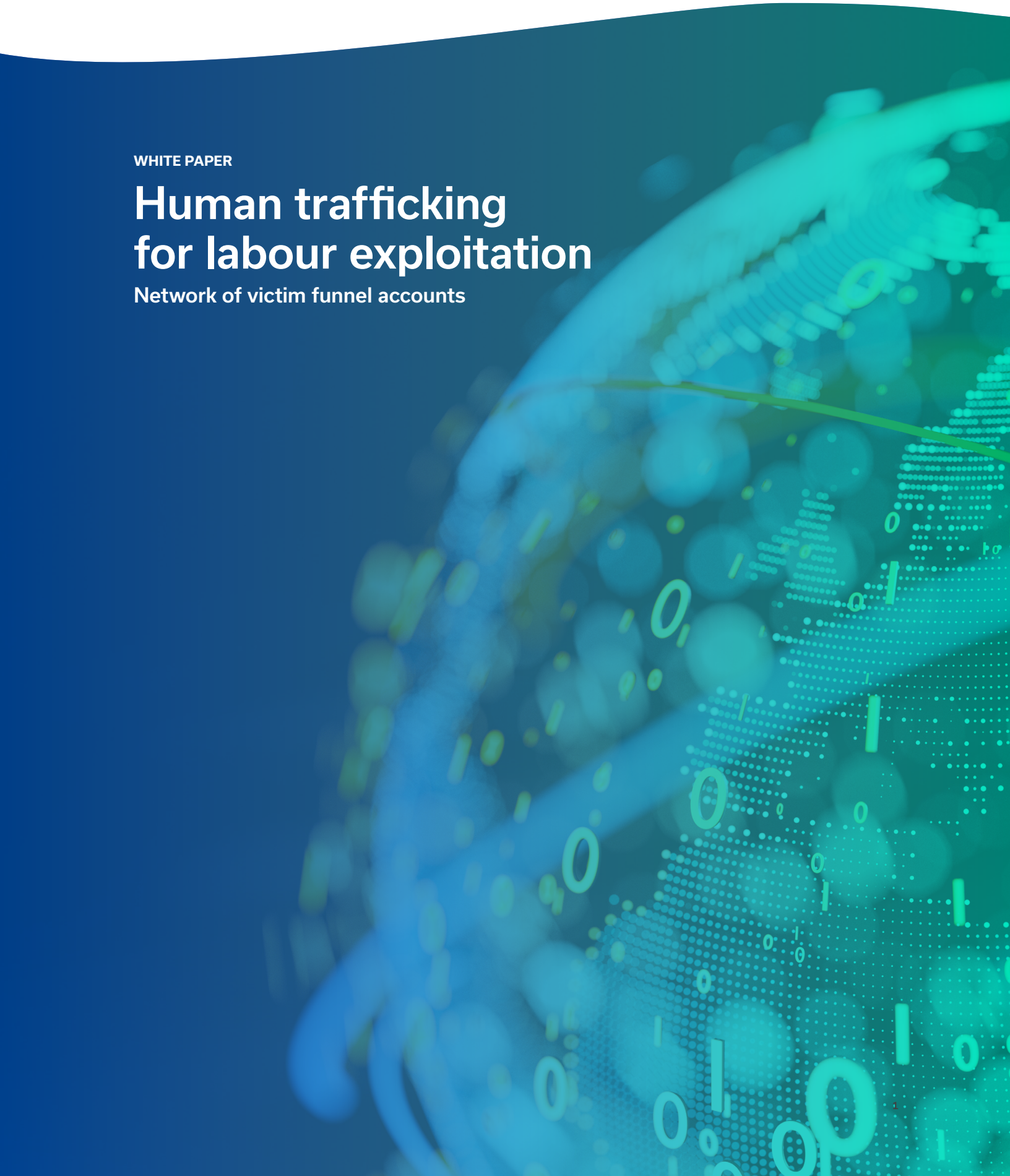


WHITE PAPER

Human trafficking for labour exploitation

Network of victim funnel accounts



Report summary

This **FinCrime Threat Intelligence Lite Report**, developed by the **SymphonyAI Sensa-NetReveal team**, aims to help financial institutions in the UK better understand the transactional profiles that could indicate a **Human Trafficking for Labour Exploitation (HTLE) risk**. By understanding the behaviours of victims involved in HTLE, the industry can better detect and disrupt this type of criminal activity. The report focuses on one modus operandi of HTLE whereby a sophisticated **Organised Criminal Group** (OCG) traffics victims from abroad, puts them into legitimate work, and controls the bank accounts where they are paid, which then act as financial funnels to the perpetrators. This type of trafficking can take place at a massive scale, happen right before our eyes, and take place in industries we all benefit directly from, like the food supply chain.

In this report, we will detail the crime and illustrate what the pattern of behaviours looks like to the banking system. The full report, which is available upon request, examines a real-life case study in the UK called Operation Fort, and details the nuances a bank needs to be aware of to identify evidence of HTLE in their transactions.

If you would like access to the full in-depth report, or would like to share your view on our research, please contact us:
netreveal.ai/contact

Scale of the problem

Modern slavery and human trafficking are highly lucrative and intertwined global businesses. They generate illicit profits reaching of at least \$150 billion a year for traffickers, with more than 40.3 million people trapped worldwide, 24.9 million of whom are in enforced labour.¹ Financial gain is the main incentive for most of the OCGs that perpetrate this type of crime,² which is why OCGs committing trafficking offences can act more like businesses than many criminal enterprises. In the UK alone between July and September 2020, 2,506 potential victims of human trafficking were put forward to the national referral mechanism³, of whom roughly 25-30% related to forced labour. Many of these victims need support if they are able to escape their captors; the Salvation Army is contracted by the government to provide this support service, and between July 2019 and June 2020 they helped 1,081 victims of labour exploitation⁴. These numbers are only the people who surface through the work of charities, the police, and other front-line services — there are many more victims who go undetected⁵.

Relevance for financial institutions

