

Red flags indicating illicit trade

Many indicators of suspicious cargo are common to all forms of contraband, including trafficked wildlife. High levels of corruption at ports should be considered a major overarching red flag, since traffickers would exploit these weaknesses.

Questions you should ask yourself to spot possible red flags:



1 **Are shipped commodities incompatible with the origin/destination country's technical capacities or natural resources?**

For example timber is unlikely to be shipped to a country that is already a major timber producer and exporter.



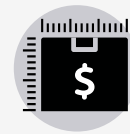
2 **Are weight and cargo appearance inconsistent?**

For example, actual weights are different than those stated in the bill of lading or packing lists; declared weight is not reasonable for the given commodity. If the appearance of the shipment does not seem matching its description in the documentation.



3 **Are commodity descriptions dubious, vague or misleading?**

For example, commodities described simply as 'shell', 'horn', and 'rosewood' (there are many species of rosewood, only some are illegal).



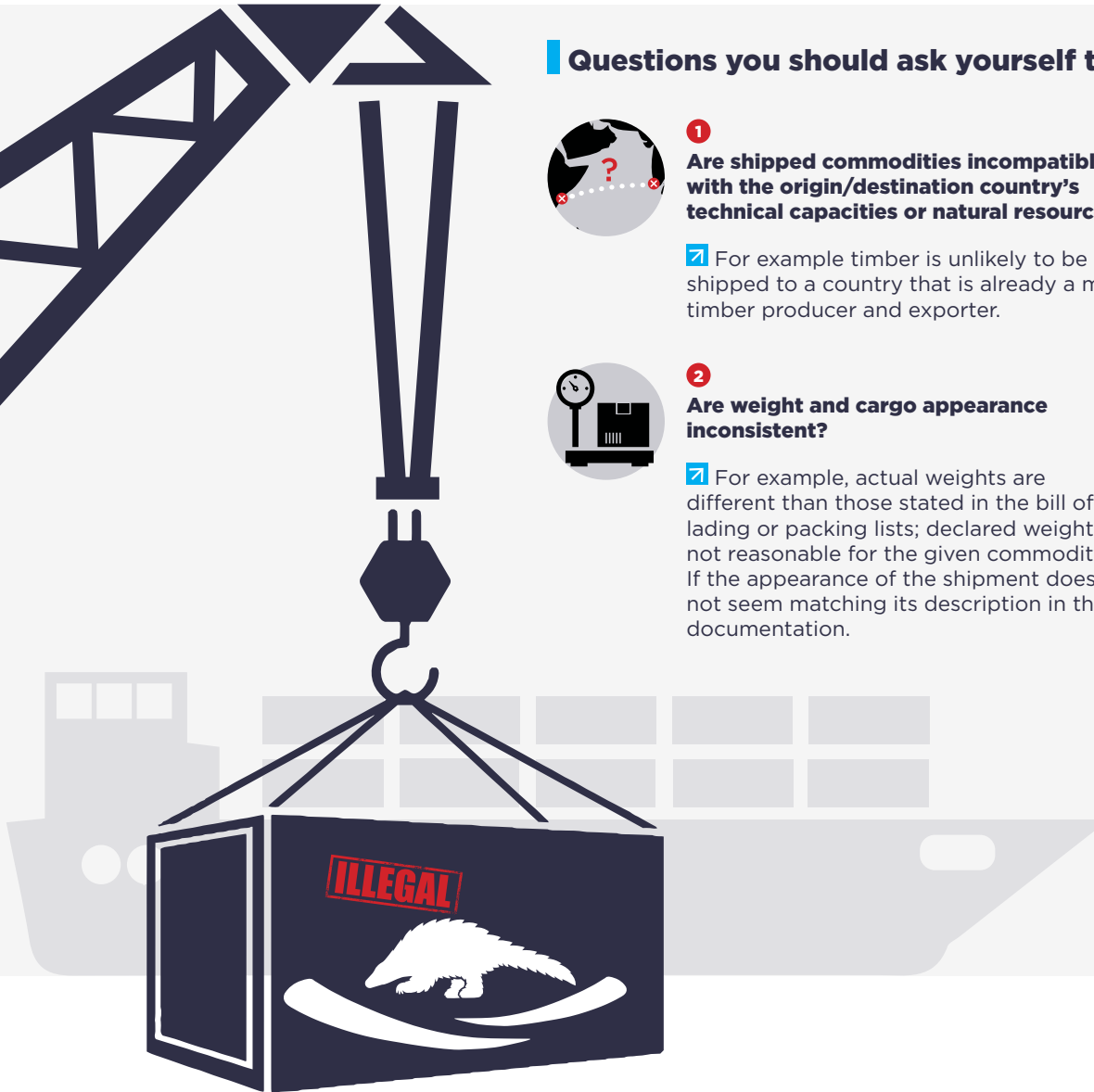
4 **Does the value of cargo tally with its description and size?**

The value of cargo can help triangulate evidence as to whether a proposed shipment to be loaded onto a vessel matches what is stated in the Bills of Lading (B/L).



5 **Is the paperwork questionable?**

For example, are photocopies used instead of original documents? Are there spelling mistakes or inconsistencies? Is there a mismatch of permit number or date? Are documents expired? Is the official counter signature missing or do the documents seem altered (for example, look out for odd formatting, blurry text or cut and pasted logos)



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6
Is the shipping route abnormal for the product and destination?

🚩 For example, a) the shipment makes no commercial sense, e.g. is sent via a long slow route involving multiple stops when more direct routes exist; b) the shipping costs are abnormally high compared to shipment value; or c) the shipment has no clear market value, e.g. scrap metal being shipped across continents.



7
Was the shipping route changed after the ship has left the port?

🚩 Change of destination or diversion of cargo can be an indicator of illicit activities and an attempt to evade controls.



8
Was the Bill of Lading (B/L) switched?

🚩 This is when a freight or shipping agent files a new Bill of Lading for a shipment that is already en route. While often legitimate, this is a common tactic used by traffickers to disguise information about the port of loading (origin), port of discharge (destination) and routing of a shipment.



9
Was the use of a Letter of Indemnity (LoI) requested without just cause?

🚩 This can be legitimate where, for instance, the voyage is too short to issue B/Ls. However, the LoI can request different receivers, consignees and B/L contents and could therefore be used to evade enforcement agencies by using different receivers at short notice and to change the port of discharge.



10
Are Free Trade Zones or Free Ports used for the shipment?

🚩 The simplified import, export, transit and trans-shipment procedures and lax controls of free trade zones and free ports can make them prime sites for diversion of illicit shipments to sanctioned countries.



11
Is the shipper and consignee information false?

🚩 For example, look out for addresses that appear incomplete or overly simplistic (e.g., "1234 Main Street"); consignee names that are similar to large well-known companies; consignee addresses that are different to the businesses associated with the declared commodity; or when a freight forwarding company is listed as the recipient for a shipment.



12
Is a first-time shippers reluctant to offer information about their business and product end-use?

🚩 New customers need screening to rule out that they are shell companies created to obfuscate the actual ownership of the cargo.



13
Was shipment clearance requested last-minute?

🚩 This might be an attempt to avoid Customs' controls due to time constraints.



14
Are payments made in cash?

🚩 Paying with cash instead of wire transfer or financing is preferred by criminals since it is not traceable.

One risk indicator alone, or without additional information about the client or transaction, is not likely to be sufficient to confirm there is an illicit activity. If you suspect something suspicious, ask the client to provide you with more information and follow your internal company/organization Standard Operating Procedures for reporting.

