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INTERNATIONAL COALITION AGAINST ILLICIT ECONOMIES

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Director**

Threat Convergence Initiative

***Irregular Warfare in Strategic Competition and
Gray Zones: Prosecuting Authoritarian Subversion
and Exploitative Use of Corruption and Criminality
to Weaken Democracy***

**Strategic Multi-Layer Assessment (SMA)
Speaker Session: U.S. Department of Defense**

The Pentagon

Washington DC

22 August 2024

THREAT CONVERGENCE PRISM



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Many LE and IC communities behind the curve; too much outdated intel analysis; dynamic geo-security OC-threat panorama.

Strategic Threat Intelligence

Illicit Vectors. Hybrid Warfare.

Irregular Warfare in Gray Zones: Strategic Corruption & Criminality

- Canada
- USA
- Mexico
- Venezuela /
- Bolivarian Alliance
- Tri-Border

Targeting Democracies/Fragile States

**Expanding Illicit Markets via
Illegal Trade / Economic Coercion:
Increased Chaos, Instability, Insecurity**

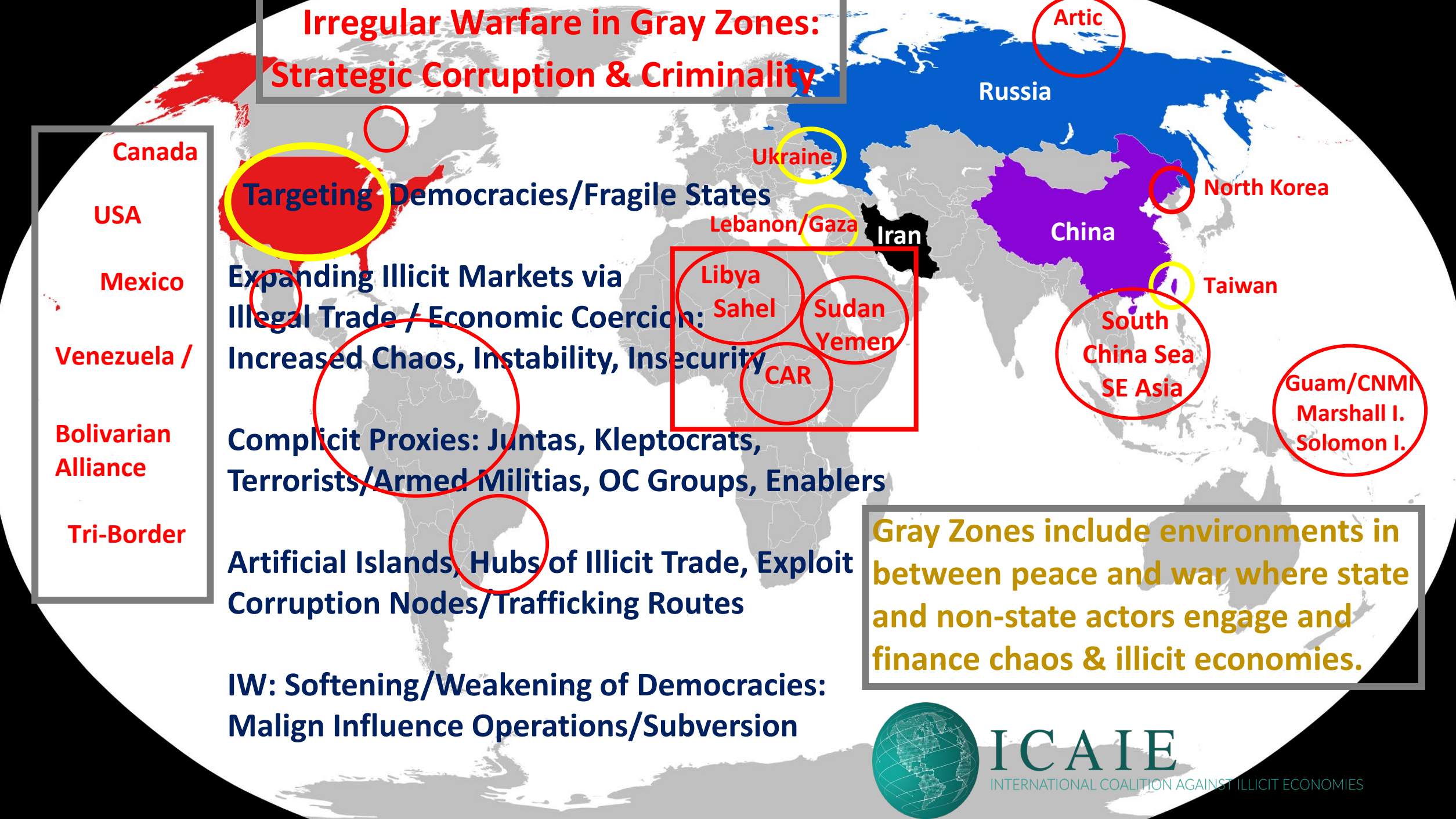
**Complicit Proxies: Juntas, Kleptocrats,
Terrorists/Armed Militias, OC Groups, Enablers**

**Artificial Islands, Hubs of Illicit Trade, Exploit
Corruption Nodes/Trafficking Routes**

**IW: Softening/Weakening of Democracies:
Malign Influence Operations/Subversion**

Libya
Sahel
Sudan
Yemen
CAR

**Gray Zones include environments in
between peace and war where state
and non-state actors engage and
finance chaos & illicit economies.**



Is Illicit Trade a Top 5 Global Economy?

