

**TESTIMONY OF ROBERT DREHER, ASSOCIATE DIRECTOR,
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BEFORE THE U.S. HOUSE OF REPRESENTATIVES, COMMITTEE ON FOREIGN
AFFAIRS, SUBCOMMITTEE ON TERRORISM, NONPROLIFERATION, AND TRADE
ON POACHING AND TERRORISM: A NATIONAL SECURITY CHALLENGE**

April 22, 2015

Introduction

Good afternoon Chairman Poe, Ranking Member Keating, and Members of the Subcommittee. I am Robert Dreher, Associate Director of the U.S. Fish and Wildlife Service (Service), within the Department of the Interior (Department). I appreciate the opportunity to testify before you today to discuss the escalating international wildlife trafficking crisis.

Last year, Director Ashe testified before the House Committee on Foreign Affairs and described the leadership and resources the Service has provided over the past decade that have been key to conserving imperiled wildlife and addressing illicit wildlife trade. Today, I will address how the wildlife trafficking crisis has evolved over time to one that involves highly organized criminal networks. To illustrate that, I will highlight some of our work in disrupting large-scale wildlife trafficking and the connections we have seen through our law enforcement investigations between wildlife trafficking and organized crime.

With the growing wildlife trafficking crisis, we are increasing our efforts in both our Office of Law Enforcement and International Affairs programs, and I will describe some of our recent successes within the Service and working in partnership with others in the U.S. Government. Today, I will also underscore the resources and authorities that are needed to keep up with this rapidly evolving and increasingly lucrative illicit wildlife trade.

The Wildlife Trafficking Crisis

Wildlife trafficking once was predominantly a crime of opportunity committed by individuals or small groups. Today, it is the purview of international criminal cartels that are well structured, highly organized, and capable of illegally moving large commercial volumes of wildlife and wildlife products. What was once a local or regional problem has become a global crisis, as increasingly sophisticated, violent, and ruthless criminal organizations have branched into wildlife trafficking. Organized criminal enterprises are a growing threat to wildlife, the world's economy, and global security.

Thousands of wildlife species are threatened by illegal and unsustainable wildlife trade. We have seen a resurgence of elephant poaching in Africa, which is threatening this iconic species. Africa's elephants are being slaughtered for ivory at rates not seen in decades. Populations of both savanna and forest elephants have dropped precipitously, and poaching occurs across all regions of Africa. In addition, over the past five years, the poaching of rhinos for their horns has surged upward. Tragically, the current poaching epidemic threatens to reverse fifty years of recovery for African rhinos.

Improved economic conditions in markets such as China and other parts of East and Southeast Asia are fueling an increased demand for elephant ivory, rhino horn, and other wildlife products. More Asian consumers have the financial resources to purchase these wildlife products, which are a status symbol for new economic elites. Increasingly, ivory, rhino horn and other high-value wildlife products are being acquired as investments, with speculators hoping that prices continue to rise; buyers are quite literally banking on extinction. Although the primary markets are in Asia, the United States continues to play a significant role as a major consumer and transit country for illegally traded wildlife, and we must be a part of the solution.

Wildlife Trafficking and Organized Crime

Through our law enforcement investigations, we have seen direct links between wildlife trafficking and organized crime. Our investigations have documented that individuals involved in non-wildlife crimes have branched out into wildlife crime. We see mounting evidence that wildlife crime is evolving from a crime of opportunity to one of organized crime.

Rhino Horn and Elephant Ivory Trafficking and Organized Crime

Operation Crash is an ongoing nationwide criminal investigation led by the Service that is addressing all aspects of U.S. involvement in the black market rhino horn trade, as well as the illegal trade in elephant ivory. To date, there have been 33 individuals and businesses charged and 22 convictions, with prison terms as high as 70 months. Since the launch of Operation Crash, investigators have documented the illegal sale and smuggling of hundreds of illegal rhino horns in the United States, conservatively estimated to be worth in excess of \$50 million dollars on the street.

I would like to highlight three examples from Operation Crash that demonstrate the connection between wildlife trafficking and organized crime. First, in March 2014, two men from California were arrested and each was charged on a complaint in the United States District Court for the District of Nevada with one count of conspiracy to violate the Lacey Act and the Endangered Species Act (ESA), and one count of violating the Lacey Act. The subjects were charged related to the interstate trafficking in black rhino horns. One of the subjects is a felon previously linked to Colombia's infamous Medellín cocaine cartel.

