

Annex B. Indicators of Laundering the Proceeds of Human Trafficking

There are four considerations to note with respect to the indicators of laundering the proceeds of human trafficking identified in this study:

1. The indicators have been positioned to best identify those who are laundering the proceeds of human trafficking. From the cases that have been identified, the most unique and identifiable indicators of money laundering occur at the level of the victim, or at the lower level of criminality or individual criminals levels of the criminal organisation. The money laundering mechanisms utilised at the higher levels of the criminal organisation are already well identified in other, more general, money laundering typologies documents. This may make the indicators case studies have identified solely 'small time', lower value or local human trafficking networks. However, they are positioned deliberately in this manner to prioritise the ability to identify money laundering uniquely from human trafficking.
2. This study organises the indicators according to the three types of exploitation identified earlier in this study. These three classifications have identified unique indicators, and the granular ability to identify each will be helpful to reporting entities and operational authorities.
3. The identification of victims is one of the most reliable ways, when there is interaction with the financial system, to identify laundering the proceeds of human trafficking. This is particularly prescient for HTSE and HTFL when victims endure an extended period of exploitation under which perpetrators profit, whereas HTRO allows comparatively little opportunity to identify victims given that their exploitation, albeit horrible, is relegated to a singular experience. Reporting entities must take care that when identifying victims, they must either use the transactions of the victims to identify the perpetrators and launderers related to human trafficking, or to clearly identify to national authorities when they are reporting on suspected human trafficking victims.
4. Some indicators identified in the cases submitted to the study, and other material that was used to create this paper, are indicators that can be utilised to detect money laundering specifically from human trafficking. Other indicators demonstrated in the materials, which are indicators of general money laundering, have been identified by the global AML/CFT community previous to this study. These common money laundering indicators have been provided in a separate section below to be used in conjunction with the unique indicators of laundering the proceeds of human trafficking to provide reporting entities with national authorities with an enhanced ability to detect, using them in conjunction with each other.

Indicators of money laundering related to human trafficking

Indicators of money laundering of the proceeds of all types of human trafficking

- Common mobile number, address and employment reference being used to open multiple bank accounts in different names
- Customer makes deposits/withdrawals or otherwise generally operates an account accompanied by an escort, handler or translator (who may hold the customer's ID)
- High and/or frequent expenditure at airports, ports, other transport hubs or overseas, inconsistent with customer's personal use or stated business activity
- Income received and immediately withdrawn in cash
- Newly-opened customer account appears to be controlled by a third party, including forms completed in different handwriting and/or the customer reads their address from a form
- Payments to logistics, airlines, coach companies, car rental or travel agents inconsistent with customer's personal use or stated business activity
- Relatively high or recurrent expenditure on items inconsistent with customer's personal use or stated business activity, such as food, necessities, or accommodation for workers

Indicators of money laundering related to human trafficking for sexual exploitation

Indicators of money laundering unique to human trafficking for sexual exploitation

- Account holder contact information linked via open sources to advertising related to escort services
- Account is funded primarily via cash deposits and funds transfers from other individuals
- Addition of an unusual number of unrelated individuals as joint account holders, or authorised users of products such as credit cards
- Cash deposits conducted at different cities across the country
- Client makes deposits accompanied or watched by a third party who may, on separate occasions, accompany or watch clients who are making deposits: the third party may be handing over to the client what is subsequently confirmed to be the client's identification
- Credit card payments for purchases made after the establishments' normal hours of business (e.g. strip clubs, massage parlours, beauty salons, model agencies)
- Deposits conducted in one city followed by same-day or next-day withdrawal and/or purchases conducted in another city

- Frequent cash deposits made via an ATM rather than with a cashier, sometimes followed by ATM withdrawals in a different location
- Frequent low-value payments to advertisers, classified services involved in the sex industry or to escort agencies
- Frequent purchases in multiples of small amounts of Bitcoin or virtual currencies, directly by the client or through exchanges
- Funds transfers involving third parties with alternative names provided in brackets
- Hotel transactions by the same individual for two separate rooms for the same dates
- Identical address reported by numerous, seemingly unrelated, individuals
- Media coverage of account holder's activities relating to human trafficking in the sex trade and/or prostitution rings
- Multiple accounts making repeated transfers to the same third party, or multiple individuals reporting similar information (i.e. address, phone number etc.)
- Multiple low value remittances to jurisdictions known to be of a higher risk for HTSE
- Outbound international funds transfers directed to countries at higher risk for human trafficking or between two countries/areas on a known trafficking route
- Outbound international wire transfer in an amount commonly associated with a subscription or payment fee (i.e. 9.99 or 29.95) to a jurisdiction of concern for human trafficking, to a company with a name denoting its involvement in the provision of sexual services, or to a company with a name denoting involvement in the video industry between the hours of 10pm - 4am local time
- Payments to hotels, serviced apartments and other accommodation inconsistent with customer's personal use or stated business activity
- Personal account activity inconsistent with expectations involving frequent deposits and payments through an online payment service in small amounts typically under USD 100; account funds may then be used for virtual currency deposits/redemptions, or payment of bills, such as personal or third-party credit cards
- Recurring payment for transportation or logistics services in the late night or early morning
- Significant payment for transportation or logistics (car rental, taxi, and/or ride sharing service transactions)
- The use of cash intensive legitimate businesses (bars, restaurants, guest houses, etc.) for apparent daily sustenance