(Based on estimated market value across Ecosystems of Criminality in a given year)

Possibly Yes! At Least \$3–5 Trillion

Top 5 World Economies (GDP)

- 1. United States**
(\$28.0 trillion)
- 2. China**
(\$18.6 trillion)
- 3. Germany**
(\$4.7 trillion)
- 4. Japan**
(\$4.3 trillion)
- 5. India**
(\$4.1 trillion)

Global Illicit Markets: (Est. Annual Dollar Value)

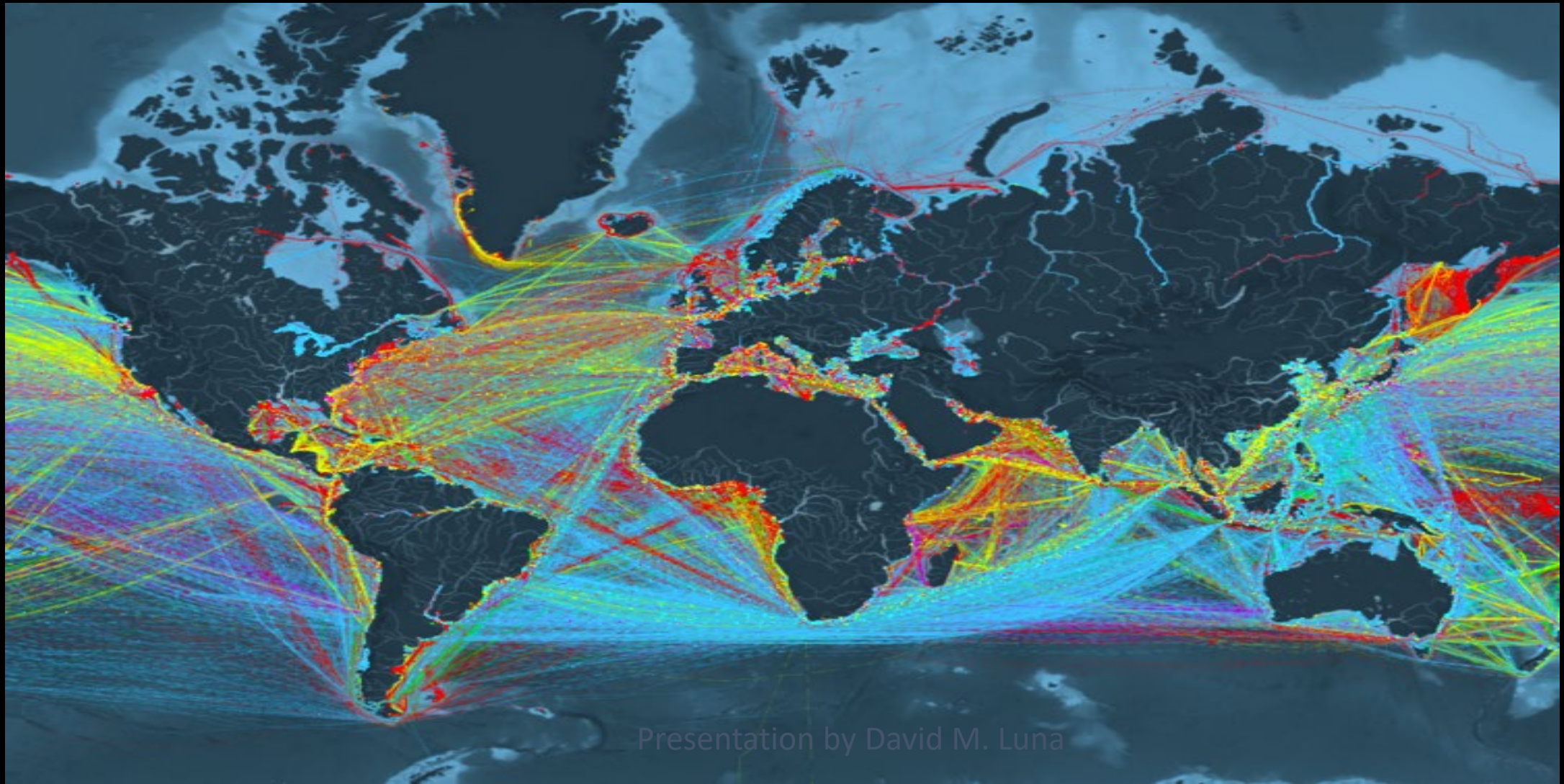
- Money Laundering**
(At Least \$2.6 trillion)
- Transnational Crime**
(\$1.6 to \$2.2 trillion)
- Bribery**
(At Least \$1.0 trillion)
- Narcotics**
(At Least \$500 billion)
- Counterfeits/Piracy**
(At Least \$500 billion)
- Environmental Crimes**
(\$91 to \$258 billion)
- Human Trafficking**
(Up to \$150 billion)
- Illegal Tobacco Products**
(Up to \$50 billion)

Transnational Criminal Organizations, Trafficking Networks, Money Laundering Financiers and Corrupt Enablers Help Build Multi-Billion-Dollar Illicit Markets.

Global Movement of Goods: Maritime Trade

[90% of all goods moved across the world by ships]

Ship.org: Container (e.g. manufactured goods): **yellow**; Dry bulk (e.g. coal, aggregates): **blue**; Tanker (e.g. oil, chemicals): **red**; Gas bulk (e.g. liquefied natural gas): **green**; Vehicles (e.g. cars): **purple** [Kiln Map, Business Insider, 2012-16]



