



**GLOBAL
INITIATIVE**
AGAINST TRANSNATIONAL
ORGANIZED CRIME

ASIAN ROULETTE

Criminogenic casinos and
illicit trade in environmental
commodities in South East Asia

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ACRONYMS

EIA	Environmental Investigation Agency
NDAA	National Democratic Alliance Army
POGO	Philippine offshore gambling operator
SAR	Special Administrative Region
SEZ	special economic zone
STDM	Sociedade de Turismo e Diversões de Macau
UNODC	United Nations Office on Drugs and Crime
UWSA	United Wa State Army



EXECUTIVE SUMMARY

The Asia Pacific region is the largest and fastest-growing market for gambling in the world.¹ The proliferation of physical and online casinos in South East Asia presents criminal entities with a myriad of opportunities to engage in illicit activities. Whereas casinos generate revenues and employment prospects, their location within weak jurisdictions and special economic zones (SEZs) makes them incredibly permissive settings in which criminal individuals and organizations can operate freely and even run the casino operations. From here, a range of serious crimes – including money laundering, drug and human trafficking, and prostitution – flourish. While these activities have been well documented, this report sheds light on an under-analyzed aspect of organized crime in the region: environmental crime.

Our research suggests that not only are casinos in South East Asia conglomerations of criminality (owing to the variety of coordinated illicit activities taking place in and around the facilities, as well as the digital space), but that they also exist on a continuum of criminality. In other words, criminality is pervasive at all stages of a casino's life cycle: from the deforestation, environmental degradation and biodiversity impacts that take place during the construction of the physical casinos, to the sale of protected and endangered species on casino menus and the laundering of the proceeds of environment crimes that happen once the casinos are up and running, to the exploitation taking place within casinos that have shut down.

There are four key reasons behind the convergence between international wildlife trafficking networks and casinos. First is their location in borderlands, which makes them favourable for criminal groups smuggling goods where there are concentrations of tourists. Second is their location in SEZs, which are characterized by weak oversight and lack of external monitoring. Third is the tourist-driven demand for wildlife products.² Casinos in the region are primarily geared towards Mainland Chinese customers who are forbidden by law to gamble in China and actively seek opportunities to do so in countries within South East Asia, where they also seek wildlife products. Fourth are the personal connections between some prominent casino operators in the region and illegal timber and wildlife markets, both local and international.

These activities have not gone unnoticed and in recent years a number of foreign investigations and enquires have underlined the criminal connections of casinos. Several high-profile arrests and the closure of many 'VIP rooms' followed. Additionally, in places such as Macau, gambling regulations have been tightened considerably, usually under pressure from Beijing, which encourages casino operators



The Lisboa casino, Macau. © Seng Chye Teo via Getty Images

to relocate to more permissive environments. This trend dates back decades and has propelled a domino effect firstly from the United States to Macau, and from there to Cambodia, the Philippines and beyond. However, in each new jurisdiction criminal activities have flourished.

This unintended effect of strengthened regulation and increased law enforcement remains a challenge going forward. Casino zones in South East Asia remain particularly vulnerable to money laundering and the COVID-19 pandemic has only slowed down some criminal activities within casinos (and beyond) and has in fact created new avenues for exploitation which too often goes undetected in 'extra-legal' spaces such as SEZs.

This report aims to fill the knowledge gap about how casinos act as hubs for the illicit trade of environmental commodities and money laundering. Aside from the distinction between physical gambling venues and online gambling platforms, which can both be described as 'casinos', the appeal of South East Asian casinos for criminal entrepreneurs derives both from the casino itself (e.g. as a money laundering vehicle), but also from their location within SEZs. Here, criminal actors are able to carry out illegal activities unimpeded by law enforcement, normally as a result of host governments or militias waiving their rights to any form of surveillance within these special zones. Taken together, these factors turn casino areas into permissive criminal enclaves.³ As such, it is often impossible to decouple the casinos from their ecosystems.

The report also highlights the broader impacts that casinos have on the environment and surrounding communities in what we call a 'continuum of criminality'. Distressingly, the report outlines that although

COVID-19 seems to have had a positive impact by reducing the activity of casinos, it has also led to an exponential increase in human harms and vulnerabilities, as evidenced by a growing incidence of human trafficking and modern slavery cases.

Methodology

This report includes research gathered through a variety of channels. Items included material published by the government of Canada and Australia, including the Kroeker Report (2011), Dirty Money (2018), the Cullen Commission (2020/21) and the Independent Liquor & Gaming Authority inquiry (2020/21) relating to the Crown casino in Australia. Interviews were conducted with key personnel in law enforcement, gambling experts along, and key members of the financial and gambling sectors in Hong Kong, Canada, Malaysia, Cambodia, Thailand, Vietnam, Indonesia, Singapore and Australia to provide additional insight into money movements and the role of gambling institutions in facilitating the transfer of illicit funds. The report has also benefited from information gathered through visits to casinos and SEZs across South East Asia between 2018 and 2022.

The primary research has been supplemented with open-source media resources to bring together the global picture, and leveraged the work of local researchers to identify key regulations and local expertise.



INTRODUCTION

Casinos and gambling are an ever popular and expanding market in South East Asia. This rapid development has come at a cost, including violence, kidnapping, modern slavery, extortion and environmental exploitation. Looking closely at the life cycle of a casino, from its design and construction to the eventual closing and repurposing of the facility, it is clear that some casinos exist on a continuum of criminality, with different crimes committed at each stage. In these cases, a number of enabling factors have resulted in the casinos becoming fully fledged hubs of criminality that pose a great challenge to law enforcement agencies.

A large Asian market responding to ever rising demand

Casinos have evolved as a key form of entertainment along with other common forms of gambling, including horse and greyhound racing, sports betting, online gambling, high-seas gambling on cruise ships and lotteries. From a government perspective, the primary drivers for the development of casinos are the opportunities to raise revenues and taxes, create jobs and promote economic development in regions that may not be economically viable without the casino operators. These were key drivers for the development of gambling meccas in the United States in the early 20th century, and are now the driving force behind a number of casinos in South East Asia. For criminal actors, however, casinos are seen as vehicles for money laundering. Moreover, becoming involved in the construction and operation of casinos is a way for criminal networks to get a foothold in weakly regulated countries.⁴

And the business of casinos could not be more economically attractive. The global casino and online gambling market is growing and is estimated to bring in around US\$227 billion per annum.⁵ Of this revenue, US\$36 billion is attributed to Macau and US\$79 billion to the American gaming market. While the United States is still the largest gambling market by revenue, Macau overtook Las Vegas and the state of Nevada in terms of value of revenue receipts 2010.⁶ In contrast, the Asia Pacific region has been the largest and fastest-growing market for gambling in the world.⁷ Importantly, the markets in North America and Asia – each independently important in their own right – are also intrinsically linked, with US casino giants Las Vegas Sands, MGM and Wynn resorts all having concessions in Macau.

The legality of casinos in the region

Casinos in South East Asia target primarily foreign markets, with heavy restrictions for locals to access casinos and gambling facilities. Certain elements within the South East Asian community have been sceptical of the benefits of casinos, with key religions in the region explicitly prohibiting gambling. These cultural views have largely influenced the development of legitimate casino operations, especially in countries like Thailand, Indonesia, Brunei and Malaysia. Both Thailand and Indonesia report a complete ban on casinos and gambling in casinos is strictly illegal for all locals and nationals. However, gambling is still very active in Thailand with players participating in limited offline and online gambling platforms. Consequently, the legality of gambling across the region varies (see Figure 1).

