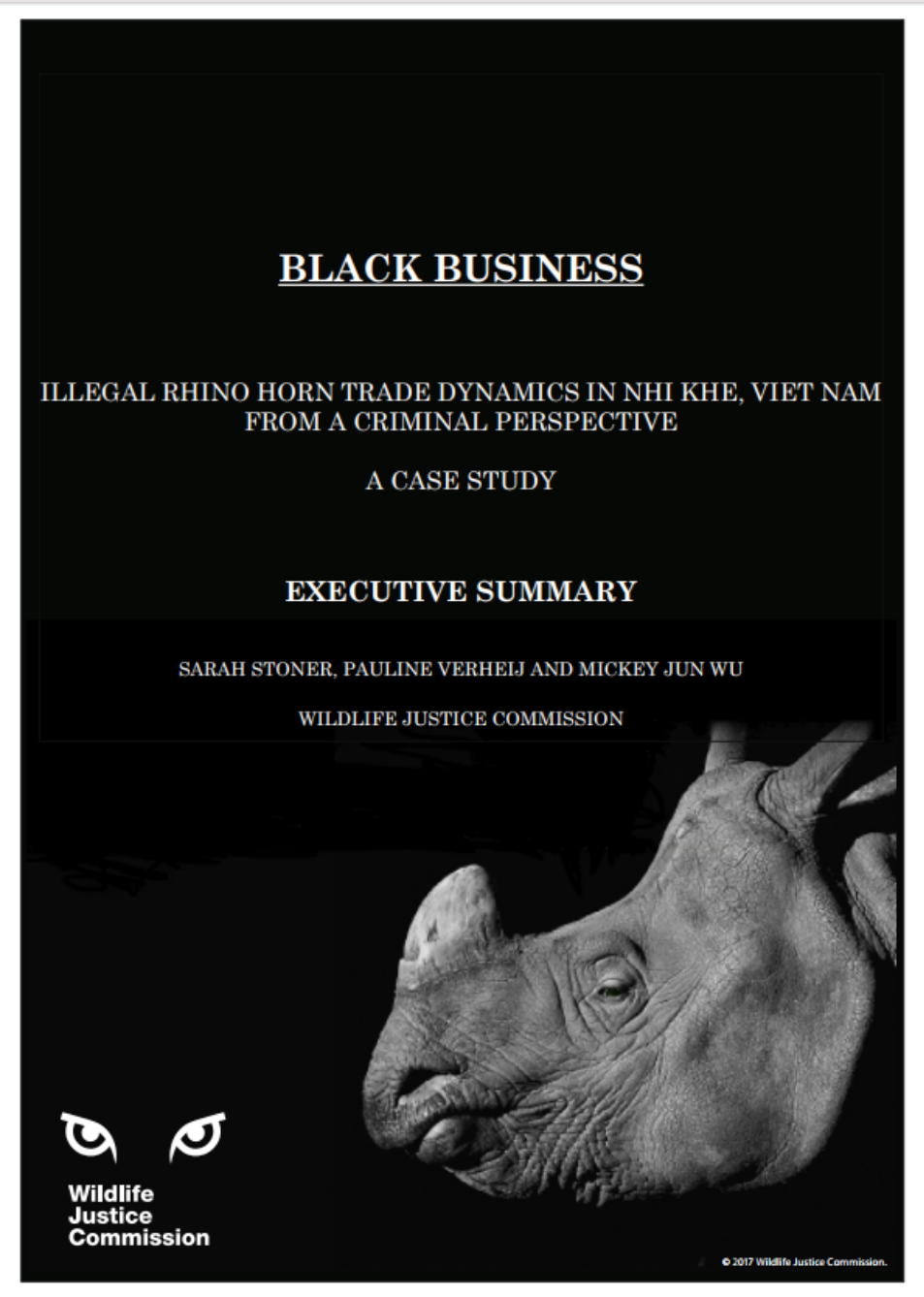
## **NEXT STEPS:**

We are working to assist and support the relevant Vietnamese authorities in the pursuit of criminal networks trading in endangered wildlife following the official submission of a new Case File on 8 December 2017.

# Informing and educating

The huge amount of research, investigation and the diligent documentation of all the evidence and intelligence can continue to be utilised. While the collection of such data serves our and relevant law enforcement agencies operational needs, we believe our analysis can offer real insight to inform the wider (international) law enforcement and governmental communities as well as the conservation community. To illustrate, we were able to describe significant changes to the price of raw rhino horn based on the trade, which is key finding to influence policy.

We launched our first public facing report that discusses our pricing findings from Operation Phoenix in September 2017: *Black Business: Illegal Rhino Horn Trade Dynamics in Nhi Khe, Vietnam, from a criminal perspective*<sup>4</sup>. A summary will also feature in UNDOCs Forum on Crime and Society, a publication that focuses on trends and practices in the field of criminal justice that are of special significance to the international community.



<sup>4</sup><https://wildlifejustice.org/wp-content/uploads/2017/09/Black-Business-FINALpdf.pdf>



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Thank You!



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