A second example involved the owner of an antiques business in China, who was sentenced in May 2014 in the United States District Court for the District of New Jersey to serve 70 months in prison for heading a wildlife smuggling ring in which 30 rhino 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. The sentence—one of the longest ever imposed for a wildlife smuggling case in the United States—was the result of 11 counts, including Lacey Act violation, conspiracy, smuggling, and making false wildlife documents. This business owner was arrested by Service special agents in January 2013 while in Miami to attend an antiques show. His “business” in that city included buying two endangered rhino horns for \$59,000 from an undercover officer in a Miami Beach hotel room. In pleading guilty, he admitted he was the

“boss” of three U.S. antiques dealers, including two other businessmen also convicted of related rhino horn and elephant ivory smuggling schemes.

A third example is the involvement of Irish organized crime in rhino horn trafficking. In April 2013, four stuffed rhino heads were stolen from the National Museum of Ireland’s natural history section in Dublin, Ireland. This theft was attributed to an Irish organized clan, the Rathkeale Rovers, believed to be one of the world’s wealthiest organized crime groups. The first signs of an Irish connection in the world of rhino horn trafficking was in January 2010, when customs officers at Ireland’s Shannon Airport confiscated eight rhino horns from the baggage of two Irish passengers on a flight from Faro, Portugal. The passengers were brothers who said they were traveling antique dealers who spent most of their time living in French and German RV parks. In January 2014, as the result of a Service investigation, an Irish national known to be a member of a crime organization operating out of Ireland, was sentenced to serve 14 months in prison in New York after pleading guilty to conspiracy to violate the Lacey Act in connection with rhino horn trafficking. He was also ordered to pay a \$10,000 fine and forfeit \$50,000 in illegal proceeds. He had been arrested in September 2013 at Liberty International Airport in Newark, New Jersey, as he was boarding a flight to London. He admitted that he and others traveled throughout the United States buying and selling rhino horn.

Though not traditional organized crime as described by the Department of Justice, the following case involves a global conspiracy with a number of criminal participants trafficking and commercializing illegal elephant ivory. A Philadelphia businessman was sentenced in U.S. District Court in Brooklyn, New York, to 30 months imprisonment, ordered to pay a \$7,500 fine, and had to forfeit \$150,000 along with the approximate one ton of elephant ivory that was seized by agents from his Philadelphia store. On several occasions, he paid accomplices to acquire ivory directly from Africa and smuggle it into the United States through John F. Kennedy International Airport, which he then sold at his store. He had acquired more than 400 pieces of carved elephant ivory valued at approximately \$800,000. Prior to the seizure of his ivory stockpile, he was attempting to sell his business, including the ivory collection, for \$20 million. His sentence capped an 8-year investigation that yielded nine convictions for smuggling and Lacey Act offenses relating to the illegal importation and sale of elephant ivory.

Criminal Organizations - Smuggling Totoaba Bladders

Despite the Government of Mexico’s increased security concerns and commitments to increase border security and dismantle illicit transnational organized crime rings operating within Mexico, criminal networks continue to emerge as major players in a number of smuggling activities to include trafficking endangered animal species, including local species such as bighorn sheep (borrego cimarrón) and the swim bladders of the endangered totoaba fish, which are smuggled back to China, where the totoaba’s large swim bladder is a delicacy used in soup. The swim bladders—which fetch anywhere from \$7,000 to \$14,000 apiece on the black market—are taken from the Sea of Cortez and often smuggled into the United States before being smuggled to Asia. With China’s growing economy, there is high demand for “exotic” cuisine, and many of the endangered animals end up as ingredients on the plates of China’s upper class.

Though Chinese networks may be the most numerous and powerful, Mexican police officials report that Cambodian, Lao, and Thai groups also smuggle goods, including weapons, across the border. Those groups are particularly active in Playas de Tijuana, Popotla, and Playas de Rosarito. Mexican police officials maintain that one clique of Thai criminals launder money at Asian restaurants in Mexicali.

