



# Conference of the Parties to the United Nations Convention against Transnational Organized Crime

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## Working Group on Firearms

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### Reducing illicit financial and arms flows to achieve target 16.4 of the Sustainable Development Goals

Background paper prepared by the Secretariat

#### I. Introduction

1. Target 16.4 of the 2030 Agenda for Sustainable Development recognizes the importance of reducing illicit financial and arms flows and recovering stolen assets in order to combat all forms of organized crime. Although illicit financial flows and illicit arms flows are both addressed under the same target, they have traditionally been regarded as two related but separate phenomena. Although it may seem obvious that transnational offences such as illicit firearms trafficking and related crimes are inevitably connected with large money-laundering schemes and illicit financial flows, both prior and subsequent to the commission of those offences, not enough attention has been devoted to exploring the specific interlinkages between illicit financial and arms flows.

2. Recently, however, the important financial dimension of illicit firearms trafficking has come into focus. The Working Group on Firearms has made several relevant recommendations in recent years. At its third meeting, held in Vienna on 9 June 2015, the Working Group recommended that States should use tracing results to conduct in-depth criminal investigations on firearms trafficking, including parallel financial investigations (recommendation 11). Moreover, at its fourth meeting, held in Vienna on 18 and 19 May 2016, the Working Group recommended that States should consider conducting systematic concurrent investigations into possible illicit firearms trafficking and related financial crimes, and that they should ensure the seizure and confiscation of all illicit assets and proceeds of crimes, including firearms and the instrumentalities of crimes (recommendation 44).

3. Furthermore, at its seventh meeting, held in Vienna on 16 and 17 July 2020, the Working Group encouraged States to combine investigations of firearms-related crimes with investigations of illicit assets and of money-laundering tackling illicit enrichment, as different and interchangeable entry points for initiating investigations on illicit firearms trafficking. The Working Group also urged States to take broad approaches in investigating and prosecuting cases involving investigations of illicit firearms, the individuals involved and their illicit assets (discussion points 36 and 37).

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\* CTOC/COP/WG.6/2021/1.



4. Consequently, in its resolutions 8/3 and 9/2, the Conference of the Parties to the United Nations Convention against Transnational Organized Crime called upon States parties to use tracing results to conduct in-depth criminal investigations on illicit trafficking in firearms, including parallel financial or other investigations and invited States parties to promote investigations of firearms-related crimes that are combined with investigations of illicit assets and money-laundering, in order to dismantle the trafficking networks behind illicit arms transfers and gather intelligence on suspicious transactions, for the achievement of target 16.4 of the Sustainable Development Goals.

5. Fruitful debates on the interlinkages between illicit financial and arms flows have also been held in other forums. The Financial Action Task Force, for instance, identified illicit arms trafficking as one of the four priorities to pursue under its new presidency (2020–2022) and highlighted that illicit arms trafficking was not only a predicate offence for money-laundering, but also a source of terrorism financing.<sup>1</sup> The Task Force can avail itself of a list of Security Council resolutions in which the Council has addressed the financing of terrorist acts and the supply of weapons to terrorists<sup>2</sup> and called upon Member States to analyse financial intelligence regarding suspected organized crime activities that support terrorism, including illicit arms trafficking.<sup>3</sup>

6. The present paper explores the interlinkages between illicit financial and arms flows in the context of Sustainable Development Goal 16 and provides an overview of relevant types of financial flows and the most prevalent economic crimes in the context of illicit arms flows. In addition, the paper explores how criminal and financial investigations into both illicit financial and arms flows can mutually reinforce each other.

## II. Illicit financial and arms flows in the context of the 2030 Agenda for Sustainable Development

7. Sustainable Development Goal 16 is aimed at promoting just, peaceful and inclusive societies for sustainable development, providing access to justice for all and building effective, accountable and inclusive institutions at all levels. Within the Goal, target 16.4 strives to significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organized crime. It is no coincidence that among the many manifestations of organized crime, Member States have singled out illicit financial and arms flows, since these flows are particularly powerful factors in enabling and catalysing various forms of organized crime and terrorism. The indicators that have been identified and approved for the monitoring of target 16.4 also focus on illicit financial and arms flows: indicator 16.4.1 measures the total value of inward and outward illicit financial flows, while indicator 16.4.2 measures the proportion of seized, found or surrendered arms whose illicit origin or context has been traced or established by a competent authority in line with international instruments. The premise of indicator 16.4.1 is that criminal activities, which give rise to, or are associated with, illicit financial flows, represent a major challenge to sustainable development.<sup>4</sup> In the same vein, the Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects not only includes measures that directly address the illegal manufacture, trade, stockpiling, transfer and possession of illicit small arms and light

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<sup>1</sup> Financial Action Task Force, “Priorities for the Financial Action Task Force (FATF) under the German Presidency: objectives for 2020 – 2022” (Paris, 2020), p. 3.

<sup>2</sup> Security Council resolutions 1373 (2001) and 2370 (2017).

<sup>3</sup> Security Council resolution 2482 (2019), paras. 2 and 15 (d); see also Council resolution 2462 (2019).

<sup>4</sup> United Nations, “Statistics Division”, Global SDG Indicators database, Metadata repository, Target 16.4.1. Available at <https://unstats.un.org> **Error! Hyperlink reference not valid..**

weapons, but it also explicitly underscores the importance of identifying groups and individuals engaged in financing for their acquisition.<sup>5</sup>

8. Although corruption may, like other crimes, generate or facilitate illicit financial flows, a separate target 16.5 is aimed at substantially reducing corruption and bribery in all their forms. Member States have acknowledged the corrosive effects that crime can have on societies, fuelling inequality and injustice, and therefore recognize the importance of addressing crime for the achievement of Sustainable Development Goal 16.

9. It is noteworthy that the Sustainable Development Goals use the term “illicit arms flows”, which is not defined under any international instrument and is broader in meaning than the term “illicit trafficking” as used in the Protocol against the Illicit Manufacturing of and Trafficking in Firearms, Their Parts and Components and Ammunition, supplementing the United Nations Convention against Transnational Organized Crime. On the basis of the definition of “illicit arms” contained in the International Instrument to Enable States to Identify and Trace, in a Timely and Reliable Manner, Illicit Small Arms and Light Weapons, and for the purpose of this background paper, the term “illicit arms flows” will refer to dealing in firearms, their parts and components and ammunition that are considered illicit under domestic law, that are transferred in violation of an arms embargo, that are not marked properly and that are manufactured or transferred without the required authorization or licence.<sup>6</sup>

### III. Financial aspect of illicit arms flows: a typology

10. Trafficking in illicit firearms is a lucrative business. Illicit arms flows thus inherently and inextricably involve financial transactions.

