



Department of Justice

STATEMENT
OF

**JOHN C. CRUDEN
ASSISTANT ATTORNEY GENERAL
ENVIRONMENT AND NATURAL RESOURCES DIVISION**

FOR THE

**COMMITTEE ON FOREIGN AFFAIRS
SUBCOMMITTEE ON TERRORISM,
NONPROLIFERATION, AND TRADE
U.S. HOUSE OF REPRESENTATIVES**

HEARING ENTITLED

“POACHING AND TERRORISM: A NATIONAL SECURITY CHALLENGE”

ON

APRIL 22, 2015

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I. INTRODUCTION

Chairman Poe, and Members of the Committee on Foreign Affairs Subcommittee on Terrorism, Nonproliferation, and Trade, thank you for the opportunity to submit to you this testimony discussing the work of the Environment and Natural Resources Division of the U.S. Department of Justice (“ENRD” or the “Environment Division”) with respect to the Administration’s efforts to combat wildlife trafficking.

II. OVERVIEW OF THE ENVIRONMENT AND NATURAL RESOURCES DIVISION

The Environment and Natural Resources Division is a core litigating component of the U.S. Department of Justice (the “Department”). Founded more than a century ago, ENRD has built a distinguished record of legal excellence. The Division is organized into nine litigating sections (Appellate; Environmental Crimes; Environmental Defense; Environmental Enforcement; Indian Resources; Land Acquisition; Law and Policy; Natural Resources; and Wildlife and Marine Resources), and an Executive Office that provides administrative support. ENRD has a staff of about 600, more than 400 of whom are attorneys.

The Division functions as the Nation’s environmental lawyer, representing virtually every federal agency in courts across the United States and its territories and possessions in civil and criminal cases that arise under an array of federal statutes. Our work furthers the Department’s strategic goals to prevent crime and enforce federal laws, defend the interests of the United States, promote national security, and ensure the fair administration of justice at the federal, state, local, and tribal levels.

III. ENRD'S WORK WITH RESPECT TO WILDLIFE TRAFFICKING

For the purposes of this hearing, this testimony highlights the work the Division is doing to address the increasing global crisis posed by international wildlife trafficking. This work includes prosecuting wildlife traffickers; conducting capacity-building and training on these and related issues; and implementing the National Strategy for Combating Wildlife Trafficking, as well as the Action Plan for Implementing the Recommendations of the Presidential Task Force on Combating Illegal, Unreported, and Unregulated (IUU) Fishing and Seafood Fraud.

The Department of Justice, principally through the work of the Environment Division, has long been a leader in the fight against wildlife trafficking. The President's Executive Order on Combating Wildlife Trafficking, issued on July 1, 2013, and the Presidential Memorandum on Establishing a Comprehensive Framework to Combat IUU Fishing and Seafood Fraud, issued on June 17, 2014, brought increased attention to the severity of the crisis we are facing. Wildlife trafficking—which includes poaching of protected species and trafficking in their parts—has become one of the most profitable types of transnational organized crime. Illegal trade at this scale has devastating impacts: it threatens security, hinders sustainable economic development, and undermines the rule of law. The illicit trade in wildlife is decimating many species worldwide, and some species—including such majestic animals as rhinoceroses, elephants, great apes, totoaba, sea turtles, and tigers—face extinction in our lifetimes or our children's lifetimes.

The Executive Order recognized the urgent need for concerted action and called for a new approach, establishing a Presidential Task Force on Wildlife Trafficking to lead a coordinated, government-wide effort to stop poaching and other wildlife trafficking. The Task Force, which the Department of Justice co-chairs along with the Departments of State and the Interior, includes the Departments of Treasury, Defense, Agriculture, Commerce, Transportation, and Homeland Security, as well as the United States Agency for International Development and seven other federal departments and agencies. The Task Force receives input from an Advisory Council that includes experts who have a wide range of experience and skills and who represent many of the different communities that must be engaged as partners to tackle this problem.