Presentation by David M. Luna



Disrupting Illicit Pathways and ML Risks Across Ports and Free Zones

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AGAINST ILLICIT ECONOMIES



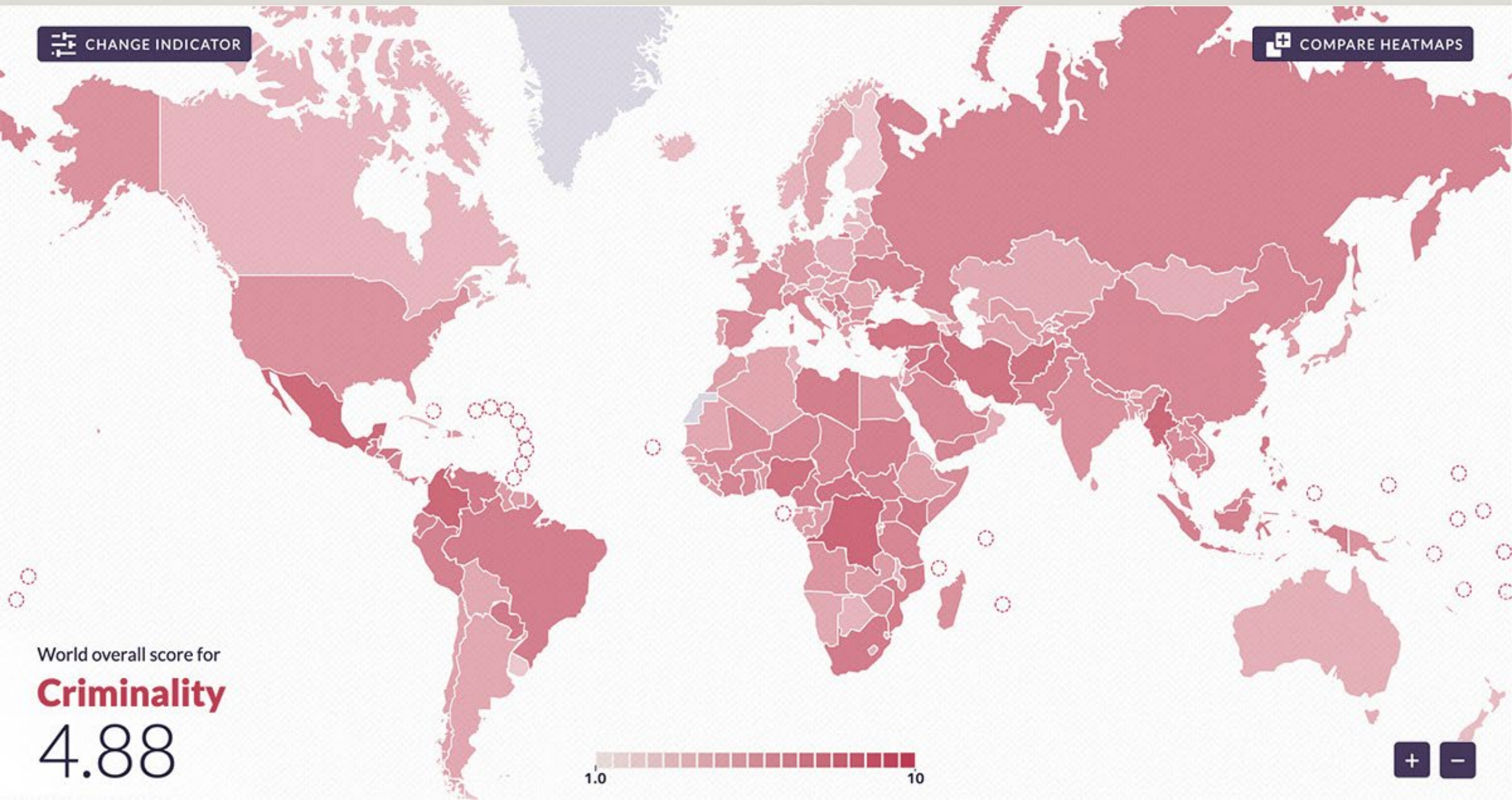
 [Hubs of Illicit Trade Project](#)
September 2023, TraCCC-AITI



Free Trade Zones are generally organized around major seaports, international airports, and national frontiers—areas with many geographic advantages for trade; shipping industry moves almost 90% of global goods.

 CHANGE INDICATOR

 COMPARE HEATMAPS



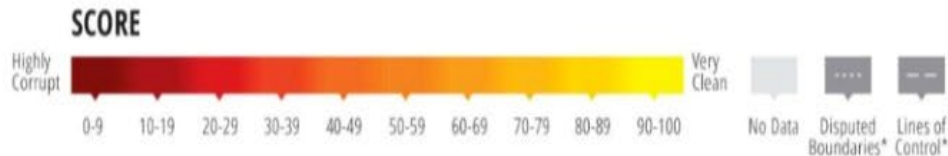
World overall score for
Criminality
4.88