11. The United Nations Office on Drugs and Crime (UNODC) *Global Study on Firearms Trafficking 2020* found that prices for illicit firearms are generally significantly higher than for licit firearms owing to the considerable risks and costs involved in trafficking activities.<sup>7</sup> Those who acquire firearms often finance their firearms purchases through various profit-oriented criminal activities, such as kidnapping for ransom, drug trafficking, piracy and the smuggling of migrants, as well as terrorist fund-raising campaigns, generate illicit financial flows. Consequently, illicit arms dealers receive payment for the products and services they provide to petty criminals, criminal organizations and terrorists through unlawful money transfers, which they generally cannot deposit in a regular bank account, except through money-laundering.

12. Financial flows that are prevalent in illicit dealing related to firearms can be roughly divided into the following four categories: (a) cash flows; (b) wire transfers; (c) money or value transfer services; and (d) virtual asset transfers. Barter (also referred to as “in kind” or “in trade”) is not a financial flow by definition but is also addressed in this paper in order to provide a more complete picture, given that some are of a view that financial flows should include not only money and capital, but also non-monetary forms of value.<sup>8</sup>

<sup>5</sup> A/CONF.192/15, chap. IV, sect. II, para. 6; reiterated by the General Assembly in its resolution 74/60.

<sup>6</sup> See the definition of illicit small arms and light weapons in article II, paragraph 6, of the International Instrument to Enable States to Identify and Trace, in a Timely and Reliable Manner, Illicit Small Arms and Light Weapons.

<sup>7</sup> United Nations Publication, 2020, p. 58 ff.

<sup>8</sup> Mark Bromley, Marina Caparini and Alfredo Malaret, “Measuring illicit arms and financial flows: improving the assessment of Sustainable Development Goal 16”, SIPRI Background Paper (Stockholm, Stockholm International Peace Research Institute, July 2019), p. 6.

## Cash flows

13. Cash transactions are the most informal type of financial transaction. Since they are made outside the highly regulated and supervised financial sector, they leave no trace and are difficult or even impossible to track. Therefore, cash is the most common medium of exchange not only in informal economies but also in black markets; it is used for many types of criminal transactions involving illicit commodities, particularly drugs, and is relatively common in illicit dealing in firearms, their parts and components and ammunition.

14. The transfer of large amounts of cash between different parties to illicit arms flows often requires the use of cash couriers. The establishment of a declaration and/or disclosure system for cross-border cash transfers, corresponding sanctions in cases of false declarations or disclosures and the power to seize and confiscate money that is suspected to be related to terrorist financing or money-laundering and/or that is falsely declared or disclosed may aid in the detection of the physical transportation of cash and cheques across borders.<sup>9</sup> In 2017 at Milan Malpensa Airport, for instance, a suspicious currency declaration of more than 297,000 euros led to the dismantling of a network involved in firearms trafficking<sup>10</sup> (for more information, see para. 30).

## Wire transfers

15. Formal financial instruments such as wire transfers are often subject to a strict regulatory system that governs the global financial sector and includes identification requirements for account holders and beneficiaries and long retention periods for transaction data. The system is aimed at preventing terrorists and criminals from moving their funds and at detecting such misuse when it occurs through the creation of measures to trace all wire transfers and to assist law enforcement and prosecutorial authorities in detecting, investigating and prosecuting terrorists and other criminals and identifying their assets.<sup>11</sup> Hence, the use of wire transfers may require additional levels of layering and concealment, including the use of offshore bank accounts or trade misinvoicing, in order to go undetected.

16. A noted example of the use of wire transfers to conceal the profits of illicit arms brokering is the case of the British arms dealer, Gary Hyde, who, in December 2012, was found guilty of breaching national trade controls by failing to apply for a licence to broker an arms deal between China and Nigeria in 2007 that had been authorized by both countries and that included the delivery of 40,000 AK-47 assault rifles, 30,000 rifles, 10,000 pistols and 32 million rounds of ammunition. The profits from the deal, amounting to more than \$1 million, were concealed in a bank account in Lichtenstein using corporate manoeuvres such as a shell company and various trusts.<sup>12</sup>

## Money or value transfer services

17. Informal money or value transfer services are often referred to as alternative remittance systems, since they function beyond the formal financial sector. In many communities, they are considered essential providers of financial services to those who have traditionally been unable to access the regulated financial sector; however, they are also seen as one of the leading channels for terrorist

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<sup>9</sup> Financial Action Task Force, *International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation: The FATF Recommendations* (Paris, 2012–2020), recommendation 32 and interpretive note to recommendation 32.

<sup>10</sup> World Customs Organization (WCO), *Illicit Financial Flows via Trade Mis-invoicing: Study Report 2018* (Brussels, 2018), p. 162.

<sup>11</sup> Financial Action Task Force, *International Standards*, recommendation 16 and interpretive note to recommendation 16; wire transfers are defined in the interpretive note to recommendation 16.

<sup>12</sup> Royal Courts of Justice, *The Queen v. Gary Hyde*, EWCA Crim 713, 15 April 2014.

financing and money-laundering.<sup>13</sup> As defined in the Financial Action Task Force Recommendations, money or value transfer services are financial services that involve the acceptance of cash, cheques, other monetary instruments or other stores of value and the payment of a corresponding sum in cash or other form to a beneficiary by means of a communication, message, transfer, or through a clearing network to which the money or value transfer service provider belongs.<sup>14</sup>

18. Informal value transfer systems such as hawala, which is primarily used in the Middle East, North Africa, the Horn of Africa and the Indian subcontinent, have been exploited by criminals to facilitate illicit arms deals. Hawala systems transfer money without moving it, by making use of a network of hawala service providers or brokers: if an individual customer wants to send money from country A to country B, the hawala service provider in country A will ask its counterpart in country B to make a payment to the beneficiary in country B. For this transaction, there is no transfer of funds between the two service providers, and the service provider in country B will use its local cash pool to make the payment. To settle the accounts, sometime in the future the service provider in country A will make a payment to a beneficiary in country A on behalf of a customer of the service provider in country B. Over a period of time, the overall net amount of transactions may reach a balance.<sup>15</sup> Because hawala systems do not rely on the highly regulated formal financial sector, these systems are particularly attractive to criminal and terrorist financiers as a means of moving or laundering criminal proceeds generated by trafficking activities.<sup>16</sup>