COUNTRY	GAMBLING LEGALITY	LAND-BASED CASINOS	ONLINE CASINOS
Cambodia	Illegal for locals ⁸	Yes ⁹	Ceased in 2019 under pressure from the Chinese government
Philippines	Legal ¹⁰	Yes	Locals can gamble online if it is regulated outside of the Philippines ¹¹
Laos	Illegal for locals ¹²	Yes	Not legal (with the exception of SEZs) but accessible
Vietnam	Threshold for locals ¹³	Yes	Not legal to own an online casino in Vietnam but regional gambling sites are accessible – many law enforcement actions reported in the media
Thailand	Banned ¹⁴	No	Not legal – recent cases in the media show seizure of assets linked to illegal gambling operations ¹⁵
Malaysia	Some forms of gambling are legal; sports betting is illegal. All illegal under Sharia law (only applies to Muslims citizens) ¹⁶	Yes	No – but the laws are unclear and there is no enforcement related to online gambling
Singapore	Legal only within Singapore Pools ¹⁷	Yes	Overall illegal except when done through exempt operators, i.e. Singapore Pools and Singapore Turf Club ¹⁸
Indonesia	Banned ¹⁹	No	No, but loopholes make online gambling possible ²⁰
Myanmar	Illegal for locals ²¹	Yes	No, but there is no enforcement, so they exist ²²

FIGURE 1 Selected South East Asian nations: Casinos and their legality.

NOTE: The status of online gambling is not entirely clear in many of the named countries. Either the national laws do not specifically cover online casinos or there is a complete lack of enforcement, allowing online casinos to continue operating with little consequence.

The rapid rise (and fall) of casino operations across South East Asia is primarily driven by Chinese demand and regulation (as well as Chinese investors in the casino industry). Because Beijing forbids gambling in mainland China (see Figure 2), gamblers seek easily accessible alternatives.²³ As a result, countries in the region have been competing to attract Mainland Chinese gamblers in an effort to boost tourism and fuel much needed economic growth. However, the proliferation of gambling destinations has not gone unnoticed and Chinese authorities have been putting pressure on neighbouring countries to tighten their own domestic regulation and enforcement around gambling and casino operations.



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COUNTRY	GAMBLING LEGALITY	LAND-BASED CASINOS	ONLINE CASINOS
Macau SAR	Legal	Yes ²⁴	No ²⁵
China	Illegal ²⁶	No	No
Hong Kong SAR	Illegal barring some exceptions ²⁷	No with the exception of The Hong Kong Jockey Club and casino cruises ²⁸	No ²⁹

FIGURE 2 China, including the special administrative regions (SARs) of Macau and Hong Kong.

Criminal involvement

The risks and vulnerabilities of money laundering and other criminal activity are ever-present around gambling activities. This is partially due to the cash-intensive nature of the business and its 24/7 operations, but also to the valuable financial mechanism that criminals can exploit. Specifically, the conversion of cash into chips, the utilization of foreign exchange services, casino ‘front money’ accounts, security deposit boxes and the ability to utilize funds in another jurisdiction through foreign holding accounts all create ideal conditions for criminal groups looking to obscure the origins of the ill-gotten cash. Global cases point to a key convergence with drug trafficking, but casinos also have links to other crime issues, such as human trafficking, prostitution, money laundering, corruption, extortion and loan sharking. In light of these activities and the sophistication of the operations, some casinos have become convergence points of coordinated criminality, as the cases discussed in this report will illustrate.

Among the criminal activities linked to casinos, environmental crime and illicit trade in environmental commodities are often overlooked when compared to what are deemed to be more ‘serious’ crimes. Yet, the evidence of environmental crime is significant. Between 2019 and 2020, the NGO TRAFFIC discovered almost 78 000 illegal wildlife parts and products for sale in outlets in Cambodia, Laos, Myanmar, Thailand and Vietnam, with much of this activity centred around SEZs and gambling centres in Boten, Bokeo and Sihanoukville.³⁰ GI-TOC research also found clear links between international wildlife trafficking networks and individual casinos in the South East Asian borderlands.



Construction in Phnom Penh, Cambodia. The country has the highest number of casinos in South East Asia.

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Foreign investigations, weak regulation

One of the reasons criminal activities are channelled through casinos with impunity is political permissiveness and corruption, with casino owners often building and leveraging political connections in order to pursue illegal businesses unhindered. In recent years, government inquiries in Canada and Australia have put casinos in the spotlight for their links to underground banking and Asian organized crime.³¹ The growing emergence of online casinos and gambling, along with illegal gambling dens, presents a further challenge for authorities as either the laws and regulatory frameworks must play catch-up, or the political will to enforce regulation may be limited. In fact, weak legislation in the region provides crucial loopholes for gamblers to access international gambling sites and engage in unregulated illegal gambling behind closed doors regardless of the national law prohibiting these activities.

With these risks and weaknesses in mind, in November 2021 the US State Department urged would-be investors in Cambodian commercial ventures to exert caution, especially in the casino industry, on the basis that casino licensing had outpaced regulatory capacity.³² The department further warned American businesses about the prevalence of wildlife trafficking in Cambodia and its links to SEZs in the country.³³

Wildlife trafficking often converges with other illicit flows that move physically through casino hubs and SEZs. In this regard, the US State Department also expressed dismay that one of the leaders of the 14K triad (an organized crime syndicate), Wan Kuok Koi ('Broken Tooth'), remained deeply involved in Cambodia's casino industry due to his years of involvement in transnational organized crime. The 14Ks are implicated in murder, drug and human trafficking as well as the extraction of state resources.³⁴



HUBS OF BROADER CRIMINALITY

Casinos can be compared to banks and financial institutions due to the variety of financial services they provide (i.e. cash, cheques, foreign exchange services, money exchange, stored value cards and security storage boxes). The variety of financial intermediary services available and the fact that most casinos operate 24/7 provide criminal groups with ample opportunity to launder their ill-gotten cash. Across jurisdictions, a common pattern has emerged whereby the tightening of gambling regulations encourages operators to relocate to more permissive environments. This has kick-started a domino effect from the US to Macau, and from there to Cambodia, the Philippines and other countries in the region. In each new location, criminal activities have flourished.

A discussion of gambling in the wider Asia region must start with the cornerstone of the casino market, Macau. Gambling has been legal in some form in Macau since the 1850s, legalized by the Portuguese government that managed the territory as a colony before handing it back to the Chinese in 1999. The rise of casinos was driven primarily to generate government revenues with the industry evolving from traditional gambling houses for *fan tan* (a card game similar to roulette), to a more advanced gambling infrastructure in the 1960s where the government granted monopoly rights to all forms of gambling to an organization called Sociedade de Turismo e Diversões de Macau (STDM). The STDM was controlled by businessman Stanley Ho and his three business partners: Yip Hon, Teddy Yip (Ho's brother-in-law and the key initiator of the Macau Grand Prix) and Henry Fok. It is believed that Ho had negotiated with triad groups to bring customers to his casino. In fact, it can be argued that junkets evolved from triads who 'cornered the tourist market' by buying up ferry tickets in bulk and re-selling them at an inflated price.³⁵

STDM dominated the scene until 2001 when the monopoly rights came to an end and additional casino licences were granted. From 2002, casino licences were awarded to organizations from Australia, the US and Hong Kong, including the Las Vegas Sands, MGM, Galaxy and Wynn resorts. In effect, this linked casino giants in Macau to these countries through the operation of the casinos. STDM was known for its flagship Casino Lisboa, and Stanley Ho was often the subject of speculation that he was linked to the underground criminal world and the 14K and Sun Yee On triad groups, allegations he denied until his death in 2020.³⁶ Ho was also named by both the Canadian and US authorities in the 1990s for his links to criminal and triad networks.³⁷

JUNKETS

The term 'junket' was originally used to connote the often-lavish trips and other incentives, such as free travel and accommodation, offered to lure foreign VIP gamblers to a given casino. It is now also widely used in reference to the junket operators or promoters that earn commissions from a casino to identify and entice VIP gamblers through their networks of agents (sub-junkets). These operators are known as VIP room promoters or VIP room representatives. Junkets play a key role in casino revenue generation. Among their services, they give credit to gamblers, collect debts and cater to the needs of VIPs, from shopping trips to procuring prostitutes, drugs and endangered species.³⁸ ■