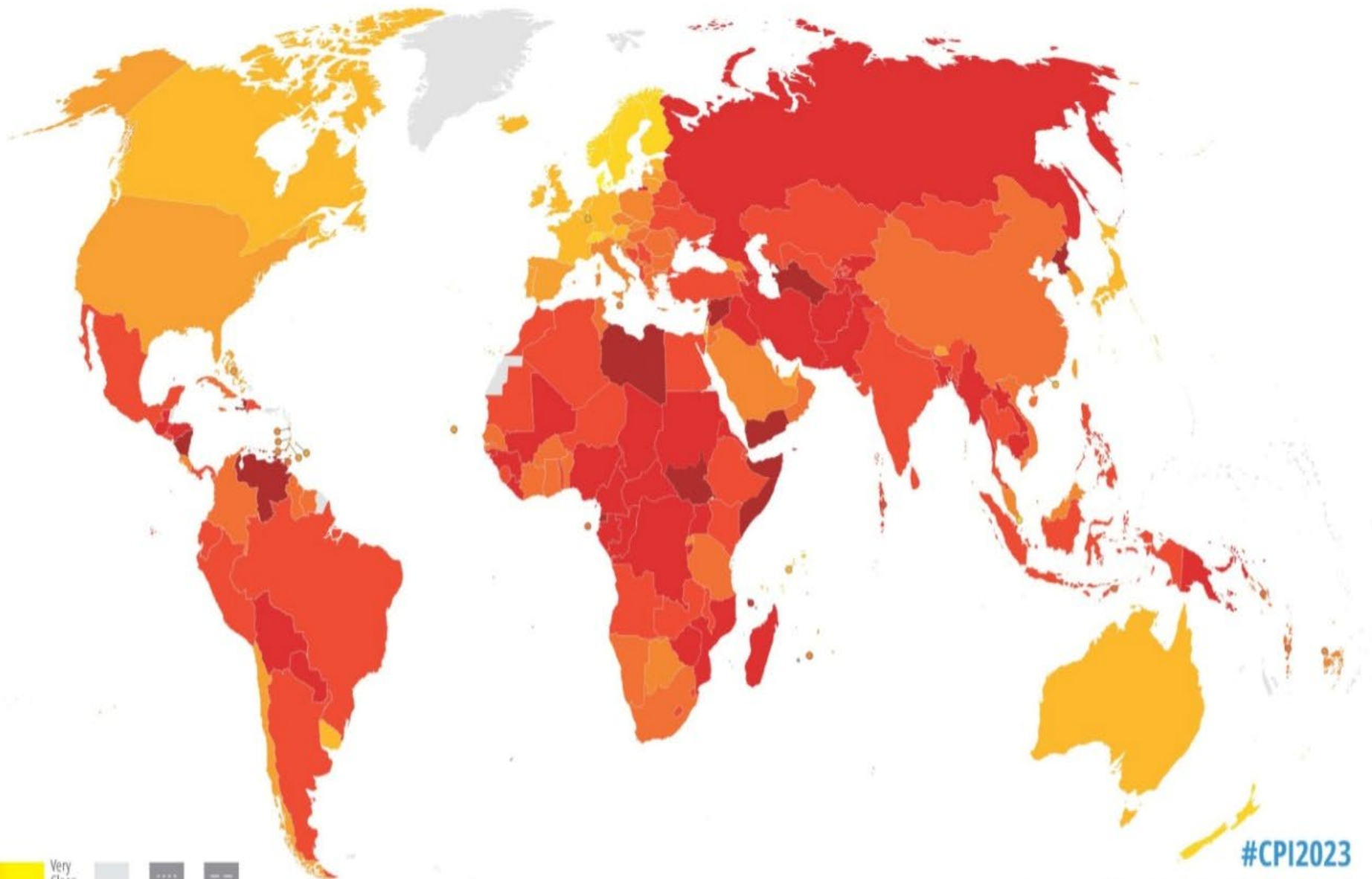
 

CORRUPTION PERCEPTIONS INDEX 2023

The perceived levels of public sector corruption in 180 countries/territories around the world.



*The designations employed and the presentation of material on this map follow the UN practice to the best of our knowledge and as of January 2024. They do not imply the expression of any opinion on the part of Transparency International concerning the legal status of any country, territory, city or area or of its authorities or concerning the delimitation of its frontiers or boundaries.



#CPI2023

www.transparency.org/cpi



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CORROSIVE
CAPITAL

DIRTY
MONEY

ILLICIT
THREAT
NETWORKS

- **Targeted to effect adverse governance** in recipient countries.
- Infiltrate and penetrate government and market institutions; vulnerable democracies with **malign** purposes.
- Opaque legal structures safeguarded by corruption, cronyism, militarized criminal markets (Sahel, SEAsia, PacRim, LATAM).
- **Co-option: economic coercion, political manipulation.**
- **Dirty Money: chaos/violence**, rule of law volatility, insecurity, destabilization bolts.
- Over time, corrosive capital **crowds out** constructive capital.
- Subversion, active measures: loss sovereignty/power.



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WHO ARE THE
ENABLERS

CRIMINAL
PROXIES

DIASPORIC
FACILITATORS

- **Professional gatekeepers and enablers** help kleptocrats, criminals, other bad actors to hide their assets **and launder them across financial safe havens** around the world through:
- **anonymous shell companies**, opaque investments, lack of **beneficial ownership** reporting, an array of other legal mechanisms and loopholes. Often, enablers through **offshore banking** with shell companies or trusts that contain valuable real estate or other assets.
- **professional facilitators and enablers include** bankers, lawyers, accountants, wealth managers, art dealers, investment advisors, real estate agents, trust creators, company incorporators, gold and diamond traders, money laundering firms, other service-based providers.
- **Wagner Group, Hezbollah and Iranian-back militias, Triads, Oligarchs, Mafias, United Front.**
- **ENABLERS Act; Countering Cross-Border Financial Crime Act of 2024**



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**CCP Inc. – A
GLOBAL ILLICIT
SYNDICATE?**

**“BEIJING
RULES”**

**MADE IN
CHINA 2025**

**2049: WORLD
SUPREMACY
DOMINANCE**





China's Neural Synapses: Corruption, Criminality, Malign Influence

THREAT INTELLIGENCE OVERLAYS

CCP Inc. Global Trade – 2025 Criminal EcoSystems/2049 Infrastructure Dominance
Movement of Goods, Contraband, Dirty Money
Illicit Pathways, Hubs, Ports, FTZs, Financial Safe Havens, Digital Spaces

CCP Inc.– The World's largest player in almost every sector of transnational crime: Several trillions of U.S. dollars in illicit proceeds every year are generated from predicate offenses for money laundering that touch China's jurisdiction and markets.

Hybrid Warfare:
FBI Wray: China is "biggest threat"
to U.S. national security.



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Specified Unlawful Activities Related to Financial Transactions

A "**financial transaction**" per 18 USC 1956(c)(3) is defined in as a transaction which affects interstate or foreign commerce and: (1) involves the movement of funds by wire or by other means; (2) involves the use of a monetary instrument; or (3) involves the transfer of title to real property, a vehicle, a vessel or an aircraft; or (4) involves the use of a financial institution which is engaged in, or the activities of which affect, interstate or foreign commerce.

ICAIE Threat Convergence Focused Areas*:

Specified forms of criminal activities including the smuggling and trafficking in:

- illegal drugs (narcotics, illicit fentanyl and opioids);
- counterfeit and pirated goods;
- intellectual property theft and trade secrets;
- human/organ trafficking, smuggling, forced labor;
- illegal wildlife trafficking;
- illegal logging;
- illegal fishing;
- illicit tobacco and alcohol products;
- pillaged or illegally-mined gold and critical minerals;
- trade fraud;
- arms trafficking and WMD proliferation;
- stolen antiquities, fine art, vehicles; and
- corruption and bribery.