- Transactions conducted in an area suspected to be a sex trafficking location (possible 'hot spot')
- Transactions with classified advertising services involved in the sex industry or to escort agencies
- Use of a third party to execute transactions (for example, under the pretext of requiring an interpreter)
- Use of addresses where prostitution is reported to occur by media, law enforcement, or classified ads
- Use of aliases for the purpose of opening multiple accounts in different banks, or in different branches of the same bank
- Use of someone else's identification, or opening an account in the name of an unqualified minor

Indicators of money laundering related to human trafficking for forced labour

Indicators of money laundering unique to human trafficking for forced labour

- A high percentage of income withdrawn quickly after receipt in the accounts
- A property, when looked at on Google Street View, could only comfortably accommodate two or three people at the most, but seems to have more people living there
- Analysis of ATM activity shows that their ATM usage often occurred at the same machine at the same time suggesting that a third party is in control of their cards
- Customer displaying a poor standard of dress and personal hygiene
- Lack of living expenses such as food, petrol, utilities and rent (one utility may be set up for the purposes of confirming ID for account opening)
- No evidence of payment of taxes or of other payments to a tax authority or other government or regulatory body typically associated with legitimate full-time employment of workers
- One-way flight purchase from high-risk country by non-family member
- Payment for visa by non-family member
- Payments to labour agencies, recruiters or employment websites, especially if those entities are based overseas
- Personnel numbers and costs, if known through the provision of information by the entity, is not in line with wages paid out, or what you know of the entity
- Repeated (at least weekly) transfers of funds to the same third party (where known), often in round amounts
- Reports or indication of cheap labour or unfair business practices towards an entity

- Signs of bruising or other physical abuse on customer
- The customers receive weekly incomes from an agency
- Use of an interpreter at account opening or for conducting transactions

Indicators of money laundering identified in suspected human trafficking cases which common across different predicate crimes

- Account appears to function as a funnel account
- Cash-intensive business with unclear source of cash or capital
- Commercial entity's capital consists of no-term deposits
- Cross-border transfers of funds to the same individual, financial institution or to an overseas location that are inconsistent with customers' personal profile or stated business activity
- Customer accounts which display unusual withdrawal patterns, such as lump sum withdrawals
- Customer requesting direct payment in a branch, as they have not been receiving their wages
- Customer's accounts display unusual deposit or withdrawal patterns, in other regions and overseas
- Deposits and/or other transactions inconsistent with what could be reasonably expected for the customer's personal profile and/or stated occupation
- Deposits much larger than are usual or reasonably expected for the customer's personal profile and/or stated occupation
- Frequent low-value/below threshold cash deposits in low-denomination bank notes
- Funds transfers received from or to the benefit of unrelated third parties
- Inability to contact client at their reported phone number, or the phone number changes very frequently
- Income received and immediately withdrawn in cash
- Incurring and payment of credit facilities or credit card charges not commensurate with the client's confirmed wealth
- Large cash deposits into an account quickly followed by electronic funds transfers, bank draft purchases and/or the issuance of cheques
- Large cash or cheque deposits followed by domestic wire transfers or cash withdrawals
- Loans provided by a shareholder to the related legal person and subsequent transfer back of funds
- Media or other reliable sources suggest that a client may be linked to criminal activity which could generate proceeds of crime

- Multiple deposits from varying geographies and apparent different individuals, consistent with smurfing
- Numerous personal cheques deposited into business accounts for no apparent purpose
- Numerous transfers into business accounts from personal accounts
- Profits or deposits much larger than are usual or reasonably expected for the customer's size or type of business, or where financial turnover is incommensurate with the commercial turnover usual for a business of that size or type
- Purchase of commodities in manners inconsistent with normal business practice
- Rapid transfers of funds through accounts
- Small irregular payments from the same account
- Source of funds used for transactions is unknown
- Structuring via commercial entities and transfer of money using loan contracts
- Transactions with apparent front, shell or shelf companies
- Use of a third party, with no apparent relationship to client, to conduct financial transactions
- Use of third-party accounts