19. One example of the use of hawala remittance systems for illicit arms transfers relates to the arms trafficking route between Yemen and Somalia. Weapons diverted from the war in Yemen are the primary source of illicit small arms and light weapons imports to Somalia, which has been under a United Nations arms embargo since 1992.<sup>17</sup> There is a prevalence of small-scale shipments being brought by speedboats across the Gulf of Aden from the Yemeni coast to the semi-autonomous region of Puntland in northern Somalia. From there, it is believed that some of the arms are sold on by middlemen to countries such as the Central African Republic, Kenya, Mozambique, South Sudan and the United Republic of Tanzania.<sup>18</sup> In a study by the Global Initiative Against Transnational Organized Crime, 176 individual hawala transactions made from July 2014 to May 2020 and totalling over \$3.7 million were analysed. The arms traffickers were found to have used aliases, false identities, spelling variations, proxy agents and multiple mobile phone numbers to carry out the transactions that were used to settle the arms deals. Even prominent Yemeni arms suppliers were able to continue making illicit arms deals and receiving payment for them through hawala systems, despite being under United States sanctions.<sup>19</sup>

## Transfers of virtual assets and currencies

20. The use of virtual assets and currencies, particularly cryptocurrencies, has become an advantage in order to make payments with an increased degree of anonymity in strictly regulated environments. There are myriad definitions of the term “virtual assets”. The Financial Action Task Force, for instance, defines them as a digital representation of value that can be digitally traded, or transferred, and can be

<sup>13</sup> Financial Action Task Force, *The Role of Hawala and Other Similar Service Providers in Money-Laundering and Terrorist Financing* (Paris, 2013), p. 7.

<sup>14</sup> Financial Action Task Force, *International Standards*, p. 125.

<sup>15</sup> Financial Action Task Force, *The Role of Hawala*, p. 23 ff.

<sup>16</sup> *Ibid.*, p. 10; for a step-by-step explanation of hawala transfers of criminal proceeds, see p. 30 ff.

<sup>17</sup> Jay Bahadur, “Following the money” the use of the hawala remittance system in the Yemen–Somalia arms trade” (Geneva, Global Initiative Against Transnational Organized Crime, 2020), p. 5; the embargo was established in Security Council resolution 733 (1992), last updated by Council resolution 2551 (2020).

<sup>18</sup> Michael Horton, “Arms from Yemen will fuel conflict in the Horn of Africa”, *Terrorism Monitor*, vol. 18, No. 8 (April 2020), p. 3.

<sup>19</sup> Bahadur, “Following the money”.

used for payment or investment purposes.<sup>20</sup> A subcategory of virtual assets/currencies that has gained increasing attention over the past decade is decentralized cryptocurrencies such as Bitcoin and Ether. Cryptocurrencies ensure high levels of privacy, encryption, anonymity and pseudonymity; as a result, their illicit use in cybercrime and encrypted darknet marketplaces are well documented.<sup>21</sup> In particular, many virtual asset exchange services do not require the identification or verification of participants and therefore allow anonymous cross-border transfers that are difficult to trace back to and associate with real-world identities. Furthermore, decentralized systems lack single points of contact for law enforcement authorities to use for investigative or asset seizure purposes.<sup>22</sup>

21. The *Emerging Terrorist Financing Risks* report, published by the Financial Action Task Force in 2015, notes that law enforcement agencies are concerned about the use by terrorist organizations of virtual assets to purchase arms.<sup>23</sup> Similarly, Security Council resolution 2462 (2019) and a study by the European Parliament Directorate-General for Internal Policies of the Union, published in 2018, note that terrorist groups might use virtual assets for targeted crowdfunding campaigns designed to raise funds for a variety of purposes, including the procurement of weapons.<sup>24</sup> These concerns proved to be true when, in August 2020, the United States Department of Justice announced the dismantling of three terrorist financing cyber-enabled campaigns, in one of which Al Qaida had solicited Bitcoin donations to equip terrorists with weapons.<sup>25</sup>

22. Another important aspect is the purchase of firearms through encrypted marketplaces and darknet platforms, where illicit commodities might be paid for in virtual assets.<sup>26</sup> According to the aforementioned study by the European Parliament, the detection and disruption of virtual asset transfers to settle arms purchases through the Dark Web, especially by lone actors that have no connections to established physical arms markets, poses a particularly difficult challenge to law enforcement agencies.<sup>27</sup>

## Barter

23. Barter refers to the direct exchange of goods or services (in the context of the present paper, firearms) for other goods or services without the use of a medium of exchange, such as money. Although barter is not a financial flow, it is addressed in this paper since it is a possible means by which arms are transferred.

24. Recently, cases involving the exchange of arms for drugs and cultural property have been reported. In the Caribbean, between 150 and 200 firearms are trafficked from Haiti to Jamaica each month in exchange for marijuana and, to a lesser extent, cocaine. An assault rifle can be exchanged for 30 pounds of marijuana, a handgun for 10 pounds of marijuana and three assault rifles for 1 kilogram of cocaine. A trafficked

<sup>20</sup> Financial Action Task Force, *International Standards*, p. 130.

<sup>21</sup> Tom Keatinge, David Carlisle and Florence Keen, *Virtual Currencies and Terrorist Financing: Assessing the Risks and Evaluating Responses* (European Parliament, Directorate-General for Internal Policies of the Union, 2018), p. 9.

<sup>22</sup> Financial Action Task Force, “Virtual currencies: key definitions and potential AML/CFT risks” (Paris, 2014), p. 9.

<sup>23</sup> Financial Action Task Force, *Emerging Terrorist Finance Risks* (Paris, 2015), p. 36.

<sup>24</sup> Keatinge, Carlisle and Keen, *Virtual Currencies and Terrorist Financing*, p. 28. See also Cynthia Dion-Schwarz, David Manheim and Patrick B. Johnston, *Terrorist Use of Cryptocurrencies: Technical and Organizational Barriers and Future Threats* (Santa Monica, California, RAND Corporation, 2019), p. 7; and Security Council resolution 2462 (2019), para. 20 (d).

<sup>25</sup> United States Department of Justice, “Global disruption of three terror finance cyber-enabled campaigns”, 13 August 2020.