Each of these crimes are also "**specified unlawful activities**" or predicate offenses to charge money laundering.

Money laundering is commonly understood as the process of cleansing the taint from the **proceeds of crime** ("dirty money").

Out of the 12 most significant sectors of transnational crime, in 11 of the 12 categories, CCP Inc. is the leading criminal actor:

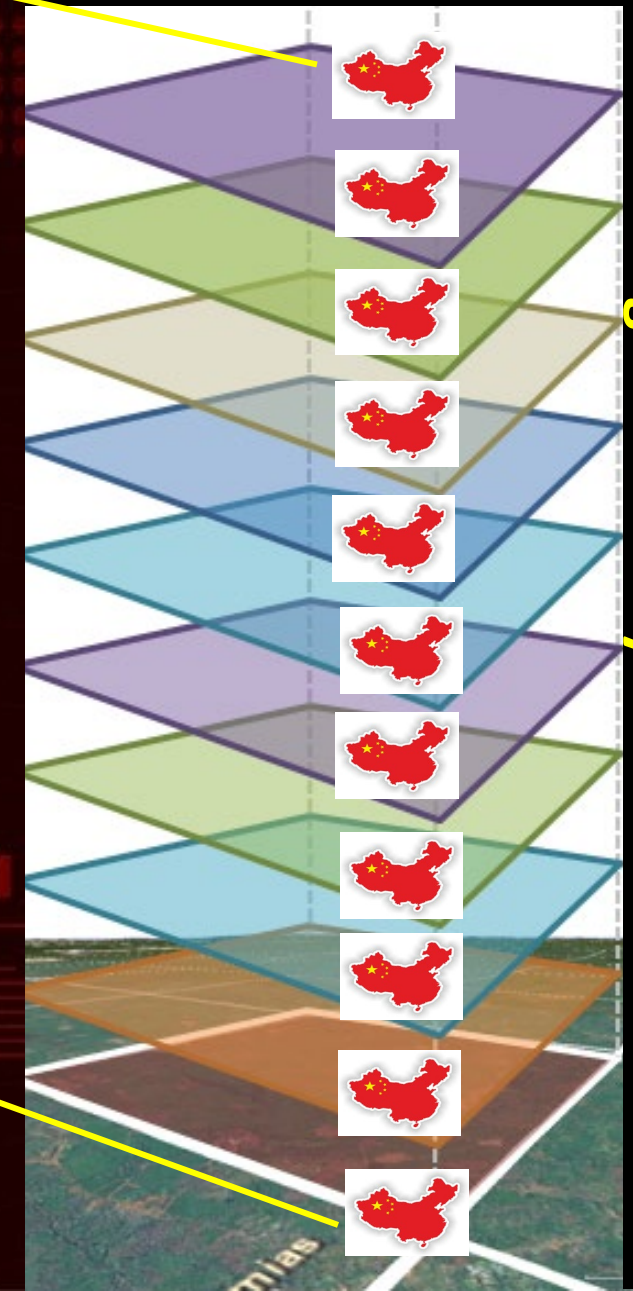


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- Counterfeit goods
- Intellectual property theft and trade secrets
- Human trafficking, smuggling and forced labor
- Wildlife trafficking
- Illegal logging
- Illegal fishing
- Illicit tobacco
- Trade fraud
- Arms trafficking / WMD proliferation
- Organ harvesting
- Corruption

Each of the above categories of crime is also a “specified unlawful activities” (SUAs) or predicate offenses to charge money laundering.



Leveraging Threat Intelligence Overlays:
Surfacing Criminality and Illicit Networks

The BRI and China's International Trade



China's trade position per country**

- China is trade partner #1
- China is trade partner #2
- China is trade partner #3
- China not a top 3 trade partner
- No data

Corridors

- Major BRI overland corridors
- Major BRI maritime corridors

Important BRI hubs

- ⚓ Port
- 🚂 Railway
- 🚚 Multimodal

- Mainland Chinese majority stake
- Mainland Chinese minority stake
- Other type of Mainland Chinese involvement
- Involvement by Hong Kong-based company

* This is China's sole military base outside of China

** Based on IMF Direction of Trade Statistics 2018: Exports (FOB) + Imports (CIF) with China per country, relative to other countries

The Belt and Road Research Platform is an initiative of:
LeidenAsiaCentre & Clingendael China Centre



