

## CASE STUDY

11

### COMMODITIES INVOLVED

Timber, corruption, and fraud

### CONVERGENCE TYPOLOGY

Embedded convergence where the crime types are inextricably linked

### GEOGRAPHIC REGION

South America



**The largest illegal timber case** in Peru demonstrates deep and systemic connections between illegal timber and fraud, with official documents containing false information used to launder timber that was allegedly illegally harvested. During 2015, the Yacu Kallpa container ship moved over 1,312 m<sup>3</sup> of illegal timber obtained in the Peruvian Amazon that was taken from indigenous communities, farming families and government lands, equivalent to the full freight capacity of 60 semi-trailers.<sup>58</sup>

**The shipment** was destined for Houston, United States, and in November 2015 on the morning it was set to depart Peru, a public prosecutor boarded the ship and attempted to seize 15% of the timber that investigators had proven was of illegal origin. The seizure attempt met with complications that allegedly resulted in an agreement with the captain

that he would return with the illegal 15% portion after delivering the rest of the cargo, and the ship left port the next day. However, the investigation continued, visiting the locations cited in the timber certificates to verify its extraction.

**Meanwhile**, the ship travelled to the Dominican Republic where some cargo was unloaded, and then on to Tampico, Mexico, where it was detained at the end of January 2016. By this time investigators had found that 96% of the original cargo was “not of legal origin”. The companies exporting the timber denied any knowledge of illegality, pointing to their official certification documents and claiming to have purchased the timber in good faith. The companies’ claims were supported by several top-level politicians; however, investigators working for the NGO Global Witness



*Image 14: The largest illegal timber case in Peru demonstrated deep and systemic connections between illegal timber and fraud.*

*Credit: Environmental Investigation Agency.*

<sup>58</sup> <https://news.mongabay.com/2017/11/videos-detail-corruption-in-massive-illegal-peruvian-timber-case/>

had collected undercover video evidence of executives from several of the export companies revealing that at least some of them, and possibly all, were well aware that the timber was illegal but felt protected by their ability to obtain fraudulent official documents.<sup>59</sup> It was later reported that Mexican authorities eventually released the shipment, giving in to diplomatic pressure and lobbying from the timber industry. The timber allegedly ended up in the United States via several Mexican companies that sent it to their subsidiaries based there.<sup>60</sup>

**The investigation in Peru** led to 52 cases involving more than 100 defendants, which are still in the process of prosecution five years later. It also exposed several methods by which illegal timber is laundered into the legal supply, all of which rely on the participation of corrupt regional government officials who are responsible for approving all harvesting plans and permits. One of the methods involved purchasing timber from areas where logging is not permitted, using false certification documents identifying it as being from a legal concession. Linked to this method, harvesting plans could be drawn up by corrupt forestry consultants who fake the tree locations to make it appear as though they are within legal concession boundaries.

**Another method** exploited designated “local forest” areas, which allow small quantities of timber to be taken by local communities for self-subsistence

and local infrastructure purposes. However, investigators discovered that instead, most of the logging occurring in many of the local forests was actually large-scale and for commercial purposes.

### GOOD PRACTICE

- **Collaboration between law enforcement authorities and NGOs** in sharing intelligence, conducting joint investigations, and collecting evidence.
- **Use of specialised investigation techniques** such as undercover operations to gather evidence and build a strong case for prosecution.
- **Conducting further and follow-up investigations** to help uncover the full extent of criminality linked to the case.

### INTERVENTION STRATEGY FOR FUTURE CONSIDERATION

- **Anti-corruption:** The various methodologies for laundering illegal timber revealed during this investigation indicate the need for a systemic approach to identify and mitigate corruption vulnerabilities in the forestry sector.

<sup>59</sup> <https://insightcrime.org/news/analysis/report-exposes-inner-workings-timber-trafficking-peru/>

<sup>60</sup> <https://ojo-publico.com/especiales/madera-ilegal/del-sur-al-norte-la-ruta-del-trafico-de-madera-del-amazonas/>