<sup>26</sup> Nils Duquet and Kevin Goris, *Firearms Acquisition by Terrorists in Europe: Research Findings and Policy Recommendations of Project SAFTE* (Brussels, Flemish Peace Institute, 2018), p. 117. See also CTOC/COP/WG.6/2020/2.

<sup>27</sup> Keatinge, Carlisle and Keen, *Virtual Currencies and Terrorist Financing*, p. 37.

handgun can be resold for \$700 in Jamaica.<sup>28</sup> In conflict zones in the Middle East and North Africa region, looted cultural property and antiquities have become a source of financing for the purchase of arms or are exchanged directly for arms. Italian organized crime groups such as the Calabrian mafia are also involved in the trade in cultural property for arms, acting as intermediaries between interested collectors of the artefacts, arms supply networks and terrorist groups and militia.<sup>29</sup> In the Niger Delta, militants have exchanged stolen oil for small arms and light weapons supplied by criminal trafficking networks, while in Liberia, weapons have been exchanged for diamonds.<sup>30</sup> These are examples of a widespread phenomenon; several reports have found empirical evidence of the use of firearms as a trading commodity in, inter alia, Bangladesh, Somalia, Yemen and the Maghreb and Sahel regions.<sup>31</sup>

#### IV. Economic dimension of illicit dealing in firearms – applicable offences

25. To date, there is no agreed definition of the concept of illicit financial flows. However, according to the World Bank, the term generally refers to the cross-border movement of capital associated with illegal activity or, more explicitly, money that is illegally earned, transferred or used and that crosses borders. It extends to three main areas: the acts themselves are illegal (e.g., corruption, tax evasion); the funds are the result of illegal acts (e.g., smuggling and trafficking in minerals, wildlife, drugs and people); or the funds are used for illegal purposes (e.g., financing of organized crime).<sup>32</sup> In a regional meeting on the measurement of illicit financial flows related to criminal activities, held in Mexico City in November 2018, experts identified two key types of illicit financial flows: (a) income-generating operations linked to illicit activities, such as illicit firearms trafficking and related crime; and (b) income-management operations to invest or consume illicitly generated income.<sup>33</sup>

26. Although the economic dimension of illicit dealing in firearms is often neglected, all three areas of illicit financial flows play a significant role in the context of illicit arms flows. In cases of diversion of firearms, there is widespread bribery of customs and arms control authorities; in cases of illicit trafficking in or manufacture of firearms, the funds are the result of illegal acts; and in cases of the supply of firearms to organized criminal or terrorist groups, the funds are used for illegal purposes.

<sup>28</sup> Seth Robbins, “Jamaica and Haiti swap drugs and guns”, InSight Crime, 23 June 2020.

<sup>29</sup> Marc-André Renold, “The legal and illegal trade in cultural property to and throughout Europe: facts, findings and legal analysis” (Geneva, Art-Law Centre, University of Geneva, 2018), p. 6; Aryn Baker and Majdal Anjar, “Syria’s looted past: how ancient artifacts are being traded for guns”, TIME, 12 September 2012; Domenico Quirico, “How to buy antiquities looted by ISIS from an Italian mobster” (*La Stampa*, 18 October 2016).

<sup>30</sup> Intergovernmental Action Group against Money Laundering in West Africa, *The Nexus between Small Arms and Light Weapons and Money Laundering and Terrorist Financing in West Africa* (Dakar, 2013), p. 27 ff.

<sup>31</sup> See with further references, Reinier Bergema, Tanya Mehra and Méryl Demuynck, “The use of small arms and light weapons by terrorist organizations as a source of finance” (The Hague, International Centre for Counter-Terrorism, 2020), p. 7.

<sup>32</sup> World Bank, “Illicit Financial Flows (IFFs)”, 7 July 2017; Similar concepts used by the United Nations, *World Economic Situation and Prospects 2016*, p. 103 (see footnote 19); and Organization for Economic Cooperation and Development, Policy Coherence for Sustainable Development, “Thematic module on illicit financial flows” (Paris, 2015), p. 3.

<sup>33</sup> United Nations Office on Drugs and Crime (UNODC), Report on the Joint Regional Technical Meeting on Measuring Illicit Financial Flows Related to Criminal Activities for Sustainable Development Goal Indicator 16.4.1, held in Mexico City from 20 to 22 November 2018, p. 3; Bromley Caparini and Malaret, “Measuring Illicit Arms and Financial Flows”, p. 6 (see footnote 8).

## A. Money-laundering

27. Money-laundering is a by-product of many illicit activities that generate profits, such as illicit dealing in firearms, their parts and components and ammunition. Money-laundering, in the conventional sense, is the process of turning “dirty” money into “clean” money by concealing its illicit origin and integrating it into the legitimate economy through apparently legitimate transactions. Pursuant to article 6 (2) (b) of the Organized Crime Convention, in conjunction with article 1 (3) of the Firearms Protocol, the offences of illicit manufacturing of and trafficking in firearms, their parts and components and ammunition, as well as the tampering with markings on firearms that States Parties to the Protocol are required to establish (art. 5 (1) of the Firearms Protocol) should be considered predicate offences for money-laundering. Review of implementation of the United Nations Convention against Corruption has found the most common challenge in the implementation of the offence of money-laundering to be the “non-inclusion as predicate offences of all offences established in accordance with the Convention, whether committed within or outside the jurisdiction of the State party in question”.<sup>34</sup> Efforts to broaden the scope of predicate offences should also take into account the inclusion of illicit firearms trafficking and additional firearms-related crime, in case those are not covered.

28. Money-laundering typically involves three steps, namely, the placement, layering and integration of funds. First, the funds are introduced into the legitimate financial system (“placement”); next, complex financial transactions are carried out to camouflage the illegal source of the cash (“layering”); and lastly, legitimate assets can be purchased using the illicit funds (“integration”).