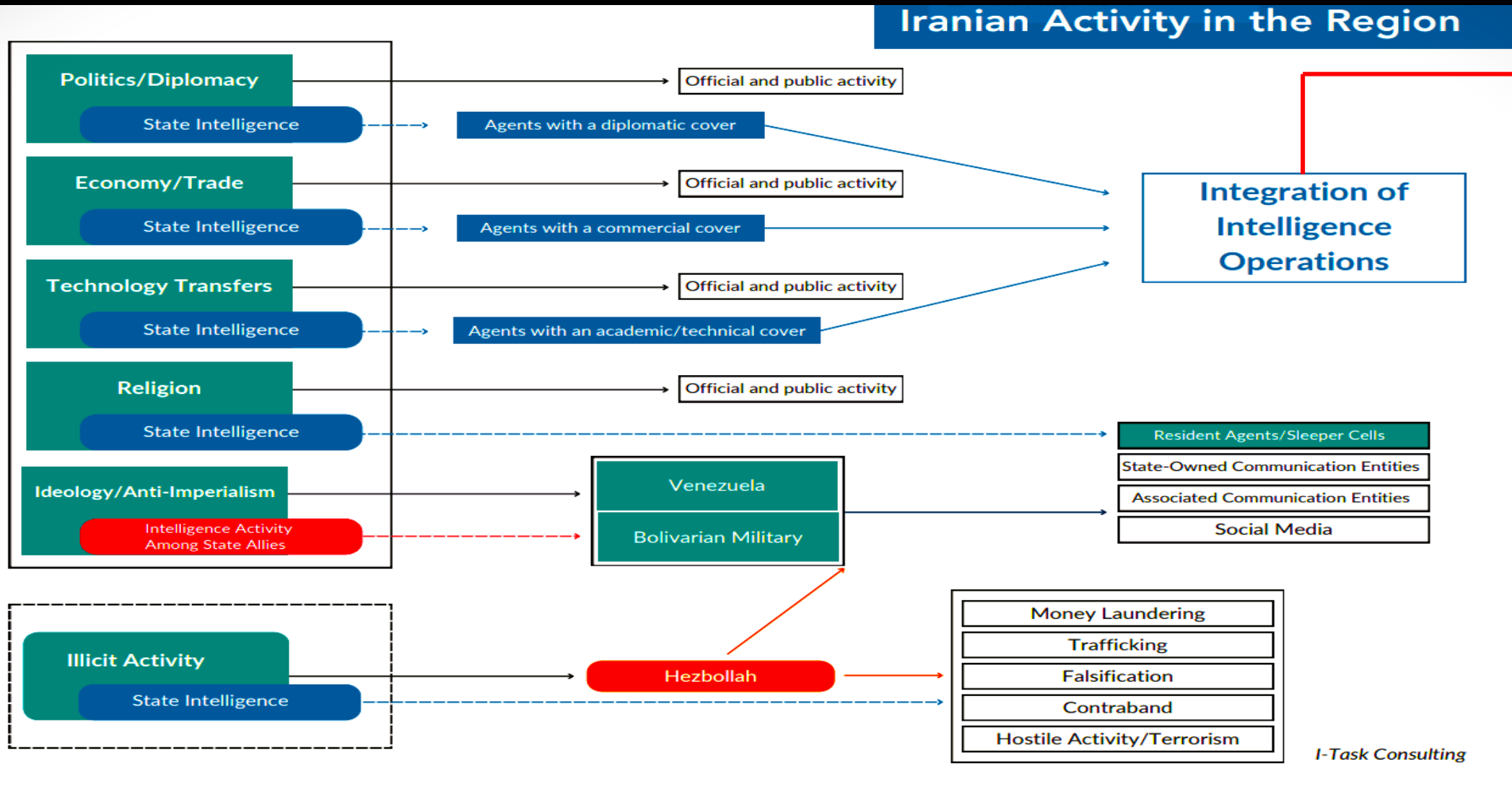


Rapidly Transforming Hemispheric Threat Environment

- New actors, new markets and new products are driving fragmentation among traditional groups, consolidation of criminalized economies.
- Rise of ideologically agnostic criminalized states opens new opportunities/alliances in the hemisphere.
- Consolidation of multi-product rather than mono-product (cocaine) networks/convergence hubs.
- Traditional criminal actors based in Colombia and Mexico are now competing with – and sometimes collaborating with – new actors such as transnational gangs in Brazil and Central America, as well extra-regional, non-traditional actors.
- New presence of Albanian, Turkish, Chinese, Iranian TOC networks and Italian mafia groups.
- In Mexico: Cartel Jalisco Nueva Generación (CJNG) displaces Sinaloa cartel as the dominant criminal network, expanding its illicit pipelines from primarily trafficking in cocaine to dominating fentanyl markets, fake pharmaceuticals, precursor chemicals methamphetamines; other products.
- Transnational criminal groups such as the MS-13 and the PCC that were formerly local or regional in nature have transformed into significant international stakeholders and threats.
- The malign influence of China, Russia, and Iran exacerbates regional anti-crime strategies.

Result: New revenue opportunities, new learning opportunities, new threats, new criminal-threat convergence ecosystems.

Iranian Subversive Active Measures and Hybrid Warfare



AXIS

Threat Intelligence

GPC

Threat Convergence

- **Russia**
- **China**

Criminal Proxies

Malign Influence



Countries with high risks of illicit trade agglomeration



CONFLICT-AFFECTED COUNTRIES	SCORE	FRAGILE COUNTRIES	SCORE	COUNTRIES WITH HIGH INFORMALITY	SCORE
Afghanistan	0.626	Libya	0.567	Honduras	0.550
Congo (the Dem. Rep. of the)	0.618	Venezuela	0.557	Liberia	0.547
Myanmar	0.610	Chad	0.546	China	0.530
Somalia	0.608	Zimbabwe	0.533	Guatemala	0.528
Syria	0.599	Congo	0.531	Nicaragua	0.526
Haiti	0.593	Guinea-Bissau	0.529	Mexico	0.525
Central African Republic	0.590			Cambodia	0.520
Yemen	0.585			South Africa	0.519
Mali	0.574			Guinea	0.518
Sudan	0.573			Angola	0.516
Lebanon	0.568				
Nigeria	0.559				
Iraq	0.553				
Cameroon	0.531				
Burkina Faso	0.526				
Mozambique	0.526				

GLOBAL CONFLICT INDEX



ACLED

Bringing clarity to crisis

Deadliness

An assessment of deadly violence using reported fatalities from political violence events.

Danger

An assessment of the direct danger to civilians using the number of violent incidents targeting civilians.

Diffusion

An assessment of the geographic distribution of conflict by calculating the percentage of a country's inhabited areas that experience a high level of violence each year.

Fragmentation

A count of all armed, organized rebel groups and political militias active per country in the last 12 months (in addition to a maximum of one communal militia per first-level administrative unit per country).

New Year Update: 2024 Based on analysis of ACLED political violence event data for the past year, the Index assesses every country and territory in the world according to four indicators: deadliness, danger to civilians, geographic diffusion, and armed group fragmentation. The top 50 ranked countries and territories are experiencing extreme, high, or turbulent levels of conflict.