The funds generated by human trafficking are considered proceeds of crime, so any bank handling this money is facilitating money laundering. In this particular scenario, OCGs use retail bank accounts opened in their victims' names to launder money and to obfuscate their involvement. To avoid violating anti-money laundering (AML) and combating the financing of terrorism (CFT) regulations, banks must be able to detect the links between the victim accounts and the perpetrators to avoid violating anti-money laundering (AML) and combating the financing of terrorism (CFT) regulations, and being able to detect the nuanced layers of activity that constitute HTLE is key.

Typology definition

While there are many different ways of committing HTLE, there are typically eight key stages to understand, each with its own techniques and potential financial flows. By understanding the behaviours at each step, UK banks are able to understand the transactional profiles of risky customers more clearly and identify both the victims and the perpetrators as a result.

Using the **Network of Victim Funnel Accounts (NVFA)** approach, we articulate how a sophisticated organised crime group (OCG) traffics victims from abroad, puts them into legitimate work, and controls the bank accounts where they're paid. These accounts act as financial funnels to the perpetrators.






| Stages | Recruitment | Relocation | Set-up | Exploitation | Proceeds - Placement | Proceeds - Layering | Proceeds - Integration | Termination |
|------------|---|---|--|---------------------------------|--|--|---|------------------------------------|
| Techniques | Perpetrators travel to recruit victims outside the UK | Victims transported to the UK | Victims are forced to open bank accounts | Victims made to work long hours | Victims wages paid into their accounts | Perpetrators sell account on to other criminals for use in other criminality | Perpetrator withdraw victim's wages in cash | Perpetrators leave account dormant |
| | Perpetrator coerces victim to agree to relocate | Victims moved into OCG-controlled housing | Perpetrators arrange work for the victims through a recruitment agency | | Victims receive benefits payments | | Perpetrators use victim accounts to pay for some expenses | |
| | | | Perpetrators apply for benefits in the victim's name | | | | | |

Figure 1
HTLE Network of Victim Funnel Accounts – modus operandi techniques






Actor profiles

This type of crime can affect people of any working age, ethnicity and gender, making profiling a challenge. However, groups of victims and perpetrators are often from single or closely related national or ethnic groups, while different profiles of both victim and perpetrator are more commonly associated with specific profiles, which can aid detection. For this specific profile, it is easier for the OCG if victims are able to legitimately work in the UK, therefore poorer countries in the EU have been common sources. Lastly, the victim is likely to be a vulnerable person in a difficult financial position.