### Money-laundering in the context of illicit arms flows

29. In the context of firearms-related criminality, every instance in which the proceeds of illicit dealing in firearms are moved from one bank account, place or jurisdiction to another or converted from one form or type to another can constitute the offence of money-laundering. For instance, in November 2020, Spanish police and the Spanish Tax Agency, in cooperation with the European Union Agency for Law Enforcement Cooperation, dismantled a large organized criminal group involved in illicit arms transfers to conflict zones in North Africa and the Middle East. Seven suspects were arrested and property worth 10 million euros was seized. In order to launder the proceeds of the illicit arms deals, the group had set up a complex money-laundering scheme that enabled them to invest the proceeds in real estate and legal businesses. The proceeds were first sent to tax havens and countries with lower financial accountability, from where they were transferred to bank accounts in Europe – mainly Switzerland and the United Kingdom of Great Britain and Northern Ireland – and then to Spain, where they were introduced into legal commercial activities.<sup>35</sup>

30. Another case of particular interest was operation “Liquid Gold”, coordinated by the Judicial Authority in Milan, which led to the dismantling of a transnational criminal association that had been operating in Italy and abroad as an international clearing house for illegal money transfer services, including in cases of illicit arms trafficking. After an individual, who was later identified as a cash courier, submitted a suspicious currency declaration for the possession of 297,000 euros at Milan Malpensa Airport, evidence was found in the seized mobile telephone that the individual could be involved in illegal transfers of cash linked to violent extremism. Follow-up investigations identified the network, which had transferred through hawala systems considerable amounts of illegal funds, amounting to at least 10 million euros, from drug trafficking, arms trafficking and migrant smuggling. A

<sup>34</sup> UNODC, *State of Implementation of the United Nations Convention against Corruption: Criminalization, Law Enforcement and International Cooperation* (Vienna, 2017), p. 77.

<sup>35</sup> European Union Agency for Law Enforcement Cooperation (Europol), “Traffickers supplying conflict zones with weapons and explosives disarmed in Spain”, press release, 14 November 2020.



total of 13 arrest warrants were executed for criminal association for the purpose of committing money-laundering and for providing unlawful payment services.<sup>36</sup> Even if the predicate offence of illicit firearms trafficking cannot satisfactorily be proven, the offence of money-laundering can constitute an avenue for bringing perpetrators to justice. In 2004, for instance, a Belgian court convicted eight people for the smuggling of diamonds in violation of United Nations sanctions and for money-laundering, when the offence of trafficking in arms to Liberia in violation of a United Nations embargo could not be proved.<sup>37</sup>

31. The offence of money-laundering is not limited to the laundering of money, but covers the laundering of proceeds of crime more generally. It also applies to cases in which individuals intentionally acquire, possess or use firearms that were previously illicitly trafficked or manufactured (art. 6 (1) (b) (i) of the Organized Crime Convention; art. 23 (1) (b) (i) of the Convention against Corruption), even if the act of acquiring, possessing or using the illicit items is itself not a criminal offence, for example, because the illicit possession of firearms is not considered a criminal offence in the relevant national legislation.

32. Since illicit arms flows often also involve transnational financial flows, trade misinvoicing in particular might constitute a relevant form of money-laundering at the layering stage, as a means of concealing payment for illicit firearms shipments. Trade-based money-laundering is the process of disguising the proceeds of crime and moving value through trade transactions in an attempt to legitimize the proceeds' illicit origins. In practice, this can be achieved through the misrepresentation of the price, quantity or quality of imports or exports. To that end, the buyer of illicit arms could sell an under-invoiced commodity to the dealer in return for the arms. Trade misinvoicing can also be combined with actual trafficking activities, if the seller of illicit firearms hides the arms in a shipment of legally traded commodities or declares only a portion of the (legal) arms shipment and, at the same time, over-invoices the export to receive payment for the illicit arms.<sup>38</sup> Trade-based money-laundering or trade misinvoicing in the context of illicit arms transfers will often meet the criterion for the offence of money-laundering set out in article 6 (1) (a) (ii) of the Organized Crime Convention, namely, the concealment or disguise of the true nature, source, location, disposition, movement or ownership of or rights with respect to property, knowing that such property is the proceeds of crime.

## B. Corruption

33. Corruption is widespread in both the legal<sup>39</sup> and illicit arms trade. At a quadrilateral meeting held in Mexico in 2019, experts considered the need to address the central and enabling role of corruption in various forms of firearms diversion to illicit markets and to apply strict and globally harmonized anti-corruption frameworks to support firearms control and transfer regimes, with a view to mitigating corruption risks related to the theft or loss of firearms from government stocks, as well as in firearms-related transactions.

34. The Convention against Corruption and article 8 of the Organized Crime Convention require State parties to establish or consider establishing criminal offences to cover a wide range of acts of corruption, with some differences between the two instruments. These offences include bribery of national or foreign public officials; embezzlement, misappropriation or other diversion of property by a public official; and illicit enrichment. In addition, they cover various acts of corruption that

<sup>36</sup> WCO, *Illicit Financial Flows via Trade Mis-invoicing*, p. 162 (see footnote 10).

<sup>37</sup> Holger Anders and Alex Vines, "Sanctions and Enforcement" in *Developing a Mechanism to Prevent Illicit Brokering in Small Arms and Light Weapons: Scope and Implications* (United Nations publication, 2006), p. 112 ff.

<sup>38</sup> For more details on trade misinvoicing, see WCO, *Illicit Financial Flows via Trade Mis-invoicing*.

<sup>39</sup> On the general issue of corruption in legal arms trade, see Andrew Feinstein, *The Shadow World: Inside the Global Arms Trade* (New York, Farrar, Straus and Giroux, 2011).

can be instrumental in the facilitation of illicit arms flows and the ability of offenders to protect themselves and their illicit gains.

### **Corruption in the context of illicit arms flows**

35. Active and passive bribery of national and foreign public officials can take place at many stages of illicit arms flows. The offences require that an undue advantage be promised, offered or given to or solicited or accepted by the public official to induce the official to “act or refrain from acting in the exercise of his or her official duties”.<sup>40</sup> In the context of illicit arms flows, these duties may include (a) border control measures, such as the conduct of patrols, checks and screening and the checking of transportation, import, export and transfer documentation and authorizations; (b) investigative measures, such as the duty to conduct investigations ex officio into suspected illicit arms flows and to follow up on all existing evidence; and (c) arms control measures, such as the issue and verification of all kinds of documentation, authorizations and licences, including for the manufacture, ownership, sale and transfer, or the proper management of stockpiles of, seized and confiscated firearms and firearms in official custody. A public official who solicits or accepts a bribe in relation to these duties would commit the offence of passive bribery.

