Financial Intelligence Unit - Jersey

Environmental Crime - Trafficking of Rare Timber/Wood

Background

A Jersey branch of an international bank has shared adverse information relating to their joint client, Mr X, who has been arrested in a Jersey Financial Services Commission (JFSC) D2 higher-risk African country for bribery, corruption and being linked to organised crime.

Mr X is a national of this high-risk African country, and his Jersey bank account was opened in 2015. Mr X is the Ultimate Beneficial Owner (UBO) and director of a motor vehicle spares and accessories company in the capital city, which was incorporated in 2010.

He states his Source of Wealth (SoW) comes from salary and real estate investment.

In January 2025, Mr X and his girlfriend were arrested at their home address for alleged Money Laundering (ML) involving stolen vehicles. Consequently, the bank has conducted open-source checks and found that the country's Anti-Corruption Commission had previously arrested Mr X for offering local African currency valued at $10,000 to the Republic Border Police, and providing forged import licence documents to allow four trucks transporting Mukula tree logs to pass a checkpoint on the western border.

The Mukula tree[1], also known as redwood, is a slow-growing type of rosewood found in Southern and Eastern Africa and is an endangered species. The Mukula tree is a valuable resource across a number of African countries and is subject to strict export controls. They are recorded as being illegally exported to countries such as the USA and China due to their broad utility, including the bark used for medicinal purposes and the wood used to produce gunstocks[2].

The Mukula tree has the characteristics of rosewood trees and is being used by Chinese buyers as a false rosewood. Shipments have been recorded as being sent through African intermediary traders via Asian and South Asian countries, where they were further mixed with red Sandalwood and sold to Chinese furniture makers[3]. A United Nations Office on Drugs and Crime (UNODC) World Wildlife Crime Report from 2020, noted that the Mukula Tree was listed in the Convention on International Trade in Endangered Species of Fauna and Flora (CITES) Appendix II in 2019.

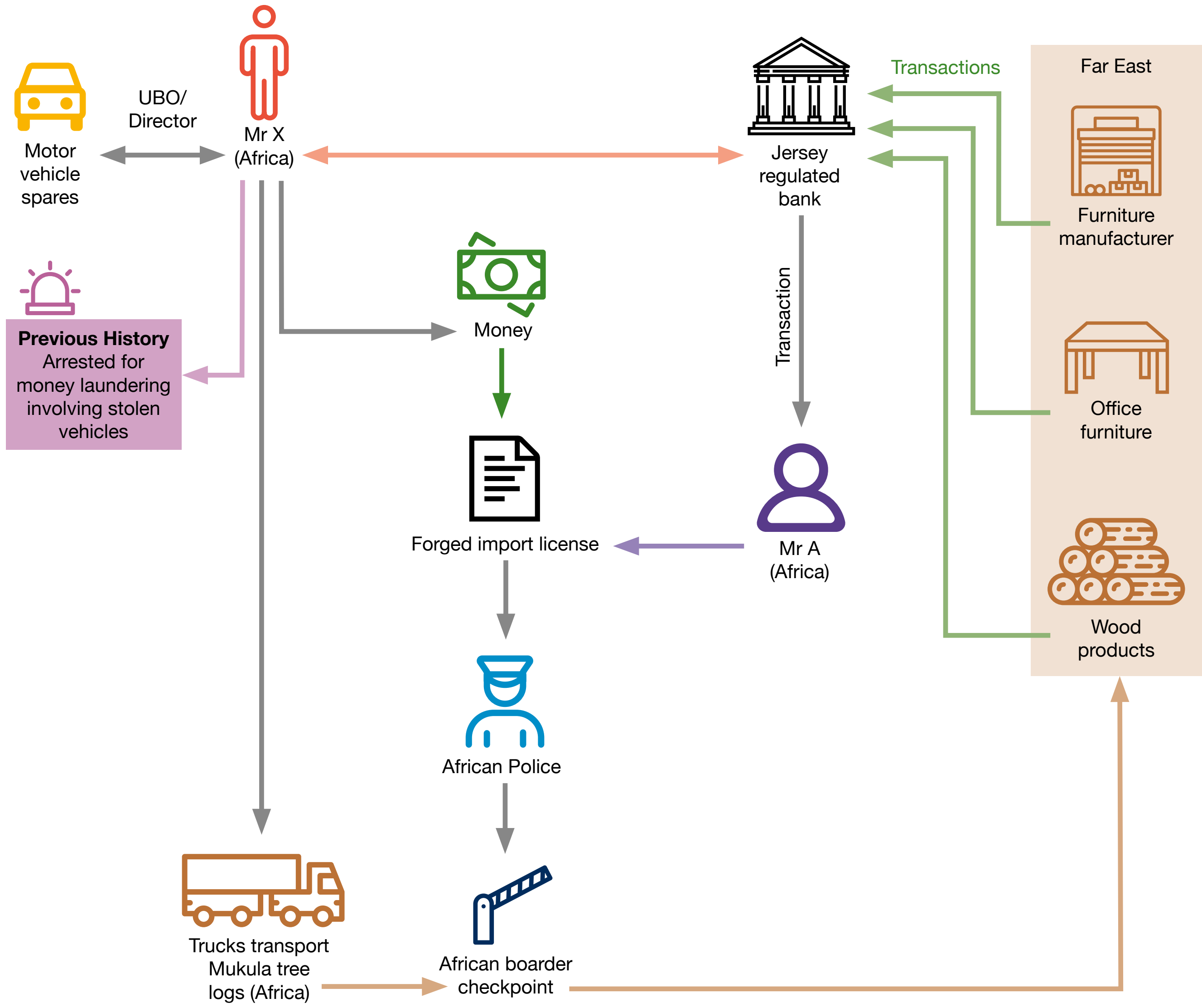
A review of the accounts has found extensive regular third-party credits from three companies in China with references to building material, goods and moveables, office fitments and a one-off debit to an individual called Mr A, resident in a Southern African country, also on the JFSC D2 list and FATF grey list.

