

# **STRETCHING THE FISHNET**

**IDENTIFYING CRIME  
IN THE FISHERIES VALUE CHAIN**



**UNODC**

United Nations Office on Drugs and Crime



UNITED NATIONS OFFICE ON DRUGS AND CRIME

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## IDENTIFYING CRIME IN THE FISHERIES VALUE CHAIN

VIENNA, 2022

**Recommended citation:**

UNODC. 2022. *Stretching the Fishnet: Identifying crime in the fisheries value chain*.

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**Acknowledgements:**

The report not have been possible without the generous contribution of the Norwegian Agency for Development Cooperation (Norad) and the United States Bureau of International Narcotics and Law Enforcement Affairs (INL).

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This Report has not been formally edited.

# CONTENTS

|           |   |           |
|-----------|---|-----------|
| <b>1.</b> | <b>Introduction .....</b>   | <b>8</b>  |
| <b>2.</b> | <b>Illegality in the Fisheries Sector.....</b>                            | <b>9</b>  |
| <b>3.</b> | <b>Why a value chain approach to crime in the fisheries sector? .....</b> | <b>11</b> |
| <b>4.</b> | <b>Crimes in the fisheries value chain.....</b>                           | <b>17</b> |
|           | 4.1. Fraud & Forgery .....  | 17        |
|           | 4.2. Corruption.....  | 20        |
|           | 4.3. Tax crime .....  | 23        |
|           | 4.4. Human trafficking for the purpose of forced labour.....              | 27        |
|           | 4.5. Money-laundering in the fishing industry.....                        | 28        |
| <b>5.</b> | <b>Conclusion and Recommendations .....</b>                               | <b>31</b> |
| <b>6.</b> | <b>Further readings .....</b>   | <b>33</b> |
| <b>7.</b> | <b>Bibliography.....</b>  | <b>35</b> |
| <b>8.</b> | <b>Case studies.....</b>  | <b>37</b> |

# EXECUTIVE SUMMARY

The fisheries sector is a critical industry for food security, employment and as such, it is crucial to the economies of coastal states, particularly developing states. The fishing industry is characterized by a high level of complexity, with a large number of activities and actors involved. Many of the activities take place in different countries and are therefore scattered across various legal jurisdictions. The complex nature of the sector makes it particularly vulnerable to transnational organized crime and other forms of criminal activity, as well as to illegal, unreported and unregulated (IUU) fishing.

In UNODC's approach, crimes in the fisheries sector cover a broad range of illegal activities that may occur at one or more stages of the fisheries value chain.<sup>1</sup> These offences:

- Are different from IUU fishing, although they are often related and occur at the same time;
- May or may not be directly linked to the fishing operations;
- Frequently meet the criteria for the United Nations Convention against Transnational Organized Crime (UNTOC) and the United Nations Convention against Corruption (UNCAC) to apply.<sup>2</sup>

As guardian to these Conventions, UNODC supports Member States' efforts to address crimes in the fisheries sector by facilitating regional and inter-agency coordination and capacity building for agencies in the areas of criminal intelligence, special investigative techniques, backtracking investigations, etc., raising awareness on crimes in the fisheries sector and providing support to address corruption in the sector. This support is provided mainly by the UNODC Border Management Branch through the Global Programme on Crimes that Affect the Environment (GPCAE), the UNODC-WCO Container Control Programme (CCP), the Global Maritime Crime Programme (GMCP), as well as projects run by the Corruption and Economic Crime Branch (CEB). This work is closely coordinated with the Food and Agriculture Organization (FAO), which is the lead UN agency with a mandate on fighting IUU fishing.

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1 Based on the definition of the European Commission, the fisheries value chain is to be understood as: “*all [...] activities and services – from input supply to production [...], processing, wholesale and finally, retail.*” Therefore, the value chain analysis starts with the preparatory phase of fishing and ends with the sale and consumer phase.

2 The UNODC Approach to Crimes in the fisheries sector and the different forms of technical assistance that the UNODC provides in the area are summarized in a paper that can be downloaded at: [https://www.unodc.org/res/piracy/index\\_html/UNODC\\_Approach\\_to\\_Crimes\\_in\\_the\\_Fisheries\\_Sector.pdf](https://www.unodc.org/res/piracy/index_html/UNODC_Approach_to_Crimes_in_the_Fisheries_Sector.pdf)

UNODC’s technical assistance is based on the “value chain approach,” which identifies the stages of the value chain, the various agencies involved at each stage and their particular role, as well as possible entry points for different types of crime at each stage. These crimes include fraud and forgery, corruption, tax crime, money-laundering, as well as human trafficking.

The purpose of adopting a value chain approach is two-fold. Firstly, it allows for the identification of the numerous points along the chain at which different types of criminal offences typically occur. Secondly, this approach allows for highlighting potential entry points for law enforcement interventions in identifying, investigating and prosecuting crime throughout the sector. Through this approach, criminal justice practitioners can better understand the complexity and occurrence of crimes in the fisheries sector, and design appropriate measures accordingly.

This technical report begins with a simplified example of the fisheries value chain describing the different stages of the chain from “pre-hook-to-plate”. It contains six dedicated sections describing crimes along each of the stages of the value chain. The last part includes conclusions and some policy considerations. A list of further readings on the subject can be found at the end.

It also provides a set of recommendations for Member States. These are as follows:

- 1** Criminal justice practitioners should adopt a value chain approach to understand the vulnerabilities of the fisheries sector to serious crime. Apart from this technical report, UNODC provides further information to this issue in its other publications such as “Rotten Fish – A Guide on Addressing Corruption in the Fisheries Sector”.
- 2** Preventive measures, such as improving transparency and raising awareness are critical for combating crimes in the fisheries sector. In particular, it is crucial to educate and raise awareness of key groups engaged in this sector of the detrimental impact of crimes in the fisheries sector impact on the economy, food security and livelihoods of coastal populations.
- 3** Reviewing and understanding adjudicated cases of crimes in the fisheries sector can help improve the understanding of how these crimes manifest themselves within the value chain. The UNODC SHERLOC portal can be used to collect and disseminate relevant cases.
- 4** Countries should increase efforts to share intelligence and information related to crimes in the fisheries sector and facilitate multi-agency approaches to investigating these crimes by strengthening existing national and international networks of stakeholders or building ones where none exist.
- 5** Countries should ensure that those tasked with investigation and prosecution of these crimes are familiar with the range of resources at their disposal, including available international and regional enforcement tools and mechanisms as well as the content of global conventions such as UNTOC and UNCAC, resource guides as well as technical assistance possibilities.

# 1. INTRODUCTION

## 1.1. The fisheries sector

The fisheries sector<sup>3</sup> is one of the most critical industries for food security, poverty alleviation and human prosperity worldwide. Fish and fish products are amongst the most traded food items; in 2020, global capture fisheries production peaked at around 90.3 million tons,<sup>4</sup> and had an estimated value of around US\$ 141 billion.<sup>5</sup> The fishing industry is also one of the largest employers and food providers worldwide and is particularly vital for developing coastal countries. Moreover, fish constitutes almost 20 per cent of the average per capita intake of animal protein for about 3.3 billion people globally, a figure which can go up to 50 per cent or more for some developing countries including some Small Island Developing States.<sup>6</sup> In the context of growing populations, the contribution of the fisheries sector to food security is increasing rapidly.