Country & Territory Index Levels

ASIA-PACIFIC

- American Samoa
- Afghanistan**
- Australia
- Bangladesh**
- Bhutan
- Brunei
- Cambodia
- China
- Christmas Island
- Cocos (Keeling) Islands
- Cook Islands
- East Timor
- Fiji
- French Polynesia
- Guam
- Heard Island and McDonald Islands
- India
- Indonesia**
- Japan
- Kiribati
- Laos
- Malaysia
- Maldives
- Marshall Islands
- Micronesia
- Mongolia
- Myanmar**
- Nauru
- Nepal
- New Caledonia
- New Zealand
- Niue
- Norfolk Island
- North Korea
- Northern Mariana Islands
- Pakistan**
- Palau
- Papua New Guinea**
- Philippines**
- Pitcairn
- Samoa
- Singapore
- Sri Lanka
- Solomon Islands
- South Korea
- Taiwan
- Thailand
- Tokelau
- Tonga
- Tuvalu
- United States Minor Outlying Islands
- Vietnam
- Vanuatu
- Wallis and Futuna

AFRICA

- Angola
- Algeria
- Benin**
- Botswana
- British Indian Ocean Territory
- Burkina Faso**
- Burundi**
- Cameroon**
- Cape Verde
- Central African Republic**
- Chad**
- Comoros
- Democratic Republic of Congo**
- Djibouti
- Egypt
- Equatorial Guinea
- Eritrea
- eSwatini
- Ethiopia**
- Gabon
- Gambia
- Ghana
- Guinea
- Guinea-Bissau
- Ivory Coast
- Kenya**
- Lesotho
- Liberia
- Libya
- Madagascar**
- Malawi
- Mali**
- Mauritania
- Mauritius
- Mayotte
- Morocco
- Mozambique**
- Namibia
- Niger**
- Nigeria**
- Republic of Congo
- Reunion
- Rwanda
- Saint Helena, Ascension and Tristan da Cunha
- Sao Tome and Principe
- Senegal
- Seychelles
- Sierra Leone
- Somalia**
- South Africa**
- South Sudan**
- Sudan**
- Tanzania
- Togo
- Tunisia
- Uganda**
- Zambia
- Zimbabwe**

EUROPE & CENTRALASIA

- Albania
- Andorra
- Armenia
- Austria
- Azerbaijan
- Bailiwick of Guernsey
- Bailiwick of Jersey
- Belarus
- Belgium
- Bosnia and Herzegovina
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Faroe Islands
- Finland
- France
- Georgia
- Germany
- Gibraltar
- Greece
- Greenland
- Greece
- Hungary
- Iceland
- Ireland
- Isle of Man
- Italy
- Kazakhstan
- Kosovo
- Kyrgyzstan
- Latvia
- Liechtenstein
- Lithuania
- Luxembourg
- Malta
- Moldova
- Monaco
- Montenegro
- Netherlands
- North Macedonia
- Norway
- Poland
- Portugal
- Romania
- Russia**
- San Marino
- Serbia
- Slovakia
- Slovenia
- Spain
- Sweden
- Switzerland
- Tajikistan
- Turkmenistan
- Ukraine**
- United Kingdom
- Uzbekistan

LATIN AMERICA & THE CARIBBEAN

- Anguilla
- Antigua and Barbuda
- Argentina
- Aruba
- Bahamas
- Barbados
- Belize**
- Bermuda
- Bolivia
- Brazil**
- British Virgin Islands
- Cayman Islands
- Caribbean Netherlands
- Chile
- Colombia**
- Costa Rica
- Cuba
- Curacao
- Dominica
- Dominican Republic
- Ecuador**
- El Salvador
- Falkland Islands
- French Guiana
- Grenada
- Guadeloupe
- Guatemala**
- Guyana
- Haiti**
- Honduras**
- Jamaica
- Martinique
- Mexico**
- Montserrat
- Panama
- Paraguay
- Peru
- Puerto Rico**
- Saint-Barthelemy
- Saint Kitts and Nevis
- Saint Lucia
- Saint Vincent and Grenadines
- Saint-Martin
- Sint Maarten
- Suriname
- Trinidad and Tobago**
- Turks and Caicos Islands
- Uruguay
- Virgin Islands, U.S.
- Venezuela**
- South Georgia and the South Sandwich Islands

MIDDLE EAST

- Bahrain
- Iran**
- Iraq**
- Israel**
- Jordan
- Kuwait
- Lebanon**
- Oman
- Palestine**
- Saudi Arabia**
- Syria**
- Turkey**
- United Arab Emirates
- Yemen**

UNITED STATES, CANADA, OTHER

- Antarctica
- Canada
- Saint Pierre and Miquelon
- United States

UKRAINE



Most deadly

PALESTINE

Most diffusion across country



MEXICO



Most dangerous to civilians

MYANMAR



Most active groups

Index Level

- Extreme (Red circle)
- High (Orange circle)
- Turbulent (Blue circle)
- Low/Inactive (Grey circle)



LEVERAGING THREAT INTELLIGENCE TO DISRUPT ECOSYSTEMS OF CRIMINALITY & CORRUPTION

**PPPs: Cross-Border, Cross-Sectoral Intel- and Information Sharing
Data Overlays and Link Analyses
AI and Innovation / Technologies
Risk-Threat Management Protocols**

Cartels, Mafias, Gangs,
Triads/Syndicates, Illicit Networks,
Criminal Entrepreneurs, Cyber Bandits

Transnational Organized Crime

Gray Zones
Illicit Economies,
Black Markets,
Hubs of Illicit Trade,
DarkNet/Digital World,
Authoritarian Regimes,
Terrorist Groups,
Rogue Militias, Lone Wolf
Disinformation

**Surfacing
Bad Actors &
Threat Networks
Illicit Vectors**

Kleptocrats,
Dirty Money Flows,
Terrorist Financiers
Professional Enablers,
and Facilitators
Complicit Companies,
and Sectors
Underground Banking/TBML
Crypto Wallets/Value