In February 2014, the White House issued the National Strategy for Combating Wildlife Trafficking, based on the work of the Task Force. The Strategy reflects a “whole of government” approach and calls for increased federal coordination to address three key priorities: (1) strengthening domestic and international law enforcement to curb the illegal flow of wildlife; (2) reducing the demand for illegally traded wildlife; and (3) building global cooperation and public/private partnerships to support the fight against wildlife trafficking.

The Task Force agencies have been working in coordination to implement the Strategy since its issuance, and in February of this year, the Task Force released an Implementation Plan that builds upon the Strategy. The Implementation Plan provides a robust, focused reaffirmation of the Nation’s commitment to stopping wildlife trafficking, and sets out specific steps to achieve each strategic priority.

The Presidential Memorandum on IUU Fishing recognized a similar and related need for action focused specifically on the effort to combat trafficking in illegally harvested fish, among other things. That Memorandum established a Presidential Task Force on Combating IUU

Fishing and Seafood Fraud, co-chaired by the Departments of Commerce and State, of which the Department of Justice is a member. The IUU Task Force published a set of recommendations for actions to combat IUU fishing and seafood fraud in December 2014, and followed those recommendations up just last month with its Action Plan for Implementing the Recommendations of the Presidential Task Force on IUU Fishing and Seafood Fraud. That Action Plan sets out specific steps to implement each recommendation.

We recognize that this is a global problem that needs a global response, and success will require a significant and sustained commitment over the long term. International wildlife traffickers respect no international borders, so it is essential that the United States coordinate with foreign governments to stop this cross-border crime. The Administration is committed to working closely with foreign governments, non-governmental organizations, the private sector, community leaders, and civil society to take the steps needed to develop and implement effective solutions that address all aspects of wildlife trafficking, from poaching and transit through consumer use. Range states, transit states, and consumer states must all work together to counter this transnational threat.

Combating wildlife trafficking is a top priority for the Department. Just last month, I led the U.S. delegation to the Kasane Conference on the Illegal Wildlife Trade, where representatives from more than 30 nations gathered to follow up on the commitments made at last year's London Conference, at which Associate Attorney General Tony West led the United States delegation. The joint participation of the United States Departments of Justice, State, and the Interior at these Conferences demonstrates the "whole of government" approach taken in the National Strategy, which we are pleased to see other nations beginning to adopt as well. It was a true honor to speak on behalf of the United States about our ongoing efforts to combat wildlife trafficking through the National Strategy and the newly released Implementation Plan. While in Botswana, we also participated in the second African Elephant Summit, which focused on international efforts to implement 14 "urgent measures" adopted at the first African Elephant Summit in 2013 to stop the illegal slaughter of elephants for their ivory.

The Department of Justice looks forward to continuing to work closely with the other members of the Task Force on implementation of all aspects of the Strategy, though our primary efforts naturally focus on enforcement. The Strategy and the Action Plan on IUU Fishing recognize that strong enforcement, both at home and abroad, is critical to stopping those who kill and traffic in protected animals, whether on land or in the oceans. The work we do to improve domestic and global enforcement includes not only our own case work but also our substantial efforts to improve enforcement through international capacity-building and training. The Department of Justice has for many years aggressively pursued and prosecuted those engaged in the illegal wildlife trade. We have also worked vigorously to train and support partner countries in their efforts to stanch this terrible crime.

A. Wildlife Trafficking Prosecutions

The Division has a section devoted to the prosecution of environmental crimes, including wildlife crime. The Environmental Crimes Section has 38 dedicated criminal prosecutors who often work together with U.S. Attorneys' Offices around the country and our federal agency

partners (such as the U.S. Fish and Wildlife Service and the National Oceanic and Atmospheric Administration) in the area of wildlife trafficking. We have had significant successes over the years prosecuting those who smuggle and traffic in elephant ivory, endangered rhinoceros horns, South African leopard, Asian and African tortoises and reptiles, paddlefish eggs, and many other forms of protected wildlife. Some cases that exemplify these critical enforcement efforts are discussed below.