The commercial fishing industry comprises a complex web of actors and is characterized by a high degree of transnationality. Actors include ship registries, fish licensing authorities, fishers, fish processing workers, fish processing plant owners and operators, fleet suppliers, refuelling service providers, recruitment agencies, fish traders and wholesalers, and fish distributors, among others.<sup>7</sup> Activities performed by these actors range from the capturing or harvesting of marine resources to processing and trading.<sup>8</sup> It is estimated that around 58.5 million people (of which 21 per cent are female) are engaged in the primary sector of capture fisheries and aquaculture, with millions more employed in a range of other activities both at sea and on land, including vessel registration, fishing licensing, and at-sea supply and refuelling.<sup>9</sup> The transnational nature of commercial fisheries activities is such that these actors often originate from different countries and their work takes place across various legal jurisdictions. Consequently, the persons ultimately responsible for and benefitting from fisheries activities are often located in jurisdictions other than those where the fisheries' activities occur.<sup>10</sup>

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3 Although there are many available definitions for the “*fisheries sector*”, this technical report will use the definition provided by the North Atlantic Fisheries Intelligence Group (NAFIG), which is “*commercial marine and freshwater fishing and/or harvesting and aquaculture (the farming or culturing of fish, mollusks, crustaceans, and seaweed), and connected businesses.*”

4 FAO, *The State of World Fisheries and Aquaculture*, p. 1

5 Ibid.

6 Ibid., p. xx

7 UNODC, *Transnational Organized Crime in the Fishing Industry*, p. 11

8 ILO (2013), *Caught at sea, forced labour and trafficking in fisheries*, p. 3

9 FAO, *The State of World Fisheries and Aquaculture*, p. xvii

10 UNODC, *Transnational Organized Crime in the Fishing Industry*, p. 106

The complexity of the commercial fishing industry makes it particularly vulnerable to transnational organized crime and other forms of criminal activity.<sup>11</sup> Prosecution of crimes in the fisheries sector is hamstrung not only by the sheer complexity of this enormous sector, but also by offenders taking advantage of compliance-avoiding strategies such as flag hopping and using flags of convenience.<sup>12</sup>

## 1.2. Objective and scope

The objective of this technical report is to provide an overview of the fisheries value chain and examples in which different types of crimes can manifest themselves at each stage.

The focus of this report is on crimes in the fisheries sector which includes serious crime in the fisheries value chain but excludes illegal, unreported, and unregulated (IUU) fishing. It is based on a desk review of open-source materials.

In UNODC's approach, crimes in the fisheries sector cover a broad range of illegal activities that may occur at one or more stages of the fisheries value chain.<sup>13</sup> These offences:

- Are different to IUU fishing, although they are often related and occur at the same time;
- May or may not be directly linked to the fishing operations;
- Frequently meet the criteria for the United Nations Convention against Transnational Organized Crime (UNTOC) and the United Nations Convention against Corruption (UNCAC) to apply.

The scope of this technical report is limited to the following major offences related to the fisheries sector: corruption, fraud and forgery, tax crime, human trafficking (for the purpose of forced labour), and money laundering. Aquaculture lies outside the scope of this analysis. Even though there is a solid foundation of anecdotal evidence about crime in the fisheries sector, there is a limited amount of publicly available information on adjudicated cases. This report uses five case studies to highlight the complexity of fishing operations as well as the opacity of the network of operators.

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11 Ibid., p. 108

12 Lorraine & Schaedla, *Handbook of Transnational Environmental Crime*, p. 156

13 Based on the definition of the European Commission, the fisheries value chain is to be understood as: “all [...] activities and services – from input supply to production [...], processing, wholesale and finally, retail.” Therefore, the value chain analysis starts with the preparatory phase of fishing and ends with the sale and consumption phase.

## UNODC mandate

As the guardian to the two related United Nations Conventions, i.e. UNTOC and its Protocols, and the UNCAC, UNODC is part of the international criminal law enforcement community and has both the mandate and expertise to assist Member States in strengthening their criminal justice capacity, including their technical skills, to address crimes in the fisheries sector. UNODC's mandate stems from a series of United Nations General Assembly resolutions dating back to 2009 concerning the nexus between international organized crime and illegal fishing, as well as various resolutions of the Commission for Crime Prevention and Criminal Justice (CCPCJ).



## 2. ILLEGALITY IN THE FISHERIES SECTOR

Crimes in the fisheries sector can be classified into two broad and interconnected categories: crimes in the fisheries value chain and crimes associated with the fisheries sector (Figure 1). Nonetheless, drawing lines between these categories may not always be simple as they overlap and intersect.<sup>14</sup>



*Figure 1: Illegality in the fisheries sector*

Source: [https://www.unodc.org/res/piracy/index\\_html/UNODC\\_Approach\\_to\\_Crimes\\_in\\_the\\_Fisheries\\_Sector.pdf](https://www.unodc.org/res/piracy/index_html/UNODC_Approach_to_Crimes_in_the_Fisheries_Sector.pdf)

Category 1 – crimes associated with the fisheries sector: have no direct connection with fishing operations, yet they take place on fishing vessels or in fishing facilities, or they opportunistically use fishing operations to commit or cover crimes.<sup>15</sup> An example of these crimes associated with the fisheries sector is the trafficking of firearms.<sup>16</sup>

<sup>14</sup> The full UNODC approach to crimes in the fisheries sector can be found in the respective paper developed by UNODC in 2021 at [https://www.unodc.org/res/piracy/index\\_html/UNODC\\_Approach\\_to\\_Crimes\\_in\\_the\\_Fisheries\\_Sector.pdf](https://www.unodc.org/res/piracy/index_html/UNODC_Approach_to_Crimes_in_the_Fisheries_Sector.pdf)

<sup>15</sup> <http://www.fao.org/iuu-fishing/background/links-between-iuu-fishing-and-other-crimes/en/>

<sup>16</sup> Interpol, *International Law Enforcement Cooperation in the Fisheries Sector*, pp. 11–13

Category 2 – crimes in the fisheries value chain: refer to the range of serious offences committed along the entire fisheries value chain. They are closely linked to fishing operations, although they are not “illegal fishing” per se. Crimes in the fisheries value chain extend to the trade, ownership structures and financial services associated with the fishing sector.<sup>17</sup> Examples of these crimes are fraud, forgery, corruption, etc.

These two categories of crimes often occur at the same time as IUU fishing,<sup>18</sup> and all three categories can overlap. While forms of IUU fishing violations are resolved through the administrative justice system, there are a number of cases in which the circumstances surrounding IUU fishing (volume of the catch, the frequency of the offences, the cross-jurisdictional nature of the violation, the type of catch i.e. endangered/protected species, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)-listed species, etc.) or the use of particularly disruptive fishing methods (explosives, electrocution, etc), may be regarded by States as serious enough to call for more severe sanctions. In such cases, domestic legal frameworks may provide for higher administrative sanctions, or even criminal penalties through the criminal justice system; some of these may go beyond the threshold of the four years of imprisonment prescribed in the definition of “serious crime” in art.2(b) of the UNTOC. In such cases, the provisions of the Convention can be applied.



17 <http://www.fao.org/iuu-fishing/background/links-between-iuu-fishing-and-other-crimes/en/>

18 The definitions used can be retrieved from the International Plan of Action to Prevent, Deter and Eliminate Illegal, Unreported and Unregulated Fishing (IPOA-IUU) at <http://www.fao.org/iuu-fishing/background/what-is-iuu-fishing/en/>.

### 3. WHY A VALUE CHAIN APPROACH TO CRIME IN THE FISHERIES SECTOR?

Adopting a value chain approach to analyse crime in the fisheries sector serves a two-fold purpose. Firstly, it allows for the identification of numerous points along the chain at which different types of criminal offences typically occur. Hence, a value chain approach can provide insights into how and at what stages the fisheries sector becomes vulnerable to organized crime and where offenders possibly leave evidence. Secondly, it highlights potential entry points for law enforcement intervention in identifying, investigating, and prosecuting crime throughout the sector. These insights will help criminal justice actors gather the evidence required to successfully prosecute cases.

The fisheries sector includes a variety of complex and non-linear fisheries value chains. Typically, the value chain for any given country consists of the following six stages: preparation, fishing, processing, landing, transportation, and sale.<sup>19</sup> Where necessary, consumption will be factored in as a final stage of the value chain. Commonly, the different stages of the value chain involve different actors, different government authorities, and may occur in different countries. In fact, every fish species will have a distinct value chain, depending on common production techniques, product qualities, etc.<sup>20</sup> Although it seems logical that every fishing voyage starts with preparation and moves to the fishing stage, the value chain in many cases does not follow the same order. For example, processing and landing may occur in any order at any point during the value chain. Similarly, stages like transportation and sale may be repeated several times.