Regulation in Macau drives gamblers elsewhere

Whereas China's crackdown on illegal casinos dates back to the 2000s, President Xi Jinping's anti-corruption crackdown was launched in 2012 and led to a significant step-up in Chinese law enforcement efforts.³⁹ This anti-corruption drive extended to the gaming industry in the special administrative region (SAR) of Macau due to the number and volume of transactions that were perceived to enable capital flight and the laundering of dirty money from China. In 2014, President Xi advised that Macau needed to reform its gaming sector and reduce government reliance on gaming revenues.⁴⁰ In 2016, a new piece of anti-money laundering legislation was passed which impacted the ability of casinos to facilitate anonymous gambling and money laundering for those frequenting the VIP 'high roller rooms'.⁴¹ This, combined with a ban on proxy betting in Macau, made other jurisdictions an attractive proposition for many gaming promoters.⁴²

To compensate for losses in the VIP markets, casinos have refocused on the mass market, with which junkets do not generally interact. For their part, some of the high rollers have shifted their focus to less regulated markets such as Cambodia, the Philippines and South Korea. This trend has also been propelled by Macau imposing a cap of 1.25% on junket commissions while many neighbouring jurisdictions, such as Cambodia and the Philippines, allow for higher commissions due to lower gaming taxes.⁴³ As a result, both junkets and their agents have demonstrated a greater propensity to take their players abroad, which has in turn driven strong VIP growth in jurisdictions across the Pacific and South East Asia.

In addition to tightening the screening of junkets and junket companies in Macau in 2021, a new legislative framework is expected to be announced in mid-2022 that will likely alter the gambling landscape significantly in a further attempt to align with Chinese regulations. Ahead of these changes,



The Chinese-owned Kings Romans casino in Laos. © Daan van Uhm

a number of satellite casinos (i.e. venues owned by third parties but effectively operated by one of Macau's six concessionaries) have already shut down.⁴⁴ Of note, the well-known Suncity Groups has closed the VIP rooms it operated with all of Macau's casino operators. Additionally, in November 2021, Suncity's CEO Alvin Chau, one of the highest profile tycoons in the gaming industry, was arrested on charges of money laundering and unlawful gambling, among others. As of April 2022, the billionaire was in pre-trial detention in Macau and many junkets have been arrested.⁴⁵ These arrests are significant as casinos in Macau and across South East Asia rely heavily reliant on junkets to bring Chinese high rollers to casinos under the guise of tourist trips.

Cambodia and beyond

As restrictions tightened in Macau in the mid-2010s, Cambodia's gambling industry boomed, catering almost exclusively to Chinese clientele. As one investigator noted to a journalist, 'all the punters are Chinese and they gamble with thick stacks of 100 dollar bills'.⁴⁶ The country has the highest number of casinos in South East Asia, with its biggest integrated resort in Phnom Penh, NagaWorld, run by a Hong Kong operator owned by powerful businessman Chen Lip Keong.⁴⁷

The port city Sihanoukville and its SEZ represent focal points for Chinese investment under the Belt and Road Initiative. They feature significant infrastructure and have turned the coastal town into the 'next Macau'. Here, the concentration of casinos surpasses that of Las Vegas.⁴⁸ Various media outlets have reported cases of abduction, murder, child labour and infiltration of drug trafficking networks linked to the city and SEZ.⁴⁹ The role of Sihanoukville, including its casinos and SEZ, in the illegal trade of environmental commodities as well as other criminal activities is examined in a dedicated forthcoming GI-TOC report.

The casinos in Sihanoukville are owned by a variety of companies across the region, including Hong Kong and Malaysian interests, as well as by some convicted Chinese criminals.⁵⁰ Online gaming platforms catering to Chinese nationals were also prevalent in Cambodia. However, in 2016 authorities arrested 168 Chinese nationals that had set up internet-based operations to extort money from victims back in China. Cambodia subsequently banned online gambling in 2019 as a result of Chinese pressure as some licensed operators were rigging their games and threatening those who were unable to repay their gambling debts. The same year, 1 000 people were arrested



Casino workers in
Sihanoukville, Cambodia.
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via Getty Images

for alleged telecommunications crime and gang crime.⁵¹ Subsequent raids have taken place in coordination with Chinese authorities in 2020 and early 2021, leading to multiple further arrests.⁵²

Chinese entrepreneurs and criminals linked to gambling operations in Cambodia, who were forced out of the country due to their involvement in illegal gambling, have relocated elsewhere in the region. Most notably, some are involved in the development of the so-called 'spinach' cities⁵³ in Myanmar – three brand new mega cities in Karen state expected to attract investment as well as offer illegal gaming opportunities. Like Cambodia, the entire industry would be targeted at Chinese gamblers.⁵⁴ This is not the first time Myanmar had come to the attention of Chinese authorities for its gambling activities. Notably, in 2005, the Chinese government imposed a travel ban on officials visiting the city of Mong La after reports of gambling away state funds by Chinese officials, which prompted many casinos to close. Casinos again reopened, now farther from the border. After the closure of the Mong La casinos by Chinese authorities, the chairman reportedly moved his investment interests to the Golden Boten City SEZ and the Golden Triangle SEZ in Laos.⁵⁵

The rise of 'offshore' online casinos

Eager to tap into the Chinese market, President Rodrigo Duterte introduced the Philippine offshore gambling operators (POGOs) model for online casinos in 2016. These are offshore gaming operators, which actively market to foreigners whilst maintaining office space in the SEZ of the Philippines to conduct back-end operations, along with live studios for card games. These models were introduced to raise government revenues and taxes by regulating a market that was already illegally in operation.

In 2020, Filipino authorities became weary of the use of POGOs as conduits for laundering and organized crime, as well as facilitating capital flight from China.⁵⁶ Following increased pressure from the Chinese government, they began curtailing the activities and licensing of POGOs. The Philippines had identified 1 031 suspicious transaction reports linked to online gambling between 2013 and 2019, totalling around Php14 billion (circa US\$275 000 000). Many of the cases were linked to drug trafficking and trade-based money laundering schemes.⁵⁷ Several news reports have also denounced the adverse impacts of POGOs, linking them to kidnapping, prostitution and human trafficking.⁵⁸ Additionally, the cases suggested that Chinese workers had often been lured to the Philippines, their passports confiscated, and subjected to living in conditions similar to modern slavery, as discussed later in this report.



CASINOS, ILLEGAL WILDLIFE TRADE AND THE ENVIRONMENT

In recent years, some casino areas have become major gambling centres identified as key nodes in the illicit trade of wildlife. Among them are Mong La, Boten and the Golden Triangle SEZ.⁵⁹ Evidence suggests that there are four reasons behind the convergence of international wildlife trafficking networks and casinos.

First is the physical location of casinos. Borderland casino hubs situated on porous international borders are ideally placed to store or manage goods prior to being smuggled into neighbouring countries.⁶⁰ High volumes of trade and tourist traffic through official border crossings in the area also make it harder to detect smuggling activity. Additionally, the location of casinos in biodiverse hotspots facilitates the transport of environmental commodities to, and their illicit sale in, casinos.

Second is weak oversight within casino territories. In South East Asia, casinos are typically located in the 'no-man's land between national customs checkpoints and SEZs close to international borders.⁶¹ As such, they may exist outside normal regulatory norms or even the legal jurisdiction of their host country owing to the semi-autonomous status of SEZs.⁶² Here, local governments and militias appear willing to surrender part of their sovereignty in exchange for Chinese investment, creating a permissive environment for wildlife trade alongside other criminal activities.⁶³ The location of casinos in these areas can hardly be considered a coincidence as the ability to operate unhindered by state control (and beyond the reach of law enforcement) is certainly appealing for criminal actors. Indeed, these areas tend to become ecosystems that support a host of illicit activities.