The two primary federal anti-wildlife trafficking statutes that the Department enforces are the Lacey Act and the Endangered Species Act. The Lacey Act reaches two broad categories of wildlife offenses: illegal trafficking in wildlife and false labeling. The Endangered Species Act establishes a U.S. program for the conservation of endangered and threatened species. The Endangered Species Act makes it illegal to traffic in listed endangered or threatened species without a permit and also implements our international treaty obligations under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)—a treaty establishing limits on trade in certain species of wildlife. In addition, the Marine Mammal Protection Act prohibits the illegal take and importation of marine mammals and marine mammal products, providing additional protections against trafficking in these species.

The types of cases we prosecute for illegal trafficking are varied. While many involve individuals trafficking in illegal wildlife and wildlife parts, we are also seeing the involvement of criminal organizations, including transnational criminal organizations that may threaten the security interests of the U.S. and its allies. We routinely seek punishment that includes sentences for significant periods of incarceration, fines, and restitution or community service to help mitigate harm caused by the offense; forfeiture of the wildlife and instrumentalities used to commit the offense; and, where wildlife traffickers also violate laws against smuggling or other related crimes, disgorgement of the proceeds of the illegal conduct.

A prominent example of the Division’s robust prosecution of illegal wildlife trafficking is “Operation Crash,” an ongoing multi-agency effort to detect, deter, and prosecute those engaged in the illegal killing of rhinoceros and the illegal trafficking of endangered rhinoceros horns. This initiative has resulted in 20 successful prosecutions thus far, and we are continuing to unravel the sophisticated international criminal networks involved in these crimes. Defendants in these cases have been sentenced to significant terms of imprisonment and the forfeiture of millions of dollars in cash, gold bars, rhino horn, and luxury vehicles and jewelry.

In one case, *United States v. Zhifei Li* (D.N.J.), the defendant, owner of Overseas Treasure Finding in Shandong, China, was sentenced last year to serve 70 months’ incarceration. He also will forfeit \$3.5 million in proceeds from his criminal activity as well as several Asian artifacts. Li was in the business of selling raw rhino horns to factories where they would be carved into fake antiques and then resold. Horns that Li acquired were smuggled across international borders. The horns were hidden by a variety of means, including wrapping them in duct tape, hiding them in porcelain vases that were falsely described on customs and shipping documents, and labeling them as porcelain vases or handicrafts. The pieces left over from the carving process were sold for alleged “medicinal” purposes. Rhino carvings valued at as much as \$242,500 were sold to Li’s customers in China. Shortly after arriving in the United States in January 2013, Li was arrested in Florida on federal charges brought under seal in New Jersey.

Prior to his arrest, he had purchased two endangered black rhinoceros horns from an undercover U.S. Fish and Wildlife Service agent in a Miami Beach hotel room for \$59,000 while attending an antique show. Li admitted to organizing an illegal wildlife smuggling conspiracy in which 30 raw rhinoceros horns and numerous objects made from rhino horn and elephant ivory (worth more than \$4.5 million) were smuggled from the United States to China. Li admitted that he was the “boss” of three antique dealers in the United States whom he paid to help obtain wildlife items and smuggle to him through Hong Kong. One of those individuals was Qiang Wang, a/k/a “Jeffrey Wang,” who was sentenced to serve 37 months’ incarceration for smuggling Asian artifacts, including “libation cups,” made from rhinoceros horn and ivory (*United States v. Qiang Wang* (S.D.N.Y.)). Another was Ning Qiu, an art appraiser who admitted traveling throughout the United States to purchase raw and carved rhinoceros horns and elephant ivory and smuggling it to Hong Kong. More information about the Li case is available at <http://www.justice.gov/usao/nj/Press/files/Li,%20Zhifei%20Sentencing%20PR.html>; information about the Wang case is at <http://www.justice.gov/opa/pr/2013/December/13-enrd-1284.html> and the Qiu case is at <http://www.justice.gov/opa/pr/texas-man-pleads-guilty-rhino-and-ivory-smuggling-conspiracy>.