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<sup>19</sup> OECD, *Evading the Net: Tax Crime in the Fisheries Sector*, p. 20

<sup>20</sup> European Commission, *Boosting business along the fisheries value chain*, p. 5

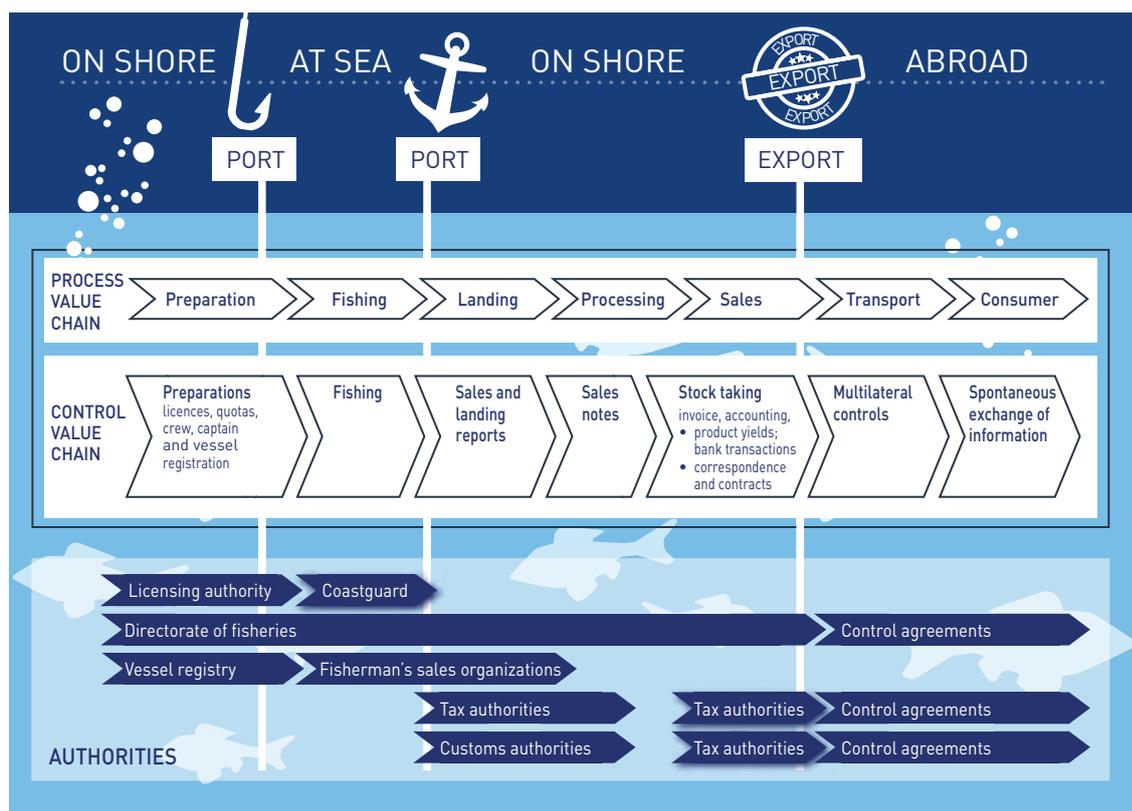


Figure 2 : Visualization of a linear fisheries value chain.

Source: *Rotten Fish: A Guide on Addressing Corruption in the Fisheries Sector*, p. 26

The following sub-sections describe each stage of the value chain in more detail. References to each crime type occurring in the relevant stages are made in subsequent sections of the report.

## Preparation

In the preparation stage, the fishing company approaches an individual State or a Regional Fisheries Management Organization (RFMO) to obtain a license to fish in specified waters, for a specific quota (amount), and a specified type of fish. Licenses can impose restrictions on the fishing operations not only by regulating the species of fish that may be caught and catch quotas, but may also specify permitted gear, area, or season of fishing. Furthermore, the license may require additional monitoring measures, such as a satellite tracking system on board the vessel or the presence of an international observer.

Additionally, a vessel that will undertake fishing operations has to be acquired, equipped, and registered with a national fishing register. It should be noted that the equipment may vary in complexity depending on the scope of the fishing activity. For example, a long-distance mission over an extensive time frame will require a fair amount of pre-planning, an intensive use of offshore bunkering, as well as a sophisticated network of supply services.<sup>21</sup> In any case,

<sup>21</sup> UNODC, *Transnational Organized Crime in the Fishing Industry*, p. 18–20

a captain, a crew, and onshore administrative staff have to be hired. During the preparation stage, the vessel's ownership, registration, and licensing may take place in different countries. These preparations, combined with the ease of using different flags or names, might obstruct the straightforward identification of the vessel ownership.<sup>22</sup>

## Fishing

When the vessel starts operating and catching fish in the sea, it can make numerous catches in different areas. Each catch should be recorded and reported to the fishing authority. After being packed in standard-size boxes, the catch may be returned to port by the same ship, or 'transhipped' to another vessel. That means that the catch may never be reported to the relevant authorities in the vessel's residence jurisdiction. Fishing agencies try to monitor a vessel's activities by conducting inspections at sea, and by requiring fishers to maintain documentary evidence of the vessel's activities.<sup>23</sup>

## Landing

A vessel can land a catch at any international port or, in cases of transhipping, even at sea. Generally, the vessel should land its catch at a licensed port. In some cases, the landing destination will be determined by the nature of the fishing license or by a broker, who tries to determine where to land a catch in order to receive the best sale price. When landing the catch, the value and type of catch should be reported to the authorities. Fisheries inspectors monitor the catch from the vessel to the retail outlet using the vast amount of documentation that has been produced up to this stage (sales notes, invoices, stocktaking records, landing reports, etc.). Yet, physical inspections are rare due to the overwhelming logistical challenges. These are multiplied when the landing phase takes place in form of transhipping at sea.

## Processing

The processing stage may take place at sea, at the port, or elsewhere, including in places that fall under other jurisdictions. The processing itself can generally be divided into two main steps: primary processing, which means the cleaning and filleting of the fish, and secondary processing, meaning the manufacturing of the fish into fish products.<sup>24</sup> In some cases, even more value adding steps are possible (such as producing microwaveable fish products).<sup>25</sup> Due to the high perishability of fish, it is necessary to process and freeze it as quickly as possible after it is caught. In 2018, the share of frozen fish for human consumption was 58 per cent in developed countries and 31 per cent in developing countries.<sup>26</sup> Transshipment, as described in the fishing stage, may include transhipping a catch to a bigger vessel, which may start the processing stage while already at sea. If not started at sea, processing activities may be outsourced to other

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22 OECD, *Evading the Net: Tax Crime in the Fisheries Sector*, p. 20

23 Ibid., pp. 20–21

24 Ibid., p. 22

25 Ibid.

26 FAO, *The State of World Fisheries and Aquaculture*, p. 61

countries, a trend that is being spurred by international supermarket chains and large retailers. Nevertheless, the decision to outsource processing depends on the species, product form, labour, and transportation costs. Additional constraints may be sanitary and hygiene concerns. If the processing takes place at a production facility, catches should be audited, and the fisheries inspector should check the catches both in terms of quantity and species of fish. Ideally, the quantity is then compared with onward sales to identify potential underreporting. This control mechanism is not easily transferable to processing that takes place at sea.<sup>27</sup>

## Sale

Selling the catch might take place at sea or on land. Many fishing operations have negotiated arrangements with buyers prior to actually catching the fish. Therefore, ownership of the fish is transferred the moment the catch is transhipped to, for example, a refrigerated (“reefer”) vessel. Once arriving at the port, the fish is traded/ sold. If the products are being auctioned off at the port, the auction might be conducted by a Fish Producer Organization. The payment, mostly in cash, will be received by the captain. For the purpose of this report, implications for end consumers will be included under this step. This stems from the fact that the sale stage may take place close to the place of final consumption, such as when selling directly to the consumer, restaurants, supermarkets, etc.