Furthermore, many casino developments and SEZs conveniently manage their own security on-site, often using imported security forces. This creates layers of secrecy and frustrates attempts to externally monitor or police the illegal wildlife trade through these establishments.⁶⁴

A third factor relates to local supply and demand. Tourist-driven demand for wildlife products in the vicinity of casino hubs is well documented.⁶⁵ This is particularly relevant considering that casinos primarily attract Mainland Chinese customers and some of them may seek wildlife products as collectibles, food and for medicinal purposes, i.e. traditional Chinese medicine. The scramble to meet this demand leads to a surge in local supply, from poachers trapping and selling bushmeat to the sale of exotic pets to the proliferation of shops selling wildlife parts and jewellery.⁶⁶ It is inevitable that some workers who come into direct contact with these tourists, particularly at self-contained casino-hotels, will seek to capitalize on this demand.⁶⁷



Above, pangolins and (right) tiger bone wine for sale in the Golden Triangle Special Economic Zone, Laos, 2019.

© Daan van Uhm



Moreover, the initial development and expansion of casino hubs in remote, biodiverse areas necessarily involves destroying natural habitats and, in many cases, deforestation and illegal logging.⁶⁸ This may create a local marketplace for wildlife products and timber, whether harvested legally or illegally.

Lastly, personal connections between casino operators and criminal actors are a major factor. Some prominent casino operators in South East Asia have well-known links to legal and illicit timber trading and wildlife trafficking networks. These reportedly include the former timber trader Zhao Wei of King Romans Group,⁶⁹ and Kith Thieng, owner of Titan King in Bavet, Cambodia, and vice president of The Royal Group, which has been implicated in illegal logging in north-east Cambodia (a claim denied by the provincial agriculture department).⁷⁰ Such connections are further attenuated when casino tycoons also enjoy close connections to senior government officials, militia leaders and high-ranking individuals in the countries' administrations.⁷¹

The examples below illustrate how these dynamics have intersected to make casinos hubs of illegal trading and consumption of environmental commodities, and criminality more broadly.

Casinos as meeting points for wildlife traders

Observing the dynamics around the establishment and running of some of the most infamous casinos in the region reveals a high degree of interconnectedness among key individuals who have to certain extent influenced (and contributed to) each other's operations.

The casinos in the Golden Boten City and the Golden Triangle SEZ in Laos are clearly inspired by the casinos in Mong La, Myanmar, from the administrative structure down to the street signs.⁷² The businesses, involving shops, restaurants, pharmacies and mini markets are mainly operated by Chinese nationals, signs are in Mandarin, Chinese yuan is the main currency used and even clocks are set to Beijing time. It could be argued that this set up is also reflective of the aspiration of the criminal investors behind them, to operate as the de facto rulers of these zones, maintain full controls and keep law enforcement out.⁷³ Reportedly, the investors of the casinos in Boten and the Golden Triangle (the border region where Laos, Myanmar and Thailand converge) made some of their money in

Myanmar's Special Region 4, Mong La, and have reported relationships with non-state armed groups, such as the National Democratic Alliance Army (NDAA) and the United Wa State Army (UWSA), in order to facilitate trafficking.⁷⁴ For instance, according to the US department of treasury, the owner of Kings Romans would facilitate the storage and distribution of heroin, methamphetamine, and other narcotics for the UWSA.⁷⁵

The casinos are surrounded by illegal activities, including drugs, prostitution, money laundering and the trade in endangered species. In some casinos there are special stores where illegal wildlife products are being sold, while in others wildlife is immediately being sold at the entrance of casino hall, restaurants or VIP rooms. Shops surrounding the casinos in the Golden Triangle are stocked with illegal wildlife products for the casino customers. These arrangements complement and support the junkets model of service provision which is geared to ensuring customers have all their needs catered for, which includes the provision of illicit goods and substances as well as prostitutes.⁷⁶ Interviewees on the ground also explained that the casinos can be used to launder money made through illegal businesses, including illegal wildlife trade.⁷⁷ All these factors combined have turned casinos into important meeting places for Asian wildlife syndicates⁷⁸ and the archetypal 'offender convergence settings'.⁷⁹

Key players in the Golden Triangle illegal wildlife trade have agreements with the casino owners about the illegal wildlife for sale in and around the casinos. The casino hotel rooms are being used for illegal wildlife trade deals as well as consumption of endangered species, including tiger meat, bear meat, tiger bone wine or pangolins. Even though some casinos in Mong La and Boten were closed because of violence and killings, much of the illegal wildlife trade here appears to be enabled by well-connected kingpins who are immune from law enforcement.⁸⁰

Illegal wildlife trade between the casino areas

The casino investors rely on and establish criminal social networks, often recruiting business partners from their hometowns or from their ventures abroad, setting off new migration chains. In particular, Chinese investors in the casino areas have ensured the involvement of Chinese entrepreneurs, such as a tiger breeder in Kings Romans who was recruited from a Chinese tiger farm and brought to Laos to expand the tiger breeding operations in the Golden Triangle. The recruitment process from their ventures abroad also guarantees established relations between the casino areas. Illegal wildlife traders from Mong La, Boten and Kings Romans appear to have contact with each other. For instance, some



Hotels in the Golden Triangle SEZ are reportedly used for illegal wildlife trading and consumption of endangered species, including tiger.

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Images

illegal traders in Kings Romans started their illegal wildlife business in Mong La, while illegal-wildlife traders in Mong La later joined illegal-wildlife traders in Boten.⁸¹

The networks of illegal traders, casino operators and international stakeholders facilitate illegal wildlife trade between the casino areas in the Golden Triangle.⁸² Illegal wildlife is being trafficked from relatives in Boten and Mong La to family members in Kings Romans. For instance, tiger skins and skeletons have been smuggled through non-government-controlled areas in Myanmar to Mong La and onwards to Boten and Kings Romans in Laos. Meanwhile, bear products from Boten have been transported to Mong La and onwards to Daluo in China. Live animals are also being transported between the casino areas. For example, live bears have been transferred between Boten and Kings Romans in Laos, according to informants.

The Mekong River, which forms a boundary between the Golden Triangle countries, is a crucial transportation route for wildlife smuggling networks. Big cat carcasses from the Golden Triangle are shipped up the Mekong into China. Meanwhile, tigers, pangolins, leopards and clouded leopard carcasses are transported across the Mekong, between the casino areas of Mong La and Kings Romans.