In 2014, a man confessed to local authorities that he killed Samuel Gallardo Castro, the leader of a Mexican organized crime group, because Gallardo Castro owed him \$1 million for a shipment of totoaba swim bladders. The previous year, Mexican authorities dismantled a smuggling ring trafficking totoaba in the Sea of Cortez, seizing totoaba parts worth between \$35,000 and \$60,000 and arresting four people. The Service disrupted a large-scale trafficking scheme involving totoaba swim bladders. Seven individuals were indicted on Federal charges in San Diego in connection with these smuggling operations. A lead player in this trafficking, who coordinated cross-border smuggling from Mexico with plans to market the totoaba swim bladders in Asia, pled guilty to Federal charges and was sentenced to a term of imprisonment and period of probation. He was ordered to forfeit his residence (where he prepared, dried and stored the smuggled fish parts) but subsequent negotiations changed this penalty to forfeiting 75 percent of its value (\$138,750) in cash. He must also pay \$500,000 in restitution to support conservation programs in Mexico and forfeit 241 totoaba swim bladders.

Many Chinese gangs operating in Mexico smuggle these illicit goods north to California. Business owners confirm that it is easy to get merchandise across the border without export fees, paperwork, or even an inspection, simply by bribing border officials, who reportedly wave through Chinese textiles and appliances every day.

Recent Successes

Today's vast, globally integrated markets move at lightning speed. In order to keep up, we have to be better, faster and smarter than the criminals. This requires a multidisciplinary approach to the problem, involving law enforcement and national security, wildlife biology and conservation, finance and trade, outreach and education, and international relations and diplomacy. With the growing wildlife trafficking crisis, we are increasing our efforts, particularly in our Office of Law Enforcement and International Affairs programs, and we are working in partnership with others in the U.S. Government.

Focus across the U.S. Government on Wildlife Trafficking

The Administration recognized that if illicit wildlife trade continues on its current trajectory, some of the world's most treasured animals could be threatened with extinction. In response to this crisis, on July 1, 2013, President Obama issued Executive Order 13648 to enhance coordination of U.S. Government efforts to combat wildlife trafficking and assist foreign governments with capacity building.

The Executive Order established a Presidential Task Force on Wildlife Trafficking charged with developing and implementing a National Strategy for Combating Wildlife Trafficking. We are already improving coordination and leveraging resources across the U.S. Government. President

Obama signed the National Strategy for Combating Wildlife Trafficking on February 11, 2014. The Strategy establishes guiding principles and strategic priorities for U.S. efforts to stem illegal trade in wildlife, positioning the United States to exercise leadership in addressing this serious and urgent conservation and global security threat. It calls for strengthening the enforcement of laws and international agreements that protect wildlife while reducing demand for illegal wildlife and wildlife products. It affirms our Nation's resolve to work in partnership with governments, local communities, nongovernmental organizations, the private sector, and others to strengthen commitment to combating wildlife trafficking.

Earlier this year, the White House released the implementation plan for the National Strategy for Combating Wildlife Trafficking. The implementation plan builds on the strategy and reaffirms our Nation's commitment to work in partnership with governments, local communities, nongovernmental organizations, and the private sector to address wildlife trafficking. The plan lays out next steps, identifies lead and participating agencies for each objective, and defines how we will measure progress in implementing the strategy.

Trans-Pacific Partnership

An important component of our fight against wildlife trafficking is the inclusion of anti-trafficking efforts in international trade agreements. In the Trans-Pacific Partnership (TPP) negotiations with eleven other countries in the Asia-Pacific, the Administration is on track to secure historic commitments to combat wildlife trafficking and provide strengthened protections for wildlife. The TPP would commit countries to implementing, strengthening, and enforcing laws that protect threatened and endangered species like rhinos and pangolins, and to matching new protections with cooperative tools that will spur and support regional action. This is critical as the TPP countries include some of the world's most biologically diverse and ecologically significant regions. One of the key features of the TPP would be that all commitments would be fully enforceable and subject to trade sanctions – a powerful tool to catalyze strong and sustained action to address this environmental crisis.

U.S. Ivory Crush

We took an enormous step forward in 2013 when we joined Kenya, the Philippines, and Gabon in crushing our stock of illegal ivory. In November of that year, the United States destroyed its 6-ton stock of confiscated elephant ivory. This sent a clear message that we will not tolerate wildlife crime that threatens to wipe out the African elephant, rhinoceroses, and a host of other species around the globe. Several other governments—including the People's Republic of China, Chad, France, Belgium, Hong Kong, Kenya, and Ethiopia—have since followed suit. We now are in a much better position to work with the international community to push for a reduction of illegal ivory stockpiles worldwide, and crack down on poaching and illegal wildlife trade.