## Transportation

Transportation occurs between the sites where the fish is caught, processed, landed, and sold. These sites may be in one or multiple countries, which makes monitoring and control difficult. The transportation of fish and fish products will create a new trail of documents, in which information such as content and weight will be described. Documentation at this stage will be even more complicated when the products cross national borders, due to more complex documentation requirements, currency exchanges, and varying requirements in exports contracts.<sup>28</sup> Food safety and maintaining cold chains are important considerations for actors in the transportation stage. In general, means of transportation may include ships, trucks, or aircraft.<sup>29</sup>



27 OECD, *Evading the Net: Tax Crime in the Fisheries Sector*, p. 22

28 Ibid., p. 22

29 European Commission, *Boosting business along the fisheries value chain*, p. 5

# 4. CRIMES IN THE FISHERIES VALUE CHAIN

As described above, the value chain approach clearly outlines the various stages at which crime in the fisheries sector can occur. The following describes the type of crimes and where they typically occur.

## 4.1. Fraud & forgery

In recent years, the exposure of international food chains to organized crime has become apparent, with the fisheries value chain being particularly vulnerable to fraud.<sup>30</sup> Fraud<sup>31</sup> in the fisheries sector mostly takes place in the context of fraudulent recording of the location/origin, the species, and/or the quantity of fish that was caught. This kind of fraud mostly concerns processes and documents related to customs, tax and law enforcement authorities.<sup>32</sup>

Another, more specific form of fraud is food fraud.<sup>33</sup> In the context of crimes in the fisheries sector (fish fraud), it involves activities that include the mislabelling of food, species substitution, misbranding, counterfeiting, dilution, and adulteration. Food fraud can have repercussions that go beyond economic consequences, as it can also contravene food safety standards and put consumers at risk; it also undermines the effectiveness of government food control programmes as well as the public trust in the food industry.<sup>34</sup> Drivers of fish fraud include, but are not limited to, globalization of the fish value chain, low risk of detection, weak import controls, ineffective traceability programmes, and the continued downward pressure on fish prices.<sup>35</sup> Forgery refers to the counterfeiting of documents, and as such, it often complements fraud. Forgery is different from fraud in that the latter term describes the fraudulent claim within a possibly legal document, whereas forgery describes the activity of faking an apparently legal document, such as a fishing license.

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30 FAO, *Overview of Food Fraud in the Fisheries Sector*, p. iii

31 United Nations, *Anti-Fraud and Anti-Corruption Framework*, p. 3 Fraud is defined as “any act or omission whereby an individual or entity knowingly misrepresents or conceals a material fact in order to obtain an undue benefit or advantage for himself, herself, itself, or a third party, or to cause another to act to his or her detriment.”

32 FAO, *Overview of Food Fraud in the Fisheries Sector*, p. vii says food fraud is committed when food is illegally placed on the market with the intention of deceiving the customer, usually for financial gain.”

33 Ibid., p. vii

34 Ibid., p. 3

35 Ibid., p 13

## Preparation

The forging and fraudulent completion of documents such as fishing licenses, vessel registration, crew documentation, etc. could take place at this stage. Fraud and forgery at this stage lay the basis for committing other serious crimes later, such as tax crime.

## Fishing

The fishing stage is vulnerable to fraudulent reporting of catches with respect to the origin, amount, and species of fish. Again, fraudulent recording of catches may pave the way for committing other crimes during the landing stage, for example tax crime.<sup>36</sup>

## Landing

Upon landing at the port, landing reports may be incorrectly filled out. Forged documents from the preparation stage and fraudulently filed catch records from the fishing stage may contribute to fraudulent documentation in landing reports. A common way in which the fisher will mislead various inspectors is by layering the fish in order to hide the quantity and species of fish actually caught. The landing records, especially with respect to the origin of the fish, may serve as a foundation for import tariff evasion.

## Processing

Although fraud can take place at multiple points during the value chain, the processing stage is especially vulnerable to it. Three broad categories of activities are usually to be found during this stage: first, the intentional mislabelling of the catch, which is done to conceal the geographical origin of the fish, the fishing methods used, or to misuse brand names. The second category is species substitution. Depending on when and where the processing takes place, high-value species may be replaced by low-value species for the purposes of price manipulation or tax evasion. Species substitution can be a major threat to consumer health, in cases where toxic species substitute non-toxic species. Furthermore, manipulating the value of the catch through species substitution opens the door to tax crime and money-laundering. The third category is the manipulation of the product itself, by means of increasing the weight or artificially enhancing the physical appearance of the products for economic gain. Weight may be increased through the use of food additives, e.g., water-binding agents. Similarly, adding glaze water<sup>37</sup> to frozen products will increase the weight. Artificially increasing the weight may also be done through mislabelling ingredients (such as batter or breadcrumbs). Additionally, fish products may be manipulated through the use of carbon monoxide, which can enhance or maintain the colour of the fish flesh while it is stored.<sup>38</sup>

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36 FAO, *Overview of Food Fraud in the Fisheries Sector*, p. 2

37 Glazing is the application of a layer of ice to the surface of a frozen product by spraying, brushing on water or by dipping, is widely used to protect the product from the effects of dehydration and oxidation during cold storage. The ice layer sublimates rather than the fish below and it also excludes air from the surface of the fish and thereby reduces the rate of oxidation. Heat added by the glazing process is often considerable and the fish may require to be recooled in a freezer before being transferred to the cold store. <https://www.fao.org/3/v3630e/V3630E07.htm>

38 FAO, *Overview of Food Fraud in the Fisheries Sector*, p. 2

## Sale

At this stage, retailers may become victims or accomplices to the fraud chain. As an accomplice, the retailer may decide to mislabel the fish products. A major global study in 2016 found that, on average, 20 per cent of all fish samples were mislabelled. Mislabelling of certain species like red snapper were found to be as high as 75 per cent in some cases.<sup>39</sup> Also, mislabelling of species may have serious repercussions for the final consumer, as mislabelling of toxic species such as lethal puffer fish (*Lagocephalus sceleratus*) has caused multiple fatalities in the past.<sup>40</sup>

## Transport

Transporting the fish product will create a complex trail of new documents and labels, as well as new ownership and maintaining responsibilities,<sup>41</sup> which are reported to be vulnerable to fraud.<sup>42</sup>

### Case 1: The Codfather case

The case<sup>43</sup> below provides an example of a number of interlinked crimes in the fisheries value chain, including fraud, forgery and tax crime. These crimes were committed throughout the value chain in a number of stages such as fishing, landing and sale. These activities led to a substantive loss to the Government.

Mr. C. Rafael (publicly known as “the Codfather”) owned one of the biggest fishing businesses in the United States of America. Over the course of many years, Mr. Rafael engaged in illegal activities, enriching himself through fraudulent reporting to the authorities. In particular, he started falsifying information in the fishing stage, misrepresenting the quantity of fish by hundreds of thousands of pounds on his fishing reports. Furthermore, he fraudulently reported the type of fish he was catching. Mr. Rafael mislabeled species subject to strict quotas, such as cod, as species with more lenient quotas such as haddock. His fraudulent reporting continued in the landing and sale stages, where he continued to provide wrong information. His unlawful scheme yielded significant profits and helped him conceal a substantial amount of money from the government of the United States. In the transport stage, Mr. Rafael was conspiring with a Border Patrol Agent at Logan International Airport in Boston, who helped him launder the proceeds of his illegal activities.