36. The question then arises as to whether acts of bribery carried out to obtain legal authorizations and licences related to dealing in firearms could be addressed in the context of illicit arms flows. In other words, to the extent that acts of corruption may invalidate such authorizations and licences (art. 34 of the Convention against Corruption), could an otherwise legal transfer be regarded as illicit trafficking (in the form of unauthorized dealing) as defined by article 3 (e) of the Firearms Protocol? Although the final result will always depend on the specific details of each case, it could, on the one hand, be argued that once an authorization or licence is provided, even if obtained by corrupt means, it legalizes dealings with the firearms within its scope. On the other hand, the Legislative Guides for the Organized Crime Convention explicitly state that the trafficking offence set out in article 5 (1) (b) of the Firearms Protocol should “include cases where licences were not validly issued [... and] where conditions precedent for the activity on which the licence was contingent had not been met”.<sup>41</sup>

37. Article 19 of the Convention against Corruption criminalizes the performance of or failure to perform an act, in violation of laws, by a public official in the discharge of his or her functions, for the purpose of obtaining an undue advantage. According to the interpretative notes, this offence may encompass various types of conduct, including improper disclosure by a public official of classified or privileged information,<sup>42</sup> and may therefore include the disclosure of information regarding border control operations or investigative measures to arms trafficking networks.

38. The offence of embezzlement, misappropriation or other diversion of property or “other thing of value” by a public official (art. 17 of the Convention against Corruption) is of most relevance in the context of the corrupt diversion of firearms under official custody, including from stockpiles of seized, confiscated, lost, found and surrendered firearms, as well as the diversion of service firearms. In many cases, employees or owners of establishments responsible for maintaining stockpiles, as well as corrupt officials, sell or lend State-held firearms to end users for illicit purposes, particularly in the context of conflicts or major political crises or transitions.<sup>43</sup>

<sup>40</sup> Article 15 of the United Nations Convention against Corruption; *Legislative Guide for the Implementation of the United Nations Convention against Corruption*, 2nd revised ed. (2012), para. 199.

<sup>41</sup> *Legislative Guides for the Implementation of the United Nations Convention against Transnational Organized Crime and the Protocol Thereto*, part four (United Nations Publication, 2004), para. 211.

<sup>42</sup> [A/58/422/Add.1](#), para. 31.

<sup>43</sup> Owen Greene and Elizabeth Kirkham, *Preventing Diversion of Small Arms and Light Weapons: Issues and Priorities for Strengthened Controls: Biting the Bullet Policy Report* (London,

39. By introducing the non-mandatory offence of illicit enrichment (article 20 of the Convention against Corruption), the drafters of the Convention acknowledged the difficulty often faced by prosecutors in proving that a public official has solicited or accepted bribes or profited from other acts of corruption. Accordingly, in cases where the increase in a public official's assets is disproportionate to his or her lawful income, the official could be prosecuted for illicit enrichment.<sup>44</sup> In the context of illicit arms flows, arms control or customs officials could be investigated and prosecuted for the offence of illicit enrichment if disproportionate investments or changes in their lifestyle are observed, even in the absence of proof of bribes.

### C. Terrorist Financing

40. Terrorists rely on firearms to control their territory, carry out attacks and engage in a range of revenue-generating activities, including various types of trafficking and other crimes such as extortion and kidnapping for ransom. They also use arms as a lucrative trafficking commodity to fund their operations. In its resolution 1372 (2001), the Security Council decided that all States must prevent and suppress the financing of terrorist acts and refrain from providing any form of support to entities or persons involved in terrorist acts, including by eliminating the supply of weapons to terrorists. Furthermore, the Council noted with concern the close connection between international terrorism and transnational organized crime, including illegal arms trafficking.<sup>45</sup> Building on this resolution, in 2017 the Council recognized the need to address illicit trafficking in small arms and light weapons, in particular to terrorists, and urged Member States to ensure the ability to take appropriate legal actions against those knowingly engaged in providing terrorists with weapons.<sup>46</sup>

41. The supply of weapons, including firearms, to terrorists is closely linked to terrorist financing. While money-laundering is the process by which dirty money is made to appear clean, terrorist financing most often, if not always, involves the use of clean money for nefarious purposes, including weapons purchases.<sup>47</sup>

42. According to article 2 (1) of the International Convention for the Suppression of the Financing of Terrorism and the interpretive note to Financial Action Task Force recommendation 5, the offence of terrorist financing extends to any person who wilfully provides or collects funds or other assets, whether from a legitimate or illegitimate source, to be used: (a) to carry out a terrorist act or acts; (b) by a terrorist organization; or (c) by an individual terrorist.<sup>48</sup> The Financial Action Task Force considers the term "funds or other assets" to encompass licit and illicit firearms.<sup>49</sup>

#### Terrorist financing in the context of illicit arms flows

43. Illicit arms flows can be linked to terrorist financing in three ways: (a) the proceeds of illicit dealing in firearms can be used to support and finance terrorists, including in the form of the payment of fees or "taxes" to traffic firearms through territory controlled by terrorists;<sup>50</sup> (b) terrorists engage in illicit dealing in firearms

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Saferworld; Bradford, University of Bradford, 2009), p. 13; see also Stuart Casey-Maslen and others, eds., "Article 11: Diversion", in *The Arms Trade Treaty: A Commentary* (Oxford, Oxford University Press, 2016), para. 11.23.

<sup>44</sup> *Legislative Guide for the Implementation of the United Nations Convention against Corruption*, 2nd revised ed., p. 96.

<sup>45</sup> Security Council resolution 1373 (2001), paras. 1 (a) and 2 (a).

<sup>46</sup> Security Council resolution 2370 (2017), paras. 5–6.

<sup>47</sup> Financial Action Task Force, "Operational issues financial investigations guidance" (Paris, 2012), p. 15.

<sup>48</sup> Financial Action Task Force, *International Standards*, interpretive note to recommendation 5.

<sup>49</sup> See the definition of "funds or other assets" in the *International Standards*, p. 124.