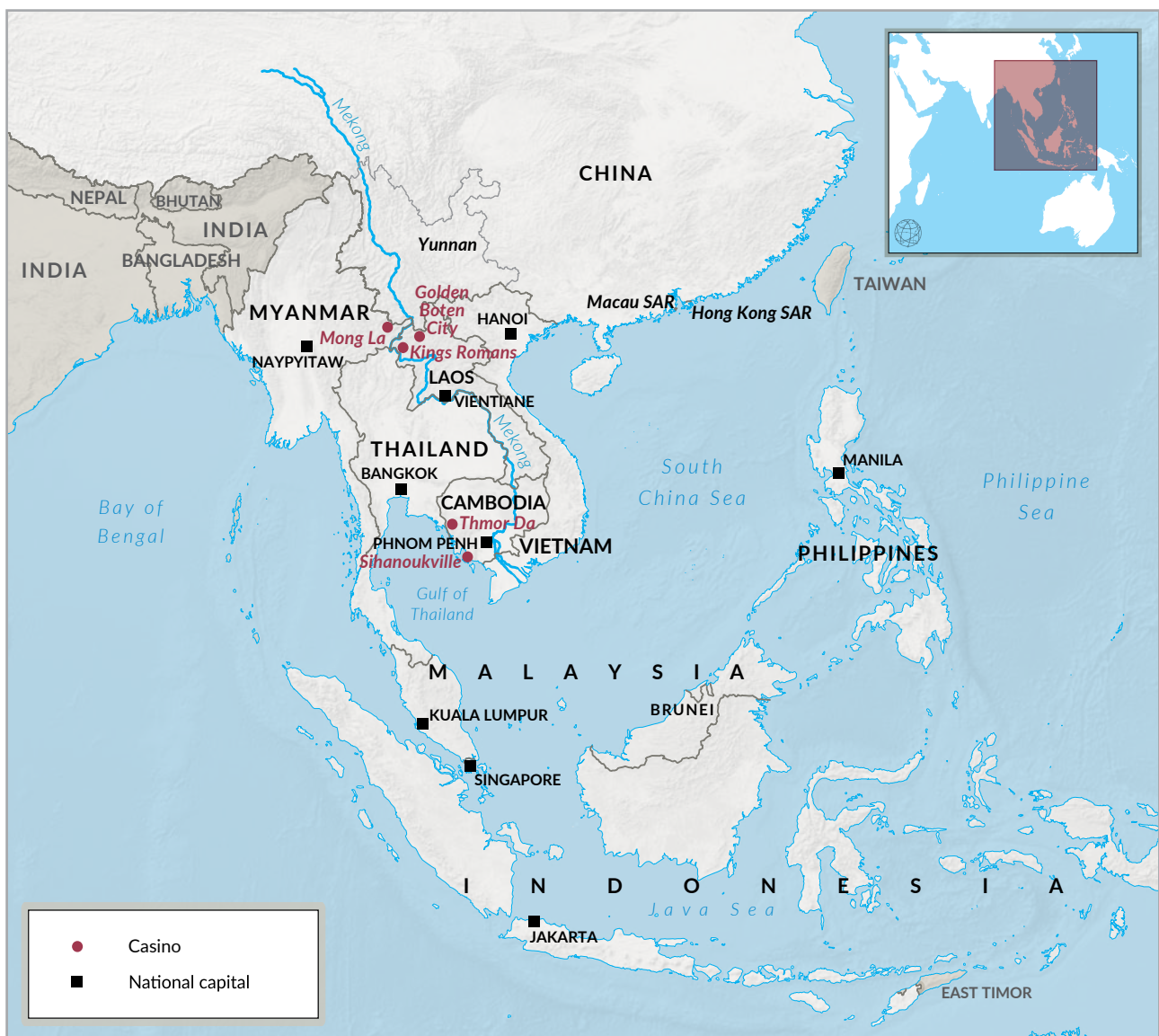


FIGURE 3 Key casino locations, South East Asia and southern China.

Gambling and wildlife hub: Mong La, Myanmar



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Mong La is a Sino-Myanmar border town in Shan State Special Region 4. It is an autonomous region within Myanmar, de facto independent from the rest of the country, and has its own political system, administrative divisions and army. Lin Mingxian, the leader of Special Region 4 and chairman of the NDAA, began investing in the construction of casinos in Mong La in the 1990s. Using the wealth he accumulated through trading timber into China and opium into Thailand as investment capital, the chairman turned Mong La into a metropolis of hotels, shopping centres and casinos.⁸³ In part, the construction of the city's infrastructure and gambling halls served as a money laundering strategy as thousands of Chinese tourists and businessmen flock to Mong La for gambling, prostitution, drugs or to buy parts of endangered species.⁸⁴

In the 1990s, many crime groups in Mong La were involved in opium cultivation and trafficking, but under pressure from repressive drug policies (Lin declared his territory opium-free in 1997),⁸⁵ smuggling networks diversified into wildlife trafficking.⁸⁶ Mong La is now considered an important hub for illegal wildlife from

Myanmar and Thailand to China, with tiger and leopard skins, ivory, tiger bone wines, pangolins and other endangered species openly for sale. For instance, researchers observed 127 tiger parts, 84 leopard parts and 101 clouded leopard parts were for sale between 2001 and 2010.⁸⁷ In 2014, one research group reported 1 238 pieces of elephant skin, 3 294 pieces of carved ivory and 49 tusks were for sale.⁸⁸ During four visits between 2006 and 2015, the same group observed 42 bags of pangolin scales, 32 skins, 16 pangolin wines and 27 whole pangolins for sale.

Inside the 24-hour casinos, pangolins and bear paw soup, are offered for sale as food.⁸⁹ Illegal wildlife traders have explained how they have been active in smuggling and supplying illegal wildlife for Chinese casino customers since the 1990s. In order to facilitate this trade, both casino owners and illegal wildlife traders collaborate with non-state armed groups in Myanmar, which earn a percentage of the profits of high-valued wildlife products such as tigers skins and bones.⁹⁰ Although wild tigers from Myanmar and India are popular among casino customers, tigers also come from large farms in Thailand.⁹¹ ■

The Golden Boten City (Laos)



© Daan van Uhm

The town of Boten is located in the Luang Namtha province in Laos, near the Chinese border. It was designated as an SEZ in 2003 with the purpose of developing and enhancing the town as a commercial, industrial and service area.⁹² The objective of the first phase of the Golden Boten City SEZ was to build a large tourist complex, a shopping centre and a regional hub for transit goods. Lao officials granted Fu-Khing Industries Hong Kong Corporation a 30-year concession,⁹³ with two opportunities for renewal. The head of the corporation was a Hong Kong resident originally from southern Fujian Province who used to operate a gambling hall in Mong La. The concession of 1 640 hectares was officially inaugurated in November 2004., The Royal Jinlun casino sprang up in the middle of the rainforest, surrounded by shops and warehouses. The area soon underwent an economic boom centred around the large casino, which mostly attracted gamblers from mainland China.⁹⁴

By mid-2010, the Golden Boten City had received US\$130 million in investment for the construction of three large hotels, a nightclub, high-rise apartment blocks, public infrastructure and a number of small commercial shops and restaurants.⁹⁵ At its peak, during 2010–2011, Boten was receiving thousands of tourists a month from China's Yunnan province, located just across the border, mainly due to the unprecedented visa-free access provided.⁹⁶

Like Mong La, the site is used to facilitate the storage and sale of big cats and other endangered wildlife from the region to China. Investigations in the casino area of Boten recorded bear bile, tiger bone wines and pangolins among other wildlife products openly for sale. A one-day market survey by one research team in 2016 reported around 1 000 wildlife items for open sale in outlets run mostly by Chinese nationals.⁹⁷ Among these items, the researchers observed 290 boxes of bear bile, 200 pangolin scales, 74 pieces of elephant skin and seven bottles of tiger bone wine. During a 2019 visit by our research team, we found more than 10 establishments (shops, restaurants and informal gambling houses) that openly sold tiger bone wine.⁹⁸ During that visit, interviewees explained how wildlife meat was available inside the casino before and that illegal wildlife products for Chinese casino customers were smuggled across the border into China by sophisticated established crime groups. As in Mong La, some of the Chinese drug smuggling networks in Boten have diversified into the business of smuggling high-value wildlife products, such as rhino horns.⁹⁹

The Royal Jinlun casino was operating successfully until it shut down in 2011 at the request of Chinese authorities following reports of violence, murder and other social problems.¹⁰⁰ Consequently, a number of gamblers, prostitutes, wildlife traders and investors moved to the new Golden Triangle SEZ in Laos.¹⁰¹ ■

Kings Romans Group

The Kings Romans Group was registered in Hong Kong in 2007 as trading in the raising of livestock.¹⁰² They were granted a 99-year concession covering 10 000 hectares on the banks of the Mekong River, 70% of which was designated for ecotourism, with the remainder designated as a duty-free zone.¹⁰³ Based in the Golden Triangle SEZ in northern Laos, the casino group operates multiple hotels, a nightclub, a mini 'Chinatown' shopping and restaurant area, and other key facilities, including a hospital and a school.¹⁰⁴ Combined, these activities make the Golden Triangle SEZ the largest economic zone in Laos.