At the beginning of 2015, Mr. Rafael decided to sell his business. Responding to his offer, undercover Internal Revenue Service agents posed as potential buyers with ties to

<sup>39</sup> Ibid., p. 4

<sup>40</sup> Ibid., p. 7

<sup>41</sup> OECD, *Evading the Net: Tax Crime in the Fisheries Sector*, p. 22

<sup>42</sup> Ibid.

<sup>43</sup> Refer to SHERLOC (USAx147) to view the complete case file.

organized criminal activities. During the negotiations, Mr. Rafael revealed and provided details of his illegal schemes. After a thorough investigation, Mr. Rafael was indicted in 2016 and eventually pleaded guilty to conspiring to commit offenses against the United States on several counts of false labelling and fish misidentification, falsifying federal records and bulk cash smuggling, as well as tax evasion. He was sentenced to 46 months in prison and three years of supervised release. Furthermore, he was ordered to pay an extensive fine and restitution and had his fishing vessels confiscated.

## 4.2. Corruption

Corruption manifests itself in various ways, as defined in Chapter 3 of the United Nations Convention against Corruption<sup>44</sup>: active and passive bribery, embezzlement, abuse of functions, trading in influence, illicit enrichment, money-laundering and concealment.<sup>45</sup> The following describes the various acts and types of corruption that occur at each stage, from bribery to abuse of authority and tax crimes.

### Preparation

During the initial stage, fishing operators may deviate from legally acquiring fishing licenses by bribing authorities. Bribes may be offered not only to receive fishing licenses, but also to obtain higher quotas, or to have officials look the other way when crew members are missing work permits. Complementing this, forged papers like vessel registrations, fishing licenses, work permits etc. may be used.<sup>46</sup> The embezzlement of license fees by government officials may also take place. In these schemes, officials sell more licenses than they indicate in the official records and subsequently use the payment for the non-recorded licenses for their own personal benefit. In the case of abuse of authority/conflict of interest, multiple sources have averred that political figures or senior government officials use their influence to ensure that fishing licences are granted to companies or businesses in which they have an interest.<sup>47</sup>

### Fishing

Corruption may take place during the fishing phase when vessels are observed by authorities while at sea. Bribes are paid to have officials not enforce laws that are being violated (i.e., missing licenses or lacking work permits), to have them overlook poor working conditions, or to release vessels that have been seized at sea.<sup>48</sup>

44 UNODC, *United Nations Convention Against Corruption*, p. 17

45 *Ibid.*, p. 3

46 *Ibid.*, p. 17

47 UNODC, *Transnational Organized Crime in the Fishing Industry*, p. 112

48 UNODC, *Rotten Fish – A Guide on Addressing Corruption in the Fisheries Sector*, p. 19

## Landing

A vessel may decide to land its catch onshore or at sea (transshipment). Transshipping catches at sea can be a tool to avoid controls by authorities. Even when inspections take place at sea, it is often easier to bribe officials there than bribing them on land, because the geographical distance prevents supervisors from performing their oversight role. On-shore, fishing operators may set up illegal landing sites and bribe officials to overlook their existence. Generally, corruption at this stage facilitates the continuation of wrongly reported catches; the fact that many payments are still executed in cash can facilitate corruption.<sup>49</sup>

## Processing

Audits or inspections at production facilities, on- or off-shore, can be subject to corruption, in that, any illegal activity taking place aboard a fishing vessel may be overlooked after bribes have been paid. Moreover, the processing stage may include distinct entities, such as fishers, primary and secondary processors, and bribes may be paid between any of these actors so as to continue a story of previously incorrectly reported catches.<sup>50</sup>

## Sale

Bribes are used to ensure authorities overlook or certify fraudulently filled records, invoices, inventories, and other documents. These activities are notable facilitators for tax crime.<sup>51</sup>

## Transport

Corruption in the transportation stage mainly includes: (i) bribes paid to customs officials in order to facilitate the continued use of forged licenses or to certify falsely reported catches and (ii) to avoid inspections by public health officials.

## Consumption

Corruption may allow companies to obtain ethical certificates (such as sustainable fishing labelling, etc.) without fulfilling the certification criteria.<sup>52</sup> Although this may happen at different stages of the value chain, it is listed in this final stage due to the proximity to the end consumer of the product.

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49 Ibid., p. 19

50 Ibid., p. 20

51 Ibid., p. 21

52 Ibid., p. 23

## Case 2: The Bengis Hout Bay case

The case<sup>53</sup> below depicts a bribery scheme implemented at the landing stage of the fisheries value chain which allowed for the overharvesting of South African rock lobster. This case showcases how those corrupt practices can translate into great environmental and economic damage as it puts at risk the sustainable management of fish stock. Additionally, the transnational nature of fisheries and the challenges it supposes for law enforcement is also displayed in this case as the illegal action took place in South Africa but punishments were also imposed on criminals in the United States, an importing country.

Arnold M. Bengis was the Managing Director and Chairman of Hout Bay Fishing Industries Ltd., a market leader in South Africa's fishing industry. Mr. Bengis, together with his son and other co-conspirators, engaged in a massive illegal poaching and fishing scheme involving rock lobster from at least the year 1987 through 2001. The scheme included illegally harvesting large quantities of South African rock lobster and selling them at significant profit, exporting the lobster to East Asia, Europe, and the United States. Over the course of years, Hout Bay overharvested more than 1,700 metric tons of ocean stock. It is estimated that in the final year of the scheme, as much as 93 per cent of all rock lobster handled by Hout Bay had been harvested illegally.

This illegal scheme would not have been possible without corruption. At the landing stage, catches had to be presented to Fishery Control Officers (FCOs) from the Marina and Coastal Management of Cape Town, whose role it was to exercise control over marine living resources and to ensure compliance with the law. The co-conspirators bribed 14 FCOs to turn a blind eye to discrepancies in the reporting of catches at the landing stage. By landing their catches without FCOs being present, Hout Bay managed to avoid recording the true weight of their catches on 338 separate occasions. The company maintained a veneer of legitimacy through the corrupt payments to FCOs.

In the United States, five executives of Hout Bay were found guilty of violating the Lacey Act by excessively overharvesting rock lobster and smuggling, while the remaining executives were convicted in South Africa. Mr. Bengis pleaded guilty to 301 charges of corruption related to the bribing of Fishery Control Officers, each of which led to imposition of fines and imprisonments in South Africa in 2002.

<sup>53</sup> Refer to SHERLOC (USAx014) to view the whole case

### 4.3. Tax crime

Definitions of tax crime may vary depending on the jurisdictional context it is used in. This analysis follows the understanding of tax crime as “all intentional conduct that violates tax laws.” As such, the definition intends to accommodate different legal definitions and to cover the violation of direct as well as indirect tax obligations (e.g., income tax and value added tax (VAT) obligations etc. respectively).

Tax crime in the fisheries sector covers a wide range of offences, including the following:<sup>54</sup>

- Evasion of tax on income and social security contributions
- Fraudulent claims for VAT repayments
- Evasion of customs of import and export duties
- Social security fraud

These offences may be found in many types of industries, especially commodity-based ones, but some aspects of the fish trade provide specific enablers or opportunities for them to be perpetrated.<sup>55</sup> Fisheries-specific features that enable tax crime are: i) offshore jurisdictions, resulting from the fisheries sector being subject to the legislation of multiple countries, a wide range of intermediaries, opaque ownership structures and so forth; ii) usage of flags of convenience, a method by which vessels are registered in a jurisdiction different to the jurisdiction of the residency/ citizenship of the owner; iii) use of log books and records, which produce large amounts of documentation that can be subject to falsified entries; iv) resale of fishing vessels and other assets, which often go unreported due to the general opacity of the fisheries sector, making the sale price subject to under-reporting; and v) logistical complexity, which impedes tracking of vessel activities at sea.<sup>56</sup>

#### Preparation

The basis for later tax crime can be laid at this stage. This may include the creation of offshore financial entities such as shell companies. Furthermore, many preparatory activities for tax crime that are based on other crimes such as corruption, fraud and forgery are undertaken at this stage. Additionally, individual fishers or fishing companies may engage in social security fraud, by not reporting or under-reporting employment periods to the authorities. In such cases, workers will falsely receive social security benefits from the State, whereas social security contributions are not collected from individuals nor the fishing operator.<sup>57</sup>

<sup>54</sup> OECD, *Evading the Net: Tax Crime in the Fisheries Sector*, p. 35

<sup>55</sup> Ibid.