Victims of HTLE (account simulated)

| | | |
|---|---|---|
|  | GENDER | More likely to be male but it depends on target industry |
|  | AGE | 17-60 |
|  | NATIONALITY | Albanian, British, Hungarian, Irish, Lithuanian, Polish, Romanian, Slovakian |
|  | OTHER DETAILS | Vulnerable due to a number of factors including homelessness, substance abuse, fleeing law enforcement or just out of prison |
|  | DAY-TO-DAY ACTIONS AND MOTIVATIONS | The victim's day-to-day existence is limited by their economic status and the fact that they don't have access to ID documents. When not working, will stay around the local area paying for things in cash |

Perpetrators of HTLE

| | | |
|---|---|--|
|  | GENDER | OCG's are commonly 2/3rds male and 1/3rds female, with men more likely to be recruiters |
|  | AGE | 20-50 |
|  | NATIONALITY | Albanian, British, Hungarian, Irish, Lithuanian, Polish, Romanian, Slovakian |
|  | OTHER DETAILS | Family and friends network, with footprint in the UK and origin country (if not British) |
|  | DAY-TO-DAY ACTIONS AND MOTIVATIONS | The perpetrators will be either recruiting new victims, working alongside them, making sure they are travelling to their jobs or extracting the proceeds from the bank. The motivation for the crime is financial so they will spend their cash on an expensive lifestyle = nice cars, houses and leisure activities |

Conclusion

This modus operandi can be thought of as human trafficking on an enterprise scale; gangs can make millions off the hard work of others in businesses that are unaware they are using trafficked individuals. Moreover, it is particularly insidious because it happens right in front of our eyes, and while the most affected industries are looking harder and harder at their supply chains, much more can be done. To a bank this behaviour is hard to spot because the victims are using their real documents and receiving legitimate wages, however it is the network aspect of this crime which could and should be identified.

Covid-19 will undoubtedly have a huge impact on this typology; on the one hand it has made travel more difficult, but on the other hand, there is less face to face interaction, which allows the perpetrators to potentially stay hidden for longer and this could foster a long term impact. Additionally, Brexit will have an effect on the profile of the victims and perpetrators as it will change who can get into the country and how, and it could also create a demand for low-skilled workers which criminal gangs will look to pounce upon. We will continue to research how human trafficking is impacting financial institutions and will publish further reports to our subscribers.

SymphonyAI Sensa-NetReveal FinCrime testing service

Financial institutions have a key role to play in detecting the financial flows associated with human trafficking, but it's hard for them to understand the risk indicators of human trafficking in enough detail to distinguish criminal activity from non-criminal activity. At SymphonyAI Sensa-NetReveal Futures we are developing the FinCrime Testing Service to simulate the transactions of victims of HTLE and other criminal behaviours. Using simulation, the FinCrime Testing Service can test and quantify your anti money laundering detection systems to help you understand which criminal behaviours you are detecting and those that are being

About SymphonyAI Sensa-NetReveal

SymphonyAI Sensa-NetReveal, a division of SymphonyAI, provides leading AI-based financial crime detection software.

References

¹ <https://www.ilo.org/global/topics/forced-labour/lang--en/index.htm>

² http://www.alefa.eu/ckeditor_uploads/files/165804-ALEFA-E-Publicationupdated-14%2003%2019%20v%20edit%20with%20NO%20contacts.pdf

³ <https://www.gov.uk/government/collections/national-referral-mechanism-statistics>

⁴ https://www.salvationarmy.org.uk/file-download/download/public/42501?download_files%5B0%5D=SA%20Modern%20slavery%20report%202020%20FINAL%20NEW.pdf

⁵ <https://www.gov.uk/government/publications/the-economic-and-social-costs-ofmodern-slavery>

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