<sup>50</sup> Financial Action Task Force, Intergovernmental Action Group against Money Laundering in West Africa and Action Group against Money-Laundering in Central Africa, *Terrorist Financing in West and Central Africa* (Paris, 2016), p. 19 ff.; citing Kathleen Caulderwood, "Drugs and money in the Sahara: how the global cocaine trade is funding North African Jihad" *International Business Times*, 6 May 2015; Mark Shaw and Tuesday Reitano, "The political economy of

themselves and profit directly from these activities; and (c) terrorists are supplied with firearms. Research shows that terrorists often participate on both sides of illicit arms transfers and the accompanying financial flows, either as end users or suppliers, depending on the specific circumstances. Firearms can be used to carry out an attack (direct use) or for the purposes of extortion, taxation or kidnapping for ransom (indirect use/financing). They can also serve as a trafficking commodity (direct trafficking/financing) and, lastly, enable terrorist organizations to facilitate the trafficking activities of others (indirect trafficking) through their control of trafficking routes. Although terrorists have reportedly made use of firearms as a source of terrorist financing through all of the aforementioned modalities, the indirect use of firearms seems to be more common, as it enables terrorist organizations to collect taxes and transit fees and carry out robberies, extortion and kidnapping for ransom. The rise of Islamic State in Iraq and the Levant is perhaps the most salient example.<sup>51</sup>

## V. Expanded investigations into illicit financial and arms flows and related crimes

44. Firearms investigations involve the collection, collation and analysis of all available information with a view to prosecuting firearms-related crimes and depriving petty criminals, organized trafficking networks and terrorists of the proceeds and instrumentalities of crime, including illicit firearms. Empirical evidence shows that financial investigations and investigations into firearms-related crimes can be interchangeable entry points for identifying the sources of illicit arms and dismantling the trafficking networks involved. For example, experts at the quadrilateral meeting held in Mexico in 2019 indicated that they considered firearms smuggling to be an economic, profit-oriented activity that was addressed under existing legal instruments and frameworks through the conduct of financial investigations into firearms-related transactions and asset recovery. In addition, the European Commission has expressed its support for the use of financial investigation and criminal analysis techniques as standard in law enforcement investigations into all cases of serious and organized crime in all member States.<sup>52</sup>

### A. International legal framework and recommendations

45. International legal frameworks have not explicitly built bridges between financial investigations and investigations into firearms-related crimes. However, the Financial Action Task Force recommendations outline valuable investigative approaches that can be taken into account in investigations into illicit arms flows. Recommendation 30 explicitly recommends that law enforcement authorities develop a proactive parallel financial investigation when pursuing money-laundering, associated predicate offences (including illicit firearms trafficking) and terrorist financing. The interpretive note to the recommendation further clarifies that law enforcement investigators or public prosecutors of the predicate offence, for example illicit firearms trafficking, should either be authorized to pursue the investigation of any related money-laundering and terrorist financing offences during a parallel investigation, or be able to refer the case to another agency to follow up with such investigations. These financial investigations, conducted alongside or in the context of criminal investigations into illicit arms flows, are aimed at identifying the extent of criminal networks and/or the scale of criminality; identifying and tracing the proceeds of crime, terrorist funds or any other assets, including illicit firearms, that

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trafficking and trade in the Sahara: instability and opportunities”, Sahara Knowledge Exchange (Washington, D.C., World Bank, 2014), p. 32 ff.

<sup>51</sup> Bergema, Mehra and Demuynck, “The use of small arms and light weapons”, p. 3 (see footnote 31).

<sup>52</sup> European Commission Directorate General for Migration and Home Affairs, *Financial Investigations*.

may become subject to confiscation; and developing evidence that can be used in criminal proceedings.<sup>53</sup>

46. In its resolution [2482 \(2019\)](#), the Security Council, addressing the interlinkages between terrorism and organized crime, called upon Member States to intensify and accelerate the timely exchange of relevant operational information and financial intelligence and to develop the expertise of their financial intelligence units to analyse financial intelligence of suspected activity of organized crimes that support terrorism,<sup>54</sup> which may include the illicit supply of firearms to terrorists.

## **B. Financial investigation for the purpose of investigating and prosecuting firearms-trafficking and related forms of crime**

47. The inclusion of financial investigations in investigations into illicit arms flows may strengthen criminal justice responses in the following three ways: (a) the financial intelligence can provide criminal justice authorities with a clearer picture of the relevant criminal conducts and possible perpetrators involved; (b) the paper trail can contain important evidence to build a case; and (c) financial investigations and a functioning asset recovery/forfeiture system can help to deprive criminals of illicitly gained assets resulting from illicit arms flows. Confiscated proceeds could be reinvested in efforts to counter illicit firearms trafficking offences at the national and international levels.

48. The simultaneous tracing of seized firearms and tracking of firearms-related financial transactions can be a crucial step in identifying the point of diversion of illicit firearms and can help to dismantle the trafficking networks involved. Parallel financial investigations should be closely linked to or fully integrated into criminal investigations into illicit arms flows, because the two investigative approaches can mutually reinforce each other when new investigative leads arise.<sup>55</sup>

49. At the seventh meeting of the Working Group on Firearms, a panellist stressed that every investigation into firearms should focus on three aspects: the weapon, the individuals involved and the money. To that end, standard operating procedures or investigative protocols can guide structured investigations into illicit assets, illicit enrichment and money-laundering in the context of firearms trafficking cases. In Spain, for example, the conspicuous accumulation of assets by a licensed firearms vendor led to the dismantling of an illicit firearms trafficking scheme operated by that individual.<sup>56</sup> The seizure of an illicit firearm should lead to an investigation into illicit arms flows; proactive, intelligence-led investigations should also be launched on the basis of suspicious transaction reports and national risk assessments. Information contained in suspicious transaction reports can provide further information for or complement existing firearms investigations by helping investigators to connect other pieces of information, such as information on where the proceeds of criminal activity or funds are located, when and where those funds are moved and what methods are being utilized. In addition, terrorist financing risk assessments can provide an intelligence base covering all aspects of how funds and other assets (including firearms) are raised, moved, stored and used by terrorists and their facilitation networks.<sup>57</sup>

50. Financial transactions in the context of illicit arms flows leave a paper trail that can lead back to arms supply networks and can be followed to identify those involved at various stages of the arms flow, the location of evidence, the sources of illicit arms and the modalities used. In addition, such investigative measures may help to connect the dots between ostensibly independent actors, provide insight into the hierarchy of criminal organizations and establish the existence of previously unknown criminal conduct. Given the fact that financial investigations and criminal investigations into

<sup>53</sup> Ibid., interpretive note to recommendation 30.

<sup>54</sup> Security Council resolution [2482 \(2019\)](#), paras. 2 and 15 (d); see also Council resolution [2462 \(2019\)](#).

<sup>55</sup> Financial Action Task Force, "Operational Issues", p. 7 ff.

<sup>56</sup> See [CTOC/COP/WG.6/2020/4](#), para. 19.