<sup>56</sup> Ibid., pp. 14–25

<sup>57</sup> Ibid., pp. 30–31

## Fishing

During the fishing stage, activities to facilitate tax crime start when either the amount of the catch or the types of species are incorrectly recorded in the logs of the vessel [4.1.2]. In some cases, vessels engage in sophisticated re-allocation schemes in which vessels of different fleets are owned by the same operator, has vessels engage in joint fishing operations and share the catches in order to maximize the usage of their fishing quotas as well as saving taxes.<sup>58</sup> Before reaching ports, catches may be “layered” on the vessel hiding high value species before the vessel is landed.

## Landing

At the landing stage, fraudulent reporting of catches and processed products of the previous two stages can have further consequences. Firstly, landing reports may be fraudulently completed to hide the origin of the catch, which can lay the foundation for import tariff fraud in the next stage. Secondly, profit taxation may be evaded through understating the quantity of fish. In these cases, fishing companies may create two separate sets of records, one displaying the true size of the catch, and a second, understated one, which would be provided to officials. A third way to evade different taxes is by falsely declaring the type of fish, substituting high-value species with low-value species. Fishers may also choose to dock at an unregistered landing site in order to avoid taxes and customs duties.<sup>59</sup>

## Processing

Tax evasion draws upon false declarations with respect to type, volume, origin, of the fish and may be started or continued at the processing stage. Additionally, false declarations about the value added to the product may start at this stage. Various sophisticated schemes are known to happen at this stage but are beyond the scope of this report. Tax evasion may be perpetrated in form of fish fraud, meaning, high-value species are being substituted for low-value species.<sup>60</sup>

## Sale

At this stage, there are three main modalities of tax crime. Firstly, sales may be manipulated in order to avoid taxes. This type of non-compliance is fairly common and can be accomplished by submitting books with changed sales or cost figures to the authorities. More complex schemes may include reclassifying parts of the sales price, some of which is then paid to an offshore intermediary; or the profits that the company is making while buying and selling goods are suppressed or hidden from authorities. Additionally, the value of sales may be diminished by engaging in fraudulent re-invoicing. In this method, paperwork will imply that products have been sold to (what in reality is) an intermediary of the fishing operator. As such, the fishing operator will sell products at a small profit margin to its intermediary, who is registered offshore and resells the products for full market value. The small profit will appear on the fishing operator’s books, whereas most of the profit will be retained offshore. Thirdly, a scheme called “missing trader fraud” allows companies to make fraudulent VAT claims. Under this scheme, intermediary traders resell a product which has been

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58 Ibid., pp. 26

59 OECD, *Evading the Net: Tax Crime in the Fisheries Sector*, pp. 20–30

60 FAO, *Overview of Food Fraud in the Fisheries Sector*, p. 2

imported at a zero VAT rate. During the resale, the end-purchaser pays the VAT to the intermediary trader, who never declares it to the government.<sup>61</sup>

## Transport

Fishers can use the fraudulent landing reports and labels from previous stages to evade import duties. For example, importing fish filet and other fish meats to the European Union is usually subject to a 9 per cent tariff.<sup>62</sup> Through fraudulently labelling the catch to correspond to the eligibility criteria in terms of producing countries under the Generalised Scheme of Preference of the European Union,<sup>63</sup> this tariff can be evaded.<sup>64</sup>

### Case 3: South Africa v. Johannes Erasmus van Staden & Others

This case<sup>65</sup> illustrates tax crimes during the sales stage and also highlights the loss of state revenue caused by these activities, as well as damage to third parties. It also demonstrates how the foundation of tax crimes are often laid and supported by other forms of illegal activities such as fraud, forgery and racketeering.

Johannes Erasmus van Staden was a Cape Town businessman and registered representative vendor of Indo Atlantic Seafoods. From 2005 to 2008, he engaged in an illegal scheme through which he defrauded the South African Revenue Service (SARS).

During these years, Mr. van Staden used inflated records of fish exports from the sale stage and submitted them to the SARS, which in return would refund VAT for zero-rated exports. Furthermore, he submitted alleged expenditures of his business, such as those undertaken for refrigerator systems, delivery trucks, and fish production lines. He obtained authentic invoices for these expenditures by requesting quotes from different providers. He repeatedly accepted offers and asked for invoices from third parties. Upon receipt of these invoices, he submitted them to the SARS but frequently walked away from the deals. Through this, Mr. van Staden not only defrauded the SARS but also inflicted significant economic damage on third-party service providers.

Mr. van Staden defrauded the South African government of more than R250 million in taxes. In June 2016, he was found guilty on 43 charges of racketeering, fraud, reckless conduct of business, and contravention of the Prevention of Organized Crime Act, including money-laundering. Mr. van Staden was sentenced to 20 years imprisonment and had R6 million worth of assets confiscated.

61 Ibid.

62 <http://madb.europa.eu/madb/euTariffs.htm?productCode=030431&country=SB>

63 [http://trade.ec.europa.eu/doclib/docs/2012/october/tradoc\\_150028.pdf](http://trade.ec.europa.eu/doclib/docs/2012/october/tradoc_150028.pdf)

64 OECD, *Evading the Net: Tax Crime in the Fisheries Sector*, pp. 20–30

65 Refer to SHERLOC (ZAFx013) to view the whole case

## 4.4. Human trafficking for the purpose of forced labour

There is widespread evidence of human trafficking taking place aboard fishing vessels internationally, with trafficking for the purpose of forced labour being the most common form.<sup>66</sup> Most documented victims of exploitation on fishing vessels are men, while women are targeted for forced labour in processing facilities, and are also sometimes subject to sexual exploitation in irregular fishing hubs.<sup>67</sup> The fact that trafficking for the purpose of forced labour stands out is linked to the motivation of operators to minimize operational cost by exploiting crew and fishers, and to the fact that vessels are unlikely to be inspected for compliance with labour codes.<sup>68</sup>

Human trafficking is defined in the UN Trafficking in Persons Protocol, which supplements the UNTOC, as “the recruitment, transport, transfer, harbouring or receipt of a person by such means as threat or use of force or other forms of coercion, abduction, fraud or deception for the purpose of exploitation”.<sup>69</sup> Article 2(1) of the ILO Convention No 29 provides a working definition for *forced or compulsory labour*. It is defined as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.”<sup>70</sup>

### Preparation

Trafficking in persons for the purpose of forced labour begins when a person is recruited (and/or any of the other acts outlined in the definition above) to join as a new crew member of a (typically illegal) fishing vessel. The workers might be brought in from different countries<sup>71</sup> and are generally either deceived by means of employment contracts and working conditions that are misrepresented or are abducted using violence. A common way of deceiving workers is by debt bondage, a scheme in which (often smuggled) migrants are forced to pay a fee against alleged future earnings.<sup>72</sup> Fishing boat captains may choose to directly recruit victims or to go through recruitment agencies. Alternatively, victims can be sourced and placed on the vessel by the fishing operator itself. Key players in trafficking for the purpose of forced labour are brokers, recruitment agencies, senior crew members, or the fishing company itself; there have been reports of close cooperation among these actors.<sup>73</sup> Forged documents from the preparation stage may be used to facilitate visa procedures for trafficked workers.