The bank also found adverse media information on an individual with the same name as Mr A, who had been arrested by the local African Police Service for bribery and forging government documents.

There is very little information available on any of the companies. One website appeared very generic and, when translated, advertised its services regarding building materials, office products, and life products.

The bank review found no supporting documentation with a rationale for the credits. Discussions with the banking group's Relationship Manager (RM) found that Mr X had previously confirmed that the credits represented a property transaction. However, the RM had difficulty obtaining documentary evidence for the transactions in the months leading up to Mr X's arrest.

[1] https://cites.org/sites/default/files/eng/com/PC/24/E-PC24-19-002.pdf
[2] https://www.downtoearth.org.in/environment/illegal-timber-trade-threatens-survival-of-mukula-tree-in-zambia--45542
[3] https://www.unodc.org/documents/data-and-analysis/wildlife/2020/World_Wildlife_Report_2020_9July.pdf



Indicators:

- The originating country was included in the JFSC's D2 list and red-flagged for a higher risk of ML[4].
- Previous allegations of bribery and corruption.
- Unusual activity on Mr X's account, payment and receipt of multiple third-party payments to a personal account.
- Multiple adverse media allegations with a nexus to Mr X and Mr A.

Suspicious Activity:

- Mr X was arrested for ML and theft.
- Alleged links to bribery, corruption, and illegal logging.
- Unsupported third-party credits from foreign entities involved in wood products.
- Wood products holding significant trans-shipment value.
- Large credit from an individual arrested for forgery.

FIU Actions:

- The FIU reviews all submissions regarding this case, grades them, and prioritises them as appropriate. Bribery and corruption concerns are deemed to be of a high probability in this matter.
- The FIU notes that environmental crime is a growing focus for both Jersey (see sustainable finance action plan[5]) and many international FIUs.
- All FIU officers are mandated to have training on environmental crime typologies, with some intelligence officers have more advanced experience and knowledge as well as contacts in other FIUs and intelligence agencies that may provide specific insight.
- The FIU has dedicated officers who have received enhanced training in this subject of IWT and can be referred to by staff within the unit for advice and guidance.
- The FIU is a member of the Royal Foundations United for Wildlife financial taskforce[6], offering further advice and insight on IWT and wider environmental crime threats.
- The FIU conducts further detailed research, assessment, and analysis to corroborate the suspicion and determine if the Source of Funds (SoF) could be linked to the environmental crime.

[4] https://www.jerseyfsc.org/media/8129/appendix-d2-pdf.pdf
[5] https://www.gov.je/Industry/Finance/pages/sustainablefinanceplan.aspx
[6] https://unitedforwildlife.org/taskforces/financial-taskforce/

- The FIU engages domestically and internationally with other partners to build further intelligence.
- Intelligence shared with jurisdictions with a nexus to the case.

FIU Comment:

- When corroborated from other reliable sources and confirmed to be highly likely to be accurate, the adverse media highlights a real and active risk with Client Mr X.
- The FIU undertook further research to identify sources and details from other FIUs assessing the allegations.
- The FIU assesses the funds received as likely to have been the proceeds of crime relating to bribery, corruption and environmental crime.
- The rationale, reasoning, and requirements for a Jersey bank account are neither clear nor make business or personal sense.

PolSAR Online Reporting Portal

Have a suspicion about a financial transaction? Submit a Suspicious Activity Report (SAR) via the PolSAR Portal. Access the portal via a web browser and the following url:

go.fiu.je/SAR

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