<sup>57</sup> Financial Action Task Force, *Terrorist Financing Risk Assessment Guidance* (Paris, 2019), p. 9.

firearms-related crime can have interchangeable entry points, the relevant domestic criminal justice authorities and financial intelligence units should undertake financial investigations while ensuring close coordination and collaboration. This implies two things: firstly, follow-up investigations after the seizure of firearms may lead to financial investigations that reveal complex money-laundering schemes or investigations into illicit enrichment that may identify illicit firearms trafficking activities; and secondly, financial investigations should be carried out into all those involved in arms supply.<sup>58</sup>

51. Furthermore, the intelligence and evidence collected by following the paper trail provides prosecutors with a solid basis on which to prosecute cases, drawing on concrete facts and circumstances. In cases of arms trafficking in particular, which may involve different intermediaries, dealers, couriers and brokers, financial transactions can be shown in a logical and sequential order by identifying the financial flows between the different actors. In tangible terms, the interpretive note to Financial Action Task Force recommendation 30 suggests that countries consider taking measures to postpone or waive the arrest of suspected persons and/or the seizure of money for the purpose of identifying further suspects or gathering further evidence.<sup>59</sup> This is in line with resolution 9/2 of the Conference of the Parties, in which the Conference called upon States parties to identify the origin of recovered, seized, confiscated, collected and found firearms in order to detect possible forms of trafficking, as well as to use tracing results to conduct in-depth criminal investigations on illicit trafficking in firearms, including parallel financial or other investigations. All too often, suspects are instead simply charged with illicit firearms possession.

52. Lastly, proactive financial investigations may lead to the detection of previously unknown proceeds of illicit arms flows currently under investigation, thus enabling their seizure and confiscation. Immediate action during the investigation phase is often crucial in order to prevent illegal profits from infiltrating the legal economy.<sup>60</sup> To that end, States parties should empower their courts or other competent authorities to order that bank, financial or commercial records be made available or be seized for the purposes of facilitating the identification, freezing and confiscation of proceeds of crime (art. 12 (6) of the Organized Crime Convention; art. 31 (7) of the Convention against Corruption).

53. Financial investigations in the context of illicit arms flows can require close cooperation and spontaneous information exchange at the national and international levels between various authorities, including customs, arms control agencies, financial regulators and supervisors, financial intelligence units, tax authorities, law enforcement and prosecutors. To that end, multidisciplinary groups or task forces that bring together expertise from different investigative backgrounds should be established as standing bodies or on an ad hoc basis. In order to gain a clear understanding of the arms flows under investigation, these multidisciplinary teams can analyse bank accounts and credit card receipts of and financial transactions between suspects, brokering fees, shipping costs, company and tax records and mobile telephone data.

### C. Confiscation and non-conviction-based confiscation

54. In accordance with article 6 of the Firearms Protocol, firearms, their parts and components and ammunition that have been illicitly manufactured or trafficked must be seized and confiscated. In addition, article 12 (1) and (2) of the Organized Crime Convention and article 31 (1) and (2) of the Convention against Corruption require States parties to adopt measures to enable the identification, tracing, freezing, seizure or confiscation of proceeds of crime in a general sense. In the case of illicit arms

<sup>58</sup> Financial Action Task Force, "Operational issues", p. 6 ff.

<sup>59</sup> Ibid., p. 10; see also Financial Action Task Force, *International Standards*, interpretive note to recommendation 30.

<sup>60</sup> Financial Action Task Force, "Operational issues", p. 8.

flows, this would include diverted or illicitly manufactured or trafficked firearms, as well as the proceeds and assets gained through these activities. Financial Action Task Force recommendation 4 goes even further, stating that “countries should consider adopting measures that allow such proceeds or instrumentalities to be confiscated without requiring a criminal conviction (non-conviction based confiscation)”<sup>61</sup> Ultimately, the concept of asset recovery under chapter V of the Convention against Corruption is aimed at depriving serious offenders and powerful networks of their assets and instruments of misconduct.<sup>62</sup>

55. One of the biggest challenges in both confiscation and asset recovery is to link assets to illicit arms flows (property-based confiscation) or to prove that assets are benefits deriving from illicit arms flows (value-based confiscation). This level of evidence requires investigators to identify and trace assets up to the point where the link with illicit arms flows can be determined, which often requires effective international cooperation and information exchange.<sup>63</sup>

## VI. Conclusions and recommendations

56. There is a variety of interlinkages between illicit financial and arms flows at various stages of the offences of illicit manufacturing of and trafficking in firearms, their parts and components and ammunition, as well as the tampering with markings on firearms, that require comprehensive and complementary approaches to achieve target 16.4 of the Sustainable Development Goals.

57. The multifaceted phenomenon calls for the joint implementation of the Firearms Protocol and related arms control instruments, the Organized Crime Convention, the Convention against Corruption and relevant Financial Action Task Force recommendations to effectively detect, investigate, prosecute and adjudicate illicit financial and arms flows equally.

58. The Working Group may wish to consider recommending that the Conference:

(a) Urge States to ensure that the criminal offence of money-laundering applies to illicit firearms trafficking and other firearms-related crime;<sup>64</sup>

(b) Encourage States to address the impact of corruption in facilitating or enabling the diversion of firearms, with a view to identifying complementary preventive and criminal justice strategies and investigative and prosecutorial approaches to counter this phenomenon;

(c) Encourage States to conduct parallel financial investigation and financial criminal analysis as a standard aspect of the investigation of illicit firearms trafficking and related crimes and to establish multidisciplinary groups that bring together expertise from different investigative backgrounds as standing bodies or on an ad hoc basis;

(d) Invite States to establish standard operating procedures to ensure that specialized firearms units work hand-in-hand with financial intelligence units, arms control authorities and tax authorities at both the domestic and international levels in order to detect, investigate, prosecute and adjudicate illicit arms flows, accompanying money-laundering schemes and corruption;

(e) Request UNODC to provide capacity-building support to specialized units to enable them to incorporate financial investigations into broader prosecutorial activities in the area of firearms trafficking and related crimes, including the financing of terrorism.

<sup>61</sup> Financial Action Task Force, *International Standards*, recommendation 4.

<sup>62</sup> *Legislative Guide for the Implementation of the United Nations Convention against Corruption*, 2nd revised ed., p. 197.

<sup>63</sup> Financial Action Task Force, “Operational Issues”, p. 12.

<sup>64</sup> See corresponding recommendation in Financial Action Task Force, *International Standards*, pp. 12, 38 and 119.