Another recent “Operation Crash” success is *United States v. Xiao Ju Guan a/k/a “Tony Guan”* (S.D.N.Y.). The defendant was sentenced just last month to 30 months in prison for smuggling rhinoceros horns, elephant ivory, and coral from the United States to Canada. The defendant is a Canadian citizen and the owner of Bao Antiques, a company based in Canada and Hong Kong. Guan and co-conspirators smuggled more than \$500,000 of rhino horns and sculptures made from elephant ivory and coral from various U.S. auction houses to Canada by driving them across the border or by having packages mailed directly to Canada with false paperwork and without the required declaration or permits. A rhino horn purchased in Florida, for example, was described on Customs paperwork as a “Wooden Horn” worth \$200. Guan was arrested in New York after attempting to purchase two endangered black rhinoceros horns for \$45,000 from undercover U.S. FWS agents. At the same time he was arrested, Canadian authorities executed a search warrant at his antique business in Canada, seizing multiple wildlife objects that had been smuggled out of the United States. During the search of Guan’s business, Canadian enforcement discovered illegal narcotics, including approximately 50,000 ecstasy pills. More information about this case is available at <http://www.justice.gov/opa/pr/canadian-antiques-dealer-sentenced-30-months-prison-smuggling-rhinoceros-horns-elephant-ivory>.

In another case, *United States v. Michael Slattery, Jr.*, (E.D.N.Y.), Slattery was sentenced to serve 14 months’ incarceration, followed by three years’ supervised release. Slattery also will pay a \$10,000 fine and forfeit \$50,000 of proceeds from his illegal trade in rhinoceros horns. In 2010, Slattery, an Irish national, traveled from England to Texas to acquire black rhinoceros horns. Mr. Slattery admitted to illegal trafficking throughout the United States and is alleged to belong to an organized criminal group engaged in rhino horn trafficking. This organized criminal element speaks to the scope, scale, and lawlessness of this problem. More information about this case is available at: <http://www.justice.gov/opa/pr/2013/November/13-enrd-1181.html>.

“Operation Crash” has also targeted criminals for their role in illegal rhino hunts. In *United States v. Dawie Groenewald et al.* (M.D. Ala.), an indictment was unsealed on October

23, 2014, charging South African nationals, brothers Dawie and Janneman Groenewald, and their company, a large game hunting business, with conspiracy to violate the Lacey Act, and to commit mail fraud and money laundering. Defendants allegedly sold illegal rhino hunts to American hunters at U.S. hunting shows. The hunters were each told a similar story about how the particular rhino that they would hunt was a problem animal that needed to be killed and so no export permit was available. Instead, the cost of the hunt was considerably less (\$10,000 or less) than one where a hunter could bring back a trophy. The defendants sold the horns from the rhinos killed in the scheme to contacts who smuggled the horns to Asia. The hunts themselves were unlawful because they were conducted in violation of South African law and without required hunting permits. This scheme was hidden from the American hunters, typically through a series of misleading and/or false representations that led the American hunters to assume or believe that the hunts were legal. During the period of the conspiracy, Janneman lived in Alabama. Dawie Groenewald was previously convicted in 2010 in federal court in Alabama for his role in smuggling a leopard skin into the United States. In addition, in September 2010, he, his wife, and ten others were arrested and charged in South Africa on 1,872 counts of racketeering, including illegal trade in rhinoceros horns. <http://www.justice.gov/opa/pr/owners-safari-company-indicted-illegal-rhino-hunts>

“Operation Crash” cases, like the *Li* and *Guan* cases above, may also include charges related to the illegal smuggling and sale of elephant ivory. The Division has seen success in other elephant ivory cases. In *United States v. Victor Gordon*, the defendant was sentenced to 30 months’ imprisonment for smuggling elephant ivory into the United States. Gordon also forfeited the approximately one ton of ivory seized from his store—one of the largest single ivory seizures in United States history—as well as an additional \$150,000. In some instances, Gordon stained the ivory that he was smuggling into the country from Africa and directed the smuggler to create false receipts to disguise its origin. More information about this case is available at <http://www.justice.gov/usao/nye/pr/June14/2014June4.php>.