The Kings Romans Group is owned by Chinese national Zhao Wei. A 2015 investigation by the Environmental Investigation Agency (EIA) revealed that Zhao was originally a timber trader before moving to Macau in the 1990s and began investing in casinos. In 2001, he moved to Mong La in Myanmar and set up Landun Entertainment, one of the largest casinos in Myanmar. During this time, he established links to the non-state armed group NDAA and its leader, who financed much of the Mong La casino industry from profits from the drug trade.¹⁰⁵ In 2005, he was invited by the Laotian government to invest in its northern province and an agreement was made to form the Kings Romans Group.

In January 2018, Zhao was sanctioned by the US government, which alleged he was engaging in money laundering, the storage and distribution of methamphetamine, heroin and other drugs for trafficking networks, and the trafficking of wildlife, timber and people.¹⁰⁶ Large consignments of methamphetamine seized by Thai, Laos and Chinese authorities have been traced back to Kings Romans.¹⁰⁷ Yet, the reach of law enforcement within the SEZ is limited.

Based on several visits to the Golden Triangle SEZ since 2015, rhino horn pieces, tiger bone wines, ivory and hornbill casques have been openly sold in the hall of the Kings Romans casino (the Blue Shield Casino).¹⁰⁸ Tiger bone wine and bear paw soup could be ordered in the casino restaurant. In front of the casino, a small 'casino zoo' holding 20 to 30 tigers (and previously 30 to 40 bears) showcased the wildlife products that can be ordered.¹⁰⁹ According to EIA investigators, Chinese businessmen could buy a tiger for 3 million yuan (approximately US\$462 000) or a moon bear for 170 000 yuan (approximately US\$26 000). The animals were sometimes slaughtered, and their meat and tiger bone wine served to gambling parties in the casino's VIP rooms.¹¹⁰ Kings Romans casino brochures from 2015 openly advertised its own brand of tiger bone wine.¹¹¹ Individuals interviewed on the ground explained that the organization stored and distributed illegal wildlife products, including tiger bone wine and rhino horns, alongside methamphetamine.

In the nearby Chinatown, numerous shops and restaurants that rent their space from the Kings Romans casino owner, sell illegal wildlife products. In the 2015 EIA investigation, one shop in the area contained seven tiger skins, four stuffed tigers, bottles and jars of tiger bone wine, a leopard skin, two ivory tusks, numerous ivory carvings, shavings of rhino horn, pangolin scales and carvings from helmeted hornbills.¹¹² In 2016, researchers observed 1 014 recently-made ivory items.¹¹³ More recently, on field trips in 2017 and 2019, researchers found 55 tiger bone wines, 33 tiger bone teeth, 108 ivory pieces, three tiger skins, one tiger skull, four rhino horns, 28 rhino horn pieces and 18 horns of helmeted hornbills for sale.¹¹⁴ Like Mong La and Boten, a thriving illegal wildlife market had developed in and around the Kings Romans casino until 2020, when the COVID-19 pandemic arrived, as we explain later.

WILDLIFE AND CASINOS: EVIDENCE FROM FURTHER AFIELD

Rare and endangered wildlife products are commonly seen as menu items that can be selected by patrons in both illegal and legal casinos. This extends to casino operations in Canada, where bear paw soup, shark fin soup or abalone might be on offer.

Canadian investigations have shown a link between casino junkets and wildlife crime, according to journalist and author Sam Cooper, who has written extensively on the activity of Asian organized crime gangs in Canada. He explains that there are 'wildlife junkets' that facilitate hunting trips to exotic destinations within Canada and are linked to the same networks that operate through the VIP rooms in the local area. The groups are also involved in prostitution rings, drugs and numerous other illicit activities. It is believed that social media platforms play a key supporting role in the organization of these criminal groups. Cooper says, 'It is important to understand that it's the same criminal groups involved in the trafficking of minerals, wildlife, humans, drugs with key links to casinos and underground banking systems.'¹¹⁵

A well-known South African case also highlights the link between casinos and wildlife trading through the practice of pseudo-hunting, or using hunting permits to export and sell illegal rhino horns. The individual in question, Thai national Chumlong Lemtongthai, was involved in procuring rhino horn and lion bones for export to Asian markets by using fraudulent hunting permits. Lemtongthai would use the ATMs at a Johannesburg casino, which he perceived to be 'safer' due to the numerous security cameras on-site, to withdraw large amounts of cash. He was arrested at a Johannesburg casino in 2012 and sentenced to 40 years in jail (then reduced to 30) only to be released in 2018.¹¹⁶ Numerous deals also take place in the VIP rooms of South African casinos and it is likely that some of these involve wildlife.¹¹⁷ ■



A CONTINUUM OF CRIMINALITY

As many of these case studies illustrate, casinos are vulnerable to criminal interference and exploitation at every stage of their life cycle. In this way, they exist on a continuum of criminality. This section explains how this problem manifests in terms of environmental crime, and its impact on biodiversity and communities.

Local impact and the rise of casino greenwashing

The development of casino areas in South East Asia presents several risks to the environment, biodiversity and local communities. In the initial stage of casino development, and later during the growth of the surrounding areas (with harbours, railways and airports), local forests are cut down and local ecosystems affected to make room for construction. The locals who depend on the natural resources from the forests are displaced or receive relatively low compensation for their ancestral lands, which amplifies the socioeconomic and ecological toll. Sometimes, locals are deceived into relinquishing their lands, and their rights are abused.¹¹⁸ In the Golden Triangle, there is evidence that Chinese workers were imported for the development projects, instead of hiring displaced and underemployed local villagers. In the Boten and Golden Triangle SEZs, residents have been displaced from their land, gambling debts have affected families and communities, and foreign workers were employed to deforest the area for construction.¹¹⁹

Conflicts between local communities and the casino groups over land have even resulted in violence and arrests. For instance, in January 2014, villagers in the Golden Triangle SEZ gathered to block construction workers from digging up their rice fields to build an airport as part of a casino development. The Laos police arrested some of the protesting villagers and released them after they signed an agreement affirming that they would stop the protests.¹²⁰ Construction of the airport, as well as a harbour, resumed later.

In response to the public backlash against environmental damage wrought by casino megaprojects, some governments and casino operators have sought to change the narrative by depicting planned casino projects as ecotourism ventures. However, rather than reducing the trafficking of environmental commodities in casino hubs, this provides a tool for casino and SEZ operators to greenwash wildlife trafficking and deforestation activities. Indeed, operators have engaged in a wide range of propaganda and misinformation to shape the narrative that they are making positive contributions to the environment and various social causes.



Wildlife for sale in the Kings Romans casino, including rhino horn pieces, tiger teeth, ivory and hornbill casques.
© Daan van Uhm

Nevertheless, land marked for ecotourism or conservation has already been used to farm rare wildlife for consumption and sale. For example, in 2007, when the Laotian government granted the Kings Romans Group its 99-year concession, just 3 000 of the 10 000 hectares granted were designated for duty-free commerce; the rest was supposedly earmarked for ecotourism.¹²¹ However, an investigation by the EIA found that in the Golden Triangle SEZ, tigers were being farmed, not conserved.¹²² The Kings Romans founder, Zhao Wei, who denies the allegations, is now looking to expand into other regions of Laos, such as Saravan province in the south, Xiangkhouang province in central region and Xieng Khouang in the north.¹²³ He has proposed a string of airports, tourism projects and agriculture developments alongside traditional medicine factories.¹²⁴ Critics highlighted that these activities would offer significant opportunities for him to expand his wildlife trading activities.