66 UNODC, *Transnational Organized Crime in the Fishing Industry*, p. 22

67 Ibid., p. 40

68 Ibid., p. 35

69 UNODC, Trafficking in Persons Protocol Retrieved from [https://www.unodc.org/res/human-trafficking/2021the-protocol-tip\\_html/TIP.pdf](https://www.unodc.org/res/human-trafficking/2021the-protocol-tip_html/TIP.pdf)

70 [https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C029](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C029)

71 UNODC, *Transnational Organized Crime in the Fishing Industry*, p. 26

72 ILO, *Caught at sea – Forced labour and trafficking in fisheries*, p. 16

73 UNODC, *Transnational Organized Crime in the Fishing Industry*, pp. 36–39

## Fishing

Workers have to engage in primary fishing activities such as lowering the trawl net,<sup>74</sup> and secondary fishing activities such as placing and repairing of fishing equipment, among others. Children as young as 12 or 13 years are reported to be obliged to dive into the water to guide the fish into the net; they face a high risk of drowning due to long amounts of time spent in the water without adult supervision.

Living conditions of such forced labour on fishing vessels are reported to be abysmal in some circumstances. Apart from horrific working conditions, workers were subject to maltreatment through physical and psychological abuse. Victims are reported to have suffered severe malnourishment. Moreover, workers have testified to having been deprived of sleep, working up to 22 hours daily.<sup>75</sup> Additionally, it has been reported that, if unable to work, sick or injured workers have been tossed overboard and bodies of those deceased have been similarly disposed of. Trafficked fishers may be further traded from vessel to vessel whilst at sea in order to meet the crewing needs of other catching operations. Hence, they are held de facto as prisoners at sea. The debt bondage scheme which may have started in the previous stage could thus be continued here. A common way to do so is to have crew members incur more debts, for example by forcing them to compensate for their food from their (promised) salaries while on board.<sup>76</sup>

## Landing

When reaching a port, trafficked workers are often not allowed to leave the ship due to their irregular status and risks associated with them potentially contacting local authorities about their situation. Frequently, they have no access to their documents or passports; the senior crew complicit in the trafficking may have confiscated them. Whilst the vessel is in dry dock, the fishers are often expected to paint and repair the vessel.<sup>77</sup> It has been reported that fishers are being dropped at foreign ports when their contract expires.<sup>78</sup> Experts have pointed out that this is a common practice of recruitment agencies, which saves them from paying the full wage upon completion of the contract, since it has been stipulated that the payment is only due upon collection in the home port. In such instances, the fishers have to raise the funds necessary to travel to the initial port in order to collect their wages.<sup>79</sup>

## Processing

Trafficked fishers may be deployed on vessels or at on-shore facilities such as ports, repair yards, processing plants, as well as shore-based aquaculture and harvesting. In either case, workers may be forced to gut, cut, sort, and select, dry, carry and scrape fish.<sup>80</sup> As mentioned above, whereas men were mostly trafficked for fishing activities, women may be targeted for the processing stage.<sup>81</sup>

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74 Ibid., p. 44

75 Ibid., pp. 26–32

76 UNODC, *Transnational Organized Crime in the Fishing Industry*, pp. 28–34

77 Ibid., p. 26

78 Ibid., p. 53

79 Ibid., p. 39

80 Ibid., p. 26

81 Ibid., p. 40

## Transport

When deployed in onshore activities, trafficked workers may engage in transportation tasks, such as carrying the fisheries products from the processing site to the transportation vehicle.

### Case 4: Trafficking of Myanmar citizens to work on fishing vessels in Thailand

The case<sup>82</sup> below is an example of human trafficking in the fisheries sector which is present throughout the fisheries value chain.

In 2012, a group of men and children, originating from Myanmar, in search of work in Thailand, accepted an offer by a middleman to work in an alleged fruit processing factory. In the preparation stage, after paying the fee, the group was smuggled to Bangkok and further to Chonburi Province in trucks. Upon arrival, the victims were told that each of them had been sold to work in fishing trawlers. In order to pay off their debts, the victims were forced to work on the fishing vessels. Whenever they refused to work, they would be beaten, or they would be threatened to be killed. After returning from a fishing trip, all victims had to sleep in the trawlers, where they were strictly controlled by the defendant or trawler's skippers. In June 2012, two of the initial victims managed to escape and informed the authorities. In July 2012, the Thai police, and officers from the Department of Special Investigation (DSI) obtained a search and arrest warrant from the court. Through this operation, 22 victims were successfully rescued.

## 4.5. Money-laundering in the fishing industry

Money-laundering is “the method by which criminals disguise the illegal origins of their wealth and protect their asset bases to avoid suspicion by law enforcement agencies and prevent a trail of incriminating evidence”. Generally, transnational organized crime groups use it to disguise proceeds of criminal conduct.<sup>83</sup> The main motivation for money-laundering is to dissociate criminal proceeds from their illicit origins. This may be done to prevent relevant authorities from tracing back proceeds of crimes to their sources or to allow criminals to spend illegally generated revenue in a legitimate environment. In general, the money-laundering process can be divided into three phases: placement (depositing criminal proceeds), layering (concealing the criminal origin), and integration (creating an apparent legal source).<sup>84</sup>

<sup>82</sup> Refer to SHERLOC (THA011) to view the whole case

<sup>83</sup> <https://www.unodc.org/unodc/en/money-laundering/introduction.html?ref=menuaside>

<sup>84</sup> OECD, *Money Laundering Awareness Handbook for Tax Examiners and Tax Auditors*, p. 13

## Preparation

The preparation stage of fishing operations provides opportunities for criminals to create an apparently legal origin for proceeds generated from illegal activities. One way of doing this is by disguising the ownership of assets through the creation of foreign legal entities.<sup>85</sup> These entities will be used to acquire capital-intensive assets such as fishing vessels,<sup>86</sup> a method which may also give rise to tax crime opportunities]. This phase also offers opportunities to invest illicit funds in general infrastructure, such as fishing gear, processing facilities or transportation.<sup>87</sup>

## Landing

New opportunities to integrate illicit funds arise upon landing. Proceeds of crime can be used in transactions with third parties,<sup>88</sup> which may include any cash payment that is conducted upon landing the catch at a port. For example, salaries to crew members are often paid in cash<sup>89</sup> and are therefore a likely channel to launder illicit funds.<sup>90</sup>

Furthermore, landing the catch offers opportunities for fish laundering, which is the integration of illegal into legal catches.<sup>91</sup> Before reaching a port, vessel may tranship its catches to a refrigerator vessel, which collects the catches from numerous smaller fishing vessels. Because refrigerator vessels are not engaging in primary fishing activities themselves, they are often exempt from catch documentation requirements. Another way to launder the fish outside of ports is to transfer the live fish to aquaculture facilities. In cases where catching fish was illegal due to the minimum size requirements, live fish can be landed in aquaculture facilities to be sold once they have grown and reach the size requirements. Fishing vessels may also launder their catches when landing at a port, by having a single fishing vessel approach multiple ports to unload its full quota at every single one of them.<sup>92</sup>

## Sale

At the last stage, illicit funds may be laundered during the sale of fish.<sup>93</sup> Generally, price-manipulations<sup>94</sup> which may be connected to other crimes, also allow for money-laundering to take place. Similarly, fishing operators have found several ways to conduct business with themselves, thus, laundering criminal proceeds within their own network of companies.<sup>95</sup>