Another ivory case, *United States v. Kemo Sylla, et al.* (E.D.N.Y.), concerned the illegal importation of ivory over a two-year period through New York’s JFK Airport. The ivory was disguised as African handicrafts and wooden instruments. The six defendants pleaded guilty to Lacey Act violations and received sentences ranging from one year of probation to 14 months’ incarceration. A number of the defendants also were ordered to pay fines to the Lacey Act Reward Fund. More information about this case is available at: www.justice.gov/usao/nye/pr/2011/2011mar03.html.

Still other prosecutions involve the illegal import or export of endangered species. For instance, in *United States v. Nathaniel Swanson* (W.D. Wash.), three defendants were recently sentenced (following guilty pleas) to incarceration ranging from 5 months to one year, supervised release, and an order to pay \$28,583 in restitution for conspiracy to smuggle various turtle and reptile species from the United States to Hong Kong, including Eastern box turtles, North American wood turtles, and ornate box turtles. One of the defendants also illegally imported several protected turtle species from Hong Kong, including black-breasted leaf turtles, Chinese striped-necked turtles, big-headed turtles, fly river turtles, and an Arakan forest turtle. The Arakan forest turtle is critically endangered, having once been presumed extinct. The illegal

trafficking spanned approximately four years. More information about this case is available at <http://www.justice.gov/usao/waw/press/2014/January/swanson.html>.

B. Working in the International Sphere: Training and Capacity-Building

As the Strategy recognizes, the United States has an important role to play in strengthening enforcement not only here at home but around the globe. For many years, prosecutors and other Division attorneys have worked closely with our foreign government partners to build their capacity to develop and effectively enforce their wildlife trafficking laws, better enabling them to combat local poaching and the attendant illegal wildlife trade. We conduct our international training in close collaboration with the Department of State and other federal agencies, such as the Department of the Interior, the U.S. Forest Service and the US Agency for International Development.

The Division's training efforts have focused on the legal, investigative, and prosecutorial aspects of fighting wildlife crime. We seek to help our partners craft strong laws, strengthen their investigation and evidence-gathering capabilities, and improve their judicial and prosecutorial effectiveness. Our experience has shown that such training develops more effective partners to investigate and prosecute transnational environmental crimes, increases our ability to enforce U.S. criminal statutes that have extraterritorial dimensions while also helping law enforcement officials in the U.S. and other countries meet their enforcement obligations under international environmental and free trade agreements. These training initiatives also foster positive relationships with prosecutors in other countries in a way that better enables us to share information and assist in prosecuting transnational crimes.

Capacity-building may be conducted bilaterally (in the United States or a partner nation) or in multilateral fora, and our programs may span a range of environmental crimes. Right now, we are working with the State Department to develop a new capacity building program for prosecutors and judges in Africa that will focus on wildlife trafficking. We are planning two regional programs, with an initial session focused on countries in south-east Africa and a second session in central-west Africa. The program will include an important follow-on component that will allow us to continue working with our African counterparts as they put the training into effect. Just last week, I had the opportunity, through the Department of State's International Visitor Leadership Program, to sit down with two members of Togo's recently formed interagency task force on wildlife trafficking. Togo has been very active in combating wildlife trafficking and has had some important successes in recent years, including seizures of more than four tons of illegal ivory. The Togolese delegation to the United States shared with us their goals for this program, and explained that they see regional trainings such as this as essential to the fight against wildlife trafficking.

The Division has participated extensively in training and providing support for foreign investigators, prosecutors, and judges through the various Wildlife Enforcement Networks ("WENs"). These include the Association of Southeast Asian Nations WEN ("ASEAN-WEN"), South Asia WEN, and Central American WEN, as well as the launch of WENs in Central Africa, Southern Africa, and the Horn of Africa. In multiple countries in these regions, we have conducted workshops that involved dozens of agencies from the host countries, and typically

have included hundreds of participants representing government, the judiciary, industry, and civil society. The workshops are a mix of direct course instruction on legal and wildlife trafficking enforcement issues, including presentations by U.S. environmental prosecutors, and an opportunity for representatives from the different countries to exchange views on the issues they face. Thus, these sessions are both a valuable training opportunity and an opportunity to develop a law enforcement network in that region.