Reauthorization of the Save Vanishing Species Stamp

In 2014, Congress and the President also took a significant step by enacting the Multinational Species Conservation Funds Semipostal Stamp Reauthorization Act, meaning once again, Americans can purchase the Save Vanishing Species Stamp at post offices and online. The stamp functions as a regular postal stamp that sells at a small premium. The additional money goes to

the Service’s Multinational Species Conservation Funds, directly funding conservation of elephants, rhinos, tigers, great apes, and marine turtles. Since the stamp’s inception in 2011, more than 26 million stamps have been purchased by the American public, generating more than \$2.6 million for conservation.

Stationing Service Law Enforcement Overseas

Wildlife trafficking is increasingly a transnational crime involving illicit activities in two or more countries and often two or more global regions. Cooperation between nations is essential to combat this crime. With assistance from the State Department, we have created the first program for stationing Service law enforcement special agents at U.S. embassies as international attachés to coordinate investigations of wildlife trafficking and support wildlife enforcement capacity building. The first attaché began work in March 2014 in Bangkok, Thailand. We have selected three more attachés and plan on having them in the following three locations: Dar es Salaam, Tanzania; Lima, Peru; and Gaborone, Botswana. We are continuing to work on placing a fifth attaché in China.

Restricting Commercial Trade in Elephant Ivory and other Protected Species

We have made great strides to significantly restrict commercial trade in elephant ivory within the United States and across our borders—including a ban on all commercial ivory imports—making it harder for criminals to disguise the source of poached and trafficked ivory.

The Service issued Director’s Order 210, which re-affirmed enforcement of the African Elephant Conservation Act moratorium and addressed how the Service would enforce the ESA antiques provision. We also improved our ability to protect elephants, rhinos, tigers, and other CITES-listed wildlife by publishing a final rule in June 2014 revising our CITES regulations, including “use after import” provisions that limit sale of CITES-listed wildlife within the United States. The result of this rule is that items, such as elephant ivory, imported for noncommercial purposes may not subsequently be sold within the United States. We will also publish a proposed rule, available for public comment, to revise the ESA special rule for the African elephant, which will include proposed limitations on the interstate sale of African elephant ivory.

Technical Assistance and Grants to Build In-Country Capacity

Through the Multinational Species Conservation Funds, the Service funds projects benefiting elephants, rhinos, tigers, great apes, and marine turtles. A substantial portion of the funding awarded through these grants is invested in projects aimed at combating wildlife crime through improved law enforcement, anti-poaching patrols, demand reduction, and economic alternatives.

Through the Wildlife Without Borders – Africa Program, a technical and financial partnership with USAID, the Service has supported the development of innovative methods to conserve wildlife and fight wildlife crime in Central Africa, including strengthening investigative and prosecutorial capacity. A number of projects are geared toward building in-country capacity and providing technical assistance to reduce the poaching of African elephants.

Future Challenges and Needs

While we have made great strides recently to address wildlife trafficking, there is still much work to be done.

Increasing Capacity to Address Wildlife Trafficking

The President requested \$75.4 million, an increase of \$8 million, for the Service's Office of Law Enforcement in FY 2016 to combat expanding illegal wildlife trafficking and support conservation efforts on-the-ground in Africa and across the globe. This additional funding would also expand the Service's wildlife forensics capability to provide the evidence needed for investigating and prosecuting criminal activity.

Strengthening Legal Authorities

We need to do more to target and disrupt the sophisticated, violent and ruthless criminal organizations increasingly branching out into wildlife crime. For these criminals, wildlife crime still offers low risk and high rewards compared to drug and weapons trafficking. We need to change that calculus, treating transnational wildlife crime as the pernicious threat to global stability, security, and the environment that it is. This includes stiffening penalties for wildlife crimes in consumer nations as well as range countries.

The Administration's National Strategy for Combating Wildlife Trafficking called on Congress to consider legislation to recognize wildlife trafficking crimes as predicate offenses for money laundering and to ensure that funds generated through prosecutions are directed back to conservation efforts or to combating wildlife trafficking. These actions would be invaluable to the Service's law enforcement efforts because they would help place wildlife trafficking on an equal footing with other serious crimes. We commend Senator Dianne Feinstein and Senator Lindsey Graham for introducing S. 27, the Wildlife Trafficking Enforcement Act, which would take steps toward these important goals. Changing the law in this area is key to ending the days of wildlife trafficking being a low-risk, high-profit crime.

Conclusion

Thank you for the opportunity to present testimony today. I appreciate the Subcommittee's support of our efforts to combat wildlife trafficking. I look forward to working with you to ensure a secure future for imperiled species across the globe. I would be pleased to answer any questions that you may have.