



# Human Trafficking: Customer and Financial Transaction Traits That May Present Risk

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## Human Trafficking:

### Customer and Financial Transaction Traits That May Present Risk

Manhattan DA Cyrus R. Vance, Jr.,  
Thomson Reuters Foundation CEO Monique Villa,  
Top US Financial Institutions  
Issue White Paper to Combat Human Trafficking  
Using Financial Data  
January 10, 2014

#### ***White Paper Offers Guidance to Financial Institutions, Law Enforcement Agencies in Identifying Financial Transactions Linked to Human Trafficking***

*Paper to Mark US National Human Trafficking Awareness Day (January 11, 2014)*

“This list is not intended to be an exclusive list of high risk indicators and no one factor is dispositive in assessing the risks for Sex and Labor Trafficking. It is important to note that each of the following indicators is unremarkable when viewed individually. It is only when one or more of the indicators are evaluated alongside other risk factors, or information about the transactors, that an investigator may reasonably conclude that they may present a higher risk for trafficking and should, therefore, be investigated further.”

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### 1. Payroll Activity in Business Accounts

- A. Non-payment of taxes, workman's compensation, and other fees to a tax authority or other governing body typically associated with legitimate full-time employment.
- B. Transfers of funds back to employer's account or the same third party after payment of wages (a possible indicator that a worker is paying off a debt to an employer or labor broker).
- C. Methods of payments to employees that may be indicative of Labor Trafficking. Examples include:
  - Rate of pay for each pay period is identical (no changes for overtime, vacation, sick leave, bonus payments, etc.) in jobs where that would not be expected.
  - Every employee's payment is identical.
  - Recurring (e.g., bi-monthly) payments for wages at unreasonably low amounts (such as \$1.19 for the entire pay period after deductions are taken out may be indicative of debt bondage).
- D. Checks from an employer's account all endorsed on the same day often at a single establishment.
- E. Labor contracting or recruitment businesses without deductions for the payment of wages.

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### 2. Business Expenditures

As with many criminal enterprises, trafficking operations will often engage in traditional cash structuring activities. However, there are additional indicators that may be indicative of trafficking.

- A. Relatively high expenditures for items inconsistent with stated business purpose such as rental of multiple hotel or motel rooms or apartments (to provide housing for workers), large scale purchases of phone cards, and regular vehicle rentals when such rentals do not appear to have a logical connection to the underlying business activities of the customer.
- B. A high volume of credit card authorizations for accommodations or vehicles with no subsequent charge (suggesting an intention to avoid leaving an electronic record by paying in cash).
- C. Business accounts for companies not in the hospitality industry showing purchases of large amounts of food and other necessities may indicate that the business is acquiring these items to sell to employees in a “company store” arrangement that is designed to keep employees in debt to the employer. Such purchases may also be indicative of the business keeping the employees under one roof.

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### 2. Business Expenditures (continued)

- D. Business customers whose transactions occur outside the time of known business operations. Examples include:
- 2 am credit card transactions at a nail salon.
  - Significant and frequent gasoline station credit card charges between 11 pm and 6 am (may indicate the movement of carnival workers, farmworkers, or door-to-door sales crews (e.g. magazine sales)).
- E. Fines paid to the Department of Labor or other workplace regulating entity.
- F. Businesses with an excessive number of accounts inconsistent with the stated business purpose of the customer.

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### 3. Cross-Border Transactions

- A. Cross-border transfers of funds that are inconsistent with the stated business purpose of the customer (e.g., the value or the volume of such transfers are unusually high). Examples include:
  - Simultaneous transfers from multiple accounts that have deposits from the same employer to the same overseas individual or financial institution (may indicate transportation of an entire group to a money transfer station or financial transactions conducted by the employer).
  - Surges in money being wired to a particular overseas location or town where there is no logical business purpose, either by a particular business or from multiple individual accounts, may indicate debt payments to labor brokers.
- B. Payments to staffing agencies or foreign recruiters in high-risk countries for trafficking<sup>1</sup> when the customer is not in a business where such payments would be expected.
- C. Unexplained patterns of cross border transactions between known trafficking routes, or higher risk trafficking geographies, where the payments do not appear commensurate with trade or family remittance.
- D. International transactions in or with geographies at higher risk for trafficking or sexual tourism.

<sup>1</sup> For a tiered ranking of individual countries' efforts to fight Human Trafficking, see the U.S. State Department's 2013 *Trafficking in Persons Report*. (available at <http://www.state.gov/j/tip/rls/tiprpt/2013/210548.htm>).

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### **4. Individual Accounts Appearing to Have Same Employer**

- A.** Non-familial custodial bank accounts where there is the same custodian on multiple accounts. This activity may be suggestive of an employer/labor broker controlling workers' accounts and preventing access to their own funds.
- B.** Repeatedly endorsing checks to the same third party. This activity may be indicative of a financial "loop" or "round-trip" where employees appear to be receiving wages but the funds are ultimately rerouted back to the trafficker through an intermediary.
- C.** Issuance of a final check to close out an account that is made payable to the employer who had been depositing funds into the account.
- D.** Bank accounts opened for A-3/G-5/B-1/J-1 visa holders that receive little or no deposits at all and/or have the employer as a custodian of the account.
- E.** High number of individual accounts for the same customer that are all opened or closed on the same date.

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### **5. Personal Expenditures and Deposits**

- A. Individuals with an excessive number of personal accounts.
- B. Repeated low-value payments to online or print advertisers known to cater to the sex industry.
- C. Payments to multiple cell phone/utilities companies or multiple payments to the same company.
- D. High-volume of travel related transactions (e.g., airlines, motels, rental cars, bus or taxi charges in multiple cities or states), including the payment for third party travel often naming female or minor travellers, when such transactions are not logically connected to the customer's trade or business.
- E. Frequent cash deposits made via ATM rather than at the teller or at multiple ATMs on the same day, sometimes followed by ATM withdrawals in a different location.
- F. Individuals with nominal occupation information or discrepancies between account funding and the known customer profile.



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### 6. At-Risk Industries

A. Business customers in industries whose workers are more frequently exploited by traffickers. The examples below are generated from actual cases and from sectors identified by the Financial Action Task Force (FATF)<sup>2</sup>.

- non-unionized service workers
- hospitality providers
- food service workers
- labor intermediaries
- massage parlors
- nail salons
- travel agents
- offices of immigration attorneys
- employers of domestic workers
- traveling sales crews
- strip clubs

<sup>2</sup> See [http://www.fatf-gafi.org/media/fatf/documents/reports/Trafficking in Human Beings and Smuggling of Migrants.pdf](http://www.fatf-gafi.org/media/fatf/documents/reports/Trafficking%20in%20Human%20Beings%20and%20Smuggling%20of%20Migrants.pdf).

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- Wells Fargo
- Western Union

For more information, or to be connected with trafficking service providers, please call the New York County District Attorney's Office's Human Trafficking Hotline at +1 212 335 3400.

For additional resources for victims of Human Trafficking, please see:

<http://www.state.gov/j/tip/rls/tiprpt/2013/210759.htm>.

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