The Division has also been involved in numerous international training efforts focused on enhancing prosecutions brought under the Lacey Act, the United States' oldest plant and wildlife protection statute. With the amendment of the Lacey Act in 2008 to protect a broader range of plants and plant products, much of our recent capacity-building work has focused on the trade in illegally harvested and traded timber and timber products, an illegal trade conservatively estimated at a value of \$10 to \$15 billion worldwide. The National Strategy recognizes that wildlife trafficking is facilitated and exacerbated by the illegal harvest and trade in plants and trees, which destroys needed habitat and opens access to previously remote populations of highly endangered wildlife.

ENRD has conducted numerous training sessions abroad on investigating and prosecuting illegal logging cases in Indonesia, Brazil, Peru, Honduras, and Russia with financial support from the State Department and the Agency for International Development. The training agenda may vary somewhat from country to country, but is typically done in close collaboration with the foreign government and local prosecutors. We ordinarily include wildlife trafficking as a component of this training. ENRD is also working closely with the Department of Agriculture's Animal and Plant Health Inspection Service and Forest Service to collaborate with the European Union and Australia as all three move forward on implementing and enforcing new, complementary laws and regulations addressing the illegal timber trade. Such collaboration benefits and strengthens criminal law enforcement in both countries.

The Division conducts further international capacity-building in the area of illegal wildlife trafficking through its participation in INTERPOL (specifically the Wildlife Crime Working Group, Environmental Crime Committee, and Fisheries Crime Working Group) and the International Law Enforcement Academy (with programs for eastern European and Southeast Asian law enforcement officials).

C. Continuing to Implement the National Strategy to Combat Wildlife Trafficking

The Department is proud of its record of achievement in this area, but we all recognize that much remains to be done. Moving forward, the Implementation Plan provides an important framework for our efforts. As detailed in the Implementation Plan, the Department will focus its efforts on a wide variety of activities intended to strengthen enforcement both at home and abroad.

Department prosecutors will continue to target traffickers and their networks, consistent with the enforcement goals and priorities laid out in the National Strategy and the Implementation Plan. We will focus on bringing down high-level traffickers and on disrupting

the illicit funding flows that wildlife trafficking facilitates. We will seek to make illegal wildlife trafficking much less profitable by using the tools of fines and penalties, seizure and forfeiture, and payment of restitution to those victimized by illegal trafficking. The Department will also strengthen our coordination of enforcement efforts, looking for ways to improve the way we work with our federal partner agencies (including through the improved sharing of intelligence), as well as state and tribal authorities. One recent example of our increased effort and attention to prosecuting wildlife trafficking is the Department's decision to devote two of the six issues of the U.S. Attorneys' Bulletin being published this year exclusively to wildlife crime and related issues. We have also increased our efforts to provide training for U.S. personnel stationed abroad to ensure that they are prepared to support our efforts to combat wildlife trafficking.

We look forward to continuing to work with Congress to strengthen existing laws and develop new legislation to improve the tools available to address this challenge. The law should place wildlife trafficking on an equal footing with other serious crimes, for example, by recognizing wildlife trafficking as a predicate crime for money laundering. We can also more effectively fight the scourge of wildlife trafficking if Congress passes legislation that allows for using funds generated through wildlife trafficking prosecutions to mitigate the harms caused by that trafficking, as well as to ensure adequate authority to forfeit all proceeds of wildlife trafficking.

Looking globally, the Department will continue to help source, transit, and demand countries build their capacity to take action against illegal wildlife traffickers. Given the transnational dimension of this problem, we will increase our efforts to support our foreign partners in this area. We will continue our support and training of existing Wildlife Enforcement Networks and look to support additional regional WENs, where appropriate. And more directly, recognizing that illegal wildlife trafficking is a growing area of transnational organized crime, we will support and engage in enforcement initiatives together with the enforcement authorities of other nations. These efforts will target the assets and seek to impede the financial capacity of international wildlife traffickers.

IV. CONCLUSION

In closing, the Department remains fully committed to working with the Administration and Congress to do all that we can to stop those who poach and traffic illegally in wildlife.