85 Ibid., p. 14

86 OECD, *Evading the Net: Tax Crime in the Fisheries Sector*, p. 20

87 INTERPOL, *International Law Enforcement Cooperation in the Fisheries Sector*, p. 10

88 OECD, *Money Laundering Awareness Handbook for Tax Examiners and Tax Auditors*, p. 13

89 OECD, *Evading the Net: Tax Crime in the Fisheries Sector*, p. 33

90 OECD, *Money Laundering Awareness Handbook for Tax Examiners and Tax Auditors*, pp. 13–14

91 FAO, *Overview of Food Fraud in the Fisheries Sector*, p. 2

92 The Global Initiative Against Organized Crime, *The illegal fishing and organized crime nexus*, p. 24

93 INTERPOL, *International Law Enforcement Cooperation in the Fisheries Sector*, p. 10

94 OECD, *Evading the Net: Tax Crime in the Fisheries Sector*, p. 33

95 OECD, *Money Laundering Awareness Handbook for Tax Examiners and Tax Auditors*, p. 19

## Case 5: Money and lobster laundering

Mr. McNab owned and operated a fleet of lobster fishing boats that harvested Caribbean spiny lobster in Honduran fishing waters. In violation of conservation regulations imposed by the Republic of Honduras, Mr. McNab's fleet harvested lobsters, including egg-bearing lobsters and lobsters with tails less than the regulated 5 ½ inches in length, packed frozen lobsters in bulk plastic bags and loaded them onto Mr. McNab's transport vessel, the Caribbean Clipper. Some of the lobster tails were handled in compliance with Honduran reporting, inspection and processing requirements while others were transported aboard the Caribbean Clipper in unprocessed bulk bags. In the landing stage, Mr. McNab landed the illegally harvested lobsters in Alabama, United States of America. The proceeds of the illegally harvested lobsters were laundered through his co-conspirators by reselling them to the American Export Important Corporation and other US companies through a petitioner.

Following an anonymous tip, in February 1999, National Marine Fisheries Service (NMFS) began looking into the matter and in March 1999, they seized a lobster shipment described in the tip based on verifications by Honduran officials that the lobster shipment was illegal under Honduran law. In 2003, McNab was found guilty of conspiracy, smuggling, and money-laundering.<sup>96</sup>



<sup>96</sup> Refer to SHERLOC (USAx010) to view the whole case

# 5. CONCLUSION AND RECOMMENDATIONS

In summary, this report provides a valuable insight into the various stages in the value chain and delineates how each stage is vulnerable to corruption. It provides real life examples of crimes in the fisheries sector and how they have manifested themselves in a wide range of distinct, yet often interrelated, serious offences along the entire value chain. These crimes have harmful, wide-ranging impacts on environment, economies, and societies, most of which are not well known to the various actors in the fisheries industry. Given the critical role that the fish industry plays in food security worldwide, and especially in island nations, this report will be a valuable resource for law enforcement officials, who can use it for awareness raising.

The following text provides some general guidance on what actions authorities could take in order to fight crimes in the fisheries sector. When drafting policies in specific regions and countries, recommendations should be adapted to realities on the ground.

1. Criminal justice practitioners should adopt a value chain approach to understand the vulnerabilities of the fisheries sector to serious crime. Apart from this technical report, UNODC provides further information on this issue in its other publications such as “Rotten Fish – A Guide on Addressing Corruption in the Fisheries Sector”.
2. Preventive measures, such as improving transparency and raising awareness are critical for combating crimes in the fisheries sector. In particular, it is crucial to educate and raise awareness of key groups engaged in this sector of the detrimental impact of crimes in the fisheries sector impact on the economy, food security and livelihoods of coastal populations.
3. Reviewing and understanding adjudicated cases of crimes in the fisheries sector can help improve the understanding of how these crimes manifest themselves within the value chain. The UNODC SHERLOC portal can be used to collect and disseminate relevant cases.
4. Countries should increase efforts to share intelligence and information related to crimes in the fisheries sector and facilitate multi-agency approaches to investigating these crimes by strengthening existing national and international networks of stakeholders or building ones where none exist.

5. Countries should ensure that those tasked with investigation and prosecution of these crimes are familiar with the range of resources at their disposal, including available international and regional enforcement tools and mechanisms as well as the content of global conventions such as UNTOC and UNCAC, resource guides as well as technical assistance possibilities.



## 6. FURTHER READINGS

When drafting legislation, policy makers should consider the nexus between crimes in the fisheries sector and other crime types. Additional to this value chain analysis, readers may find more useful information in the following non-exhaustive list of relevant literature.

- *FAO – Overview of Food Fraud in the Fisheries Sector, 2018*  
This publication sheds light onto fish fraud and provides a more detailed glance into fraud in the fisheries industry in general.
- *FAO, Fishery and Aquaculture Statistics, 2018*  
A complementary tool for the above-mentioned state of world fisheries publication.
- *FAO – The State of World Fisheries and Aquaculture, 2022*  
The Food and Agriculture Organization of the United Nations provides a complex overview of the current state of world fisheries. It is an appropriate source to find complementary knowledge to the fisheries industry in general, as well as ongoing research.
- *International Symposium on Fisheries Crime*  
The 4<sup>th</sup> edition of this event was held in October 2018. Useful information, publication, and presentation material can be accessed via [www.bluejustice.com](http://www.bluejustice.com). The Blue Justice Portal provides further resources on the topic
- *INTERPOL – Chasing Red Herrings Report*  
This publication sheds light on the issue of secrecy in the fisheries sector and its impact on law enforcement. Flags of convenience, among other things, are thoroughly addressed in this report.
- *INTERPOL – International Law Enforcement Cooperation in the Fisheries Sector, 2018*  
In this report, INTERPOL provides a practical guide for law enforcement personnel.
- *ILO – Caught at sea, Forced labour and Trafficking in Fisheries, 2013*  
The International Labour Organization examines the issue of human trafficking for the purpose of forced labour in the fisheries industry.
- *OECD – Evading the Net: Tax Crime in the Fisheries Sector, 2013*  
The tax crime section of the value chain analysis extensively draws upon the insights gained from this OECD report. Moreover, policy makers will find useful policy recommendations in it.

- The Global Initiative Against Transnational Organized Crime – *The Illegal Fishing and Organized Crime Nexus*, 2015  
This Study gives useful insights in the interconnected worlds of IUU fishing and organized crime.
- UNODC – UNODC’s Approach to Crimes in the Fisheries Sector, 2020  
A paper summarizing UNODC’s approach to crimes in the fisheries sector as well as types of technical assistance provided by different UNODC programmes in this area.
- UNODC – *Rotten Fish*, 2018  
A more detailed publication which gives guidance on addressing corruption in the fisheries sector.
- UNODC – Transnational Organized Crime in the Fishing Industry, 2011  
This issue paper still provides crucial insights for everyone interested in learning about trafficking in persons, smuggling of migrants, and illicit drugs trafficking in the fisheries sector.
- UNODC Evidential Issues in Trafficking in Persons Cases, 2017  
The publication provides an overview of typical issues faced by practitioners in all types of trafficking in persons cases, also providing some trafficking in persons for forced labour on fishing vessels examples.
- UNODC – SHERLOC  
The SHERLOC portal is an initiative to facilitate the dissemination of information regarding the implementation of the UN Convention against Transnational Organized Crime and its three Protocols. As such, it contains several useful information for the global fisheries industry, among others case laws and legislation.
- To Catch a Wildlife Thief: Strategies and Suggestions for the Fight against Illegal Wildlife Trafficking  
The article by Marcus A. Asner explores how a typical wildlife trafficking scheme may work in practice, based on the *United States vs. Bengis* case.
- UNODC World Wildlife Crime Reports 2016 and 2020 provide an overview of the trafficking in protected species globally. They include Chapters relevant to crimes in the fisheries sector, in particular Chapter 9 (2016) and Chapter 7 (2020).

# 7. BIBLIOGRAPHY

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## 8. CASE STUDIES

In order to retrieve full information, including court files, for the cases mentioned in this analysis, please refer to the UNODC's resource sharing platform SHERLOC. Visit [www.sherloc.unodc.org](http://www.sherloc.unodc.org), enter the *Case Law Database* and use the below mentioned identifier to search the respective cases.



| <b>Case</b>          | <b>SHERLOC Identifier</b> |
|----------------------|---------------------------|
| Samaesan case        | THA011                    |
| McNab case           | USAx010                   |
| Bengis hout bay case | USAx014                   |
| J. van Staden        | ZAFx013                   |
| Codfather            | USAx147                   |





# UNODC

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