They warn that having gained a foothold in the country and nurtured a relationship with the Laotian government, the investor will now secure further land concessions, which could be used to develop more wildlife farms and facilitate the breeding, sale and trafficking of endangered animals.¹²⁵ They have also warned that Zhao's new port in Ban Mom could lead to an increase in cross-border tiger trafficking from the SEZ,¹²⁶ dovetailing with concerns from the UNODC that his involvement in the port development may increase drug production and export from the Golden Triangle.¹²⁷

In Cambodia, protected status is frequently exploited as a means of earmarking prime tracts of land until the government is ready to release it for development, thus controlling land availability and keeping land prices high. When it comes to ecotourism concessions, this creates a complex picture whereby wildlife crime and illegal logging by government-affiliated syndicates continue unchecked in protected forest areas, which are highly sought after by casino companies and other potential developers.¹²⁸ Once the forest is degraded to the point that it can be declared of limited public value, the government can change its designation from 'state-public' (i.e. protected land) to 'state-private', meaning it can be leased to private companies for economic land concessions, SEZs or tourism and casino development.¹²⁹

This process is especially evident in Botum Sakor National park in the Koh Kong province. Over the past 30 years, the Cambodian government has gradually divided around 70% of the national park between nine private economic land concessions for agriculture, tourism and other purposes. Among the larger concessions is the Dara Sakor Seahorse Resort, a coastal ecotourism and casino development built by the Union Development Group.¹³⁰ Union Development Group is a Chinese-owned entity that has been subject to sanctions under the Global Magnitsky Human Rights Accountability Act following a series of land grabs and alleged human rights abuses. Since the ecotourism concession was awarded in 2008, rampant illegal logging and deforestation in Botum Sakor, combined with the legal activities of concessionaires, has seriously degraded the natural forest. In 2021, the government released around 30 000 hectares of forest from the protected area, relabelled this as state-private land and leased 8 631 hectares to Kith Meng's Royal Group to build a new SEZ containing an environmentally destructive coal plant.¹³¹ More casino licenses, unencumbered by ecotourism or conservation obligations, are likely to follow. The Royal Group has also been given permission to build a string of casino resorts across Koh Rong island.¹³²

Vietnam has similarly begun using ecotourism concessions as a more palatable vehicle for casino hubs. In 2019, the first casino for local use opened in Phu Quoc on a three-year trial – part of US\$2.15 billion ecotourism investment plan.¹³³ The US State Department has already warned that relaxing of gaming laws in Vietnam will likely lead to an increase in illicit cash flows into the country.¹³⁴

OFF-LIMITS AREAS

During previous visits to the Golden Triangle SEZ, the presence of security forces working alongside the Laotian police was evident in vehicles marked with Chinese characters.¹³⁵ Now, however, national police authorities report that they are unable to gain access to the SEZ casino area, even though it is located within Laotian borders. Further evidence of this issue emerged in March 2022 when a group of Thai nationals managed to escape modern slavery conditions in Kings Romans. They had been trafficked into Laos with the promise of jobs as online casino administrators. Once there, they were forced to run online scams and some of them eventually escaped by bribing traffickers to be taken back to Thailand.¹³⁶ Laotian authorities initially refused to intervene as the alleged crimes had been committed within the 'Chinese-owned SEZ'. It was only after receiving increased pressure from Bangkok that Laotian officials claimed to have written to managers of the Golden Triangle SEZ asking them to search the buildings and free any Thais held against their will.¹³⁷



IMPACT OF THE COVID-19 PANDEMIC ON SOUTH EAST ASIAN CASINOS

Over the course of 2020–2021, with many legally registered casinos unable to operate under the new COVID-19 restrictions, some of the gambling activity was driven underground with the creation of illegal gambling dens and online gaming. In some ways, the pandemic may have aided law enforcement. In its 2020 annual report, the Asia-Pacific Group on Money Laundering (the regional FATF Financial Style Regional Body that monitors trends in the region), stated: ‘COVID-19 may provide a unique opportunity for law enforcement and financial intelligence units to detect and disrupt certain money laundering operations, including serious organized crime groups having to stock-pile cash due to an inability to launder through regular methods because of the closure of *casinos or other gambling venues* [emphasis added] as one example.’¹³⁸

A number of police raids have uncovered illegal gambling operations in the region since the pandemic. Thailand seems to be particularly vulnerable since casinos are largely illegal, with a number of news reports that illegal gambling activities have been disrupted and assets have been seized from criminal groups illegally operating online gambling websites. Vietnamese authorities also carried out a number of raids linking law enforcement officers to underground gambling dens.

However, the biggest impact of the pandemic has been a diversification of criminal activities and the intensification of online criminality.¹³⁹ At casinos, we have documented the growth of cyber-scamming activities and illegal online gambling, with severe impacts on humans including labour exploitation and modern slavery conditions. This was evident in Cambodia, which has faced a major economic challenge with the shutdown of the global tourism industry. Many businesses responded by moving any operations online in order to survive. The Cambodian government had, in fact, cracked down on lucrative online gambling companies in 2018 at the behest of Beijing, in order to curb scams perpetrated against Chinese citizens. But while online gambling remains banned in Cambodia, illegal online gambling has seen a resurgence, and due to its clandestine nature, now incurs increased risks of human trafficking, modern slavery, kidnapping, violence and extortion.

On 6 November 2021, a Chinese man was rescued by Cambodian police from the Internet Investment Park in Thmor Da SEZ, in Pursat province, after posting on Prime Minister Hun Sen’s Facebook page

that he feared he was about to be sold.¹⁴⁰ At least one other Chinese national has claimed to have been held against his will and forced to work in an online gaming scam in Pursat, having crossed into Vietnam from Guanxi, China, and then smuggled across the Mekong River into Cambodia in May 2020.¹⁴¹

It is possible that trafficking networks used for people and timber have converged here; both the SEZ and the casino complex currently under construction in Thmor Da, located on the border with Thailand, are controlled by the alleged illegal timber trafficking magnate Try Pheap, who is subject to sanctions under the Global Magnitsky Human Rights Accountability Act.¹⁴² Notably, this zone is also infamous for other illicit activities, including 'pig butchering', love scams, the sale of worthless crypto coins and the promotion of fraudulent stock applications, often carried out by individuals recruited under false pretenses.¹⁴³

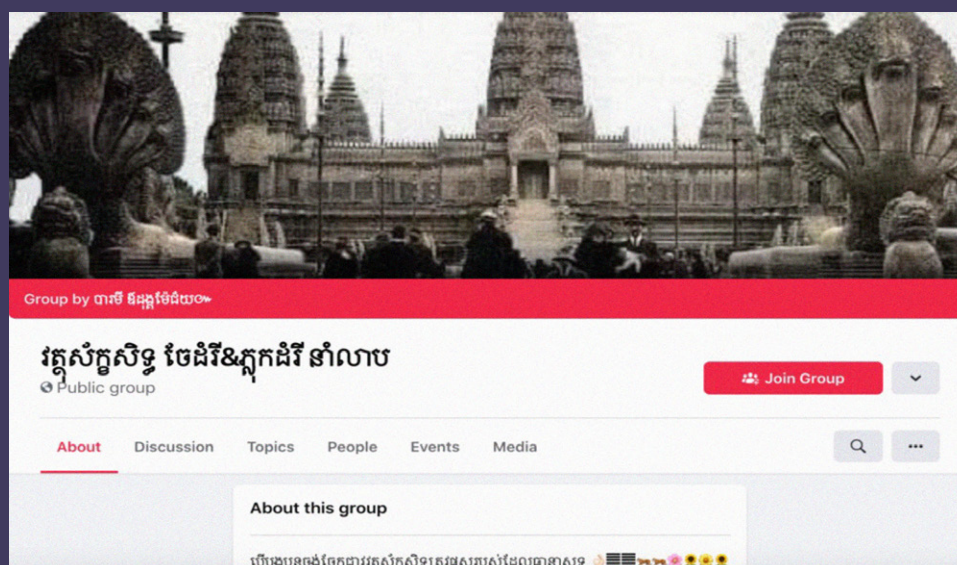
Since Cambodia did not experience its first significant outbreak of COVID-19 until February 2021, most physical casinos in the country continued to operate in some capacity for much of the pandemic. This led to a surge in arrests for cross-border smuggling and human trafficking into these casinos, as desperate people from neighbouring countries sought to bypass travel restrictions in order to obtain employment in Cambodian casino hubs.¹⁴⁴ In Sihanoukville, some casinos and other large buildings left vacant by the collapse of legal online gambling or by the pandemic have been repurposed as dormitories-cum-offices by industrial-scale scam operations.¹⁴⁵ These operations have been accused of trafficking foreign nationals trapped in the country and forcing them into labour. On a visit to Sihanoukville in November 2021, food delivery companies were seen making deliveries to supposedly shuttered casinos, inside which young women could be seen peeking from behind curtains.