Corruption and Money Laundering

**Terror, Instability, Chaos,
Malign Influence
Agents and Networks
Dark Forces
Truth Polluters**



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COUNTERING AUTHORITARIAN-FINANCED CORRUPTION AND CRIMINALITY

- Recalibrate/Reorient: Dynamic CTOC-Threat Convergence National Security Approaches.
- Special Action Teams: Expose Strategic Corruption; Dismantle Criminal Ecosystems.
- Break Corrosive-Corrupt Cycles: Sustained-Resources, Capabilities, and Capacities.
- Financial Pain: Strengthen Cross-Border Financial Crimes strategies; TTUs (NDAA FY25).
- Manage Licit-Illicit Vectors/Increase Costs for Political Interference; Malign Influence.
- Strategic Threat Intelligence: Data Analytics & Intel Overlays; TraCCC-AITI HIT Project.
- Cross-Border Information-Sharing Platforms across Sectors (surface bad actors).
- AI, Interrogate Data (Federated Learning); Invest in Innovative Technologies.
- Turning Rhetoric Into Real Action: Fully Realize/Capitalize New Marshall Fund (G7: \$600bn in 2022) to Counter Authoritarian-Financed Corruption and Criminality.
- Building Trust in difficult environments; Trust across Sectors.
- Collective Action: Net-Centric Whole-of-Society Actions; Public-Private Partnerships.



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$$55=(34+21)$$

$$34=(21+13)$$

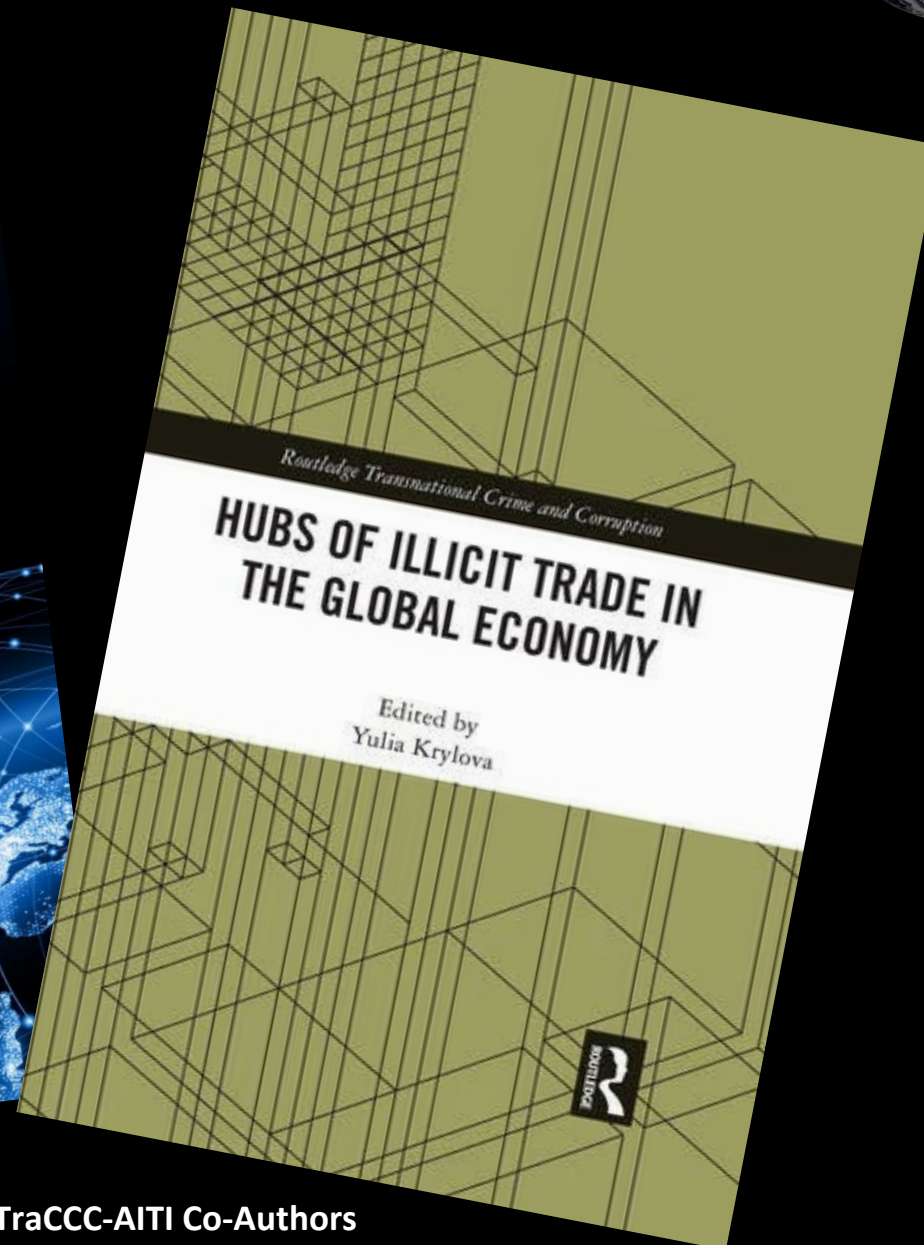
$$8$$
$$5$$
$$3$$

$$21=(13+8)$$

$$13$$

As we innovate new possibilities from each and every idea, brainstorm, collective action – we craft a force-multiplying trajectory that may lead exponentially to further strategic foresight, actionable threat intelligence, and pathfinding solutions.

Hubs of Illicit Trade (HIT): Evidence-Based Research



Dr. Yulia Krylova and TraCCC-AITI Co-Authors



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INTERNATIONAL COALITION AGAINST ILLICIT ECONOMIES

Threat Convergence Series Spectrum of Threats

Thank you!

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We must keep the flames of democracy burning in the face of rising authoritarianism and strategic corruption.