The most notorious location in Cambodia is a sprawling ten-skyscraper complex in Otres, locally dubbed the 'China Project',¹⁴⁶ where hundreds of people are believed to be held in modern slavery conditions and forced to conduct online scams, entice players into digital gaming and, in some cases, engage in sex work.¹⁴⁷ On a visit to the complex in November 2021, a steady stream of luxury cars and minivans with blacked-out windows were observed arriving and leaving the complex, where clothing was hanging from the windows of dormitories, indicating that they were still occupied. Despite mounting evidence of serious criminal activity and human rights abuses, the US embassy, Sihanoukville police and Chinese embassy have not been willing to comment publicly on the China Project.¹⁴⁸

The Philippines is at high risk of a similar post-casino trafficking crisis. Although online gambling is legal in the Philippines, around one-third of Chinese-owned POGOs shut down in 2020.¹⁴⁹ This was part of the crackdown on criminality and tax avoidance that followed a series of senate hearings on sex trafficking, child sexual exploitation and illegal immigration scams linked to the industry.¹⁵⁰ However, immigration and employment data suggests that the number of former POGO workers from China that remained in the country outstrips the number of jobs remaining in the legal industry, putting them in danger of exploitation.¹⁵¹ There are some indications that trafficking networks established between China and the Philippines have shifted to wildlife, as indicted by recent research from the GI-TOC on the Palawan pangolin.¹⁵²

At the same time, while travel restrictions during the pandemic disrupted some wildlife trafficking routes, this has not necessarily translated into reduced supply of wildlife products. Poaching has not decreased, and in some source countries like Cambodia, poaching has actually increased.¹⁵³ The result is that high-volume traffickers of ivory and other endangered animal parts are stockpiling their products as they await the reopening of international borders in Laos, Cambodia and Vietnam.¹⁵⁴ At the very least, this will result in an influx of wildlife trafficking into casino hubs when borders reopen and tourism resumes. However, given their links to existing trafficking networks, it is possible that some casino operators are already pivoting to a more active role in the trade.

IVORY, SOCIAL MEDIA AND THE CASINO CONNECTION



Sathou Reach's Facebook group.

Sales of wildlife products largely shifted online during the COVID-19 pandemic. While this shift makes anonymity easier and law enforcement more challenging, analysis of the social media networks of wildlife product traders provides an indication of where their products flow throughout South East Asia – and how they intersect with casino hubs.

In Cambodia and Vietnam, traders in ivory and tiger parts openly hold product auctions on their Facebook pages, making it easier to determine who buys these products, where they live and how individual traffickers, traders and buyers in the chain connect with one another. These auctions reveal direct links between trade in endangered species and specific casinos in the Lower Mekong, raising questions about the role of social media platforms, Facebook in particular, in enabling illicit trade.

To investigate the role of social media networks, researchers took as a starting point a single Cambodian wildlife product dealer based in Phnom Penh, who calls himself Sathou Reach. This dealer openly auctions ivory products over multiple Facebook pages and a group dedicated to the sale of similar items (see Figure 1). The 380+ group members are based all over Cambodia, with a handful in Thailand and Vietnam. Analysis of the members and their social media networks showed that many of the most prolific wildlife product dealers, especially those located in Phnom Penh and Ho Chi Minh City, are connected to one another and that some have developed connections with suspected

traffickers farther afield, such as Shan State in Myanmar and South Africa. Several people in this network were also members of a larger wildlife trading group.

Of particular relevance for this report is that at least two of the Cambodian traders identified, who are based in Poipet and Kampot, listed their respective workplaces as the border casinos Crown Casino and Grand Dragon Resort. The latter trader also has multiple links to a Vietnamese wildlife trafficking consortium. A third member of the ivory-buying group is a former Macau Casino employee who now works for the Royal Group in Bavet. Ostensibly, his role is in the IT department of Royal Group-owned internet provider EZECOM. In reality, he likely supports the group's Titan King casino, located on the Vietnamese border, and/or RGB Games, a Malaysian-owned casino technology company with operations in Bavet and Ho Chi Minh City that appears to use EZECOM employees for its own IT in Bavet.

Several members of these groups also have direct links to a police general and nephew of the Cambodian prime minister, who was jailed in 2018 for firearm offences following previous run-ins with the law, including alleged shootings and hit-and-run incidents.¹⁵⁵ The general regularly poses with his vast personal collection of ivory items, wildlife products and exotic pets. According to our social media analysis, the general also appears to be connected to individuals with ties to exotic pet traders in Thailand and casino workers in Bavet. In addition, some of his cousins are casino shareholders and directors in gambling companies. ■



CONCLUSION

The evolution of casinos in South East Asia is intertwined with organized crime, from the historical ownership of Las Vegas casinos to the linkages between junkets, VIP rooms and triad groups in Macau. Whereas the literature and popular culture around casinos often focus on crimes such as drug and sex trafficking or loansharking, the convergence of casinos with environmental crime has often been overlooked. Yet, the establishment of casinos can have serious environmental effects and fuel organized crime, including through the flourishing illegal trade of endangered species in and around the casino areas.

The examples of the high-profile arrests, as well as the efforts of multiple national level task forces in Asia and beyond, financial investigation units and other government actors, collectively suggest that there is a growing realization of the magnitude of the problem and of the need to take action. This is particularly promising given the level of damage caused to the environment and the impact of organized crime on people.

However, evidence indicates that although enforcement efforts have been successful in taking some high-level criminals out of action in the immediate term and reducing criminality occurring at a given location, they have had the unintended effect of displacing criminal entrepreneurs to more accommodating jurisdictions. This has effectively created the domino effect described in this report. Moreover, South East Asia remains particularly vulnerable to money laundering activities due to a number of common challenges including the largely cash-based economies, and limited legal frameworks and enforcement mechanisms.

The COVID-19 pandemic might have created new opportunities for law enforcement, but it has also laid bare additional vulnerabilities surrounding the casino industry. As ever, criminal entrepreneurs have done their best to take advantage of those vulnerabilities, adapt their business operations and capitalize on political and other connections. This is exemplified by the fact that casino facilities left empty due to travel restrictions have been repurposed for other forms of criminality, such as online scams, which are often operated by vulnerable individuals who have been trafficked to these venues and kept in modern slavery conditions.

Additionally, demand for gambling and wildlife products is not diminishing, and with travel resuming following the lifting of pandemic-related restrictions, it seems there is a return to pre-pandemic consumer behaviours at casinos. Once again, high demand on one side and the proximity of casinos

to biodiverse areas rich in flora and fauna on the supply side heighten the likelihood of organized environmental criminality occurring.

Lastly, the structures of the SEZs will continue to hinder enforcement efforts. It is not incidental that many of the most problematic casinos are located within the 'extra-legal' spaces of SEZs or autonomous regions, where lax regulation and opacity are attractive features for those seeking to exploit the facilities for illegal transactions. Indeed, the criminogenic nature of SEZs has been widely discussed and acknowledged.¹⁵⁶

Additional dynamics are also pertinent to the issue of environmental crime linked to casinos. First, the proliferation of casinos in South East Asia is significantly driven by Chinese demand for gambling opportunities, which are prohibited in Mainland China, and it is reasonable to expect the continued convergence between casinos and multiple forms of environmental crime (alongside other illegal activities), which will consolidate the role of casinos as hubs for illegality.

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