

Human Trafficking



OECD International Academy for Tax Crime Investigation

Conducting Financial Investigations





Introduction

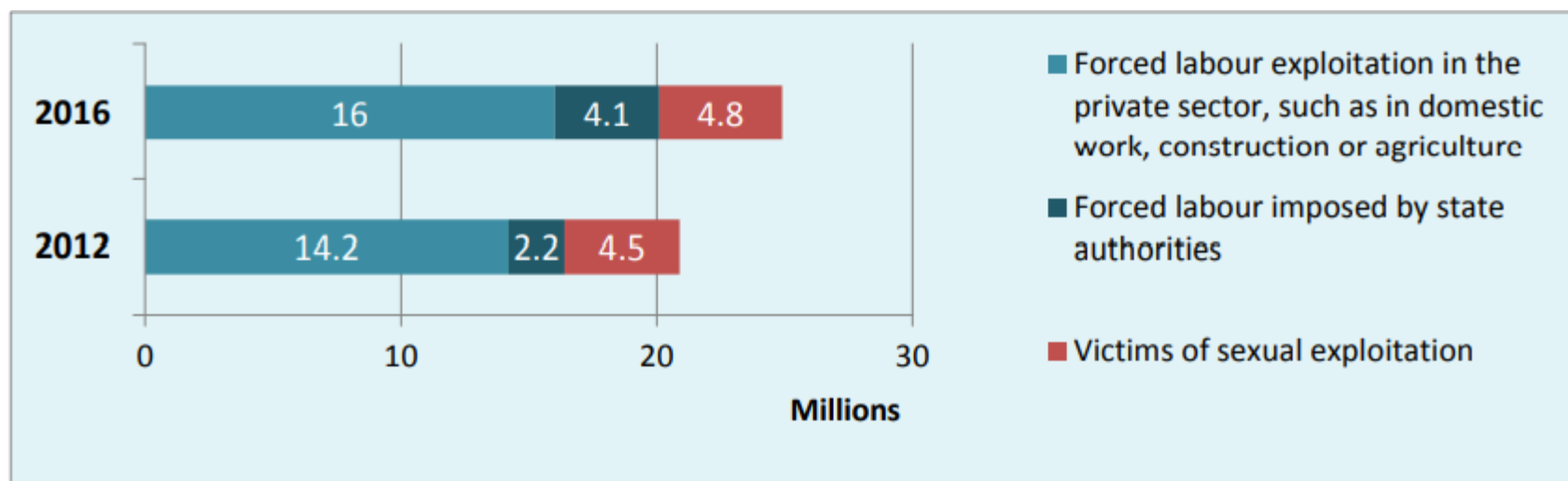
- Human Trafficking for Forced Labour;
- Sexual Exploitation;
- Removal of Organs



Human Trafficking Defined

“the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labour or services, slavery or practices similar to slavery, servitude or the removal of organs”.

Overview of the Scale of Human Trafficking



Domestic Human Trafficking Flows



Trafficking Within Regions



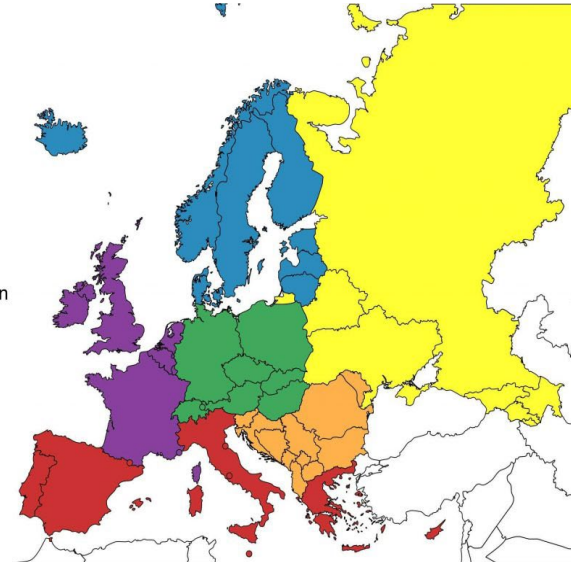
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Trans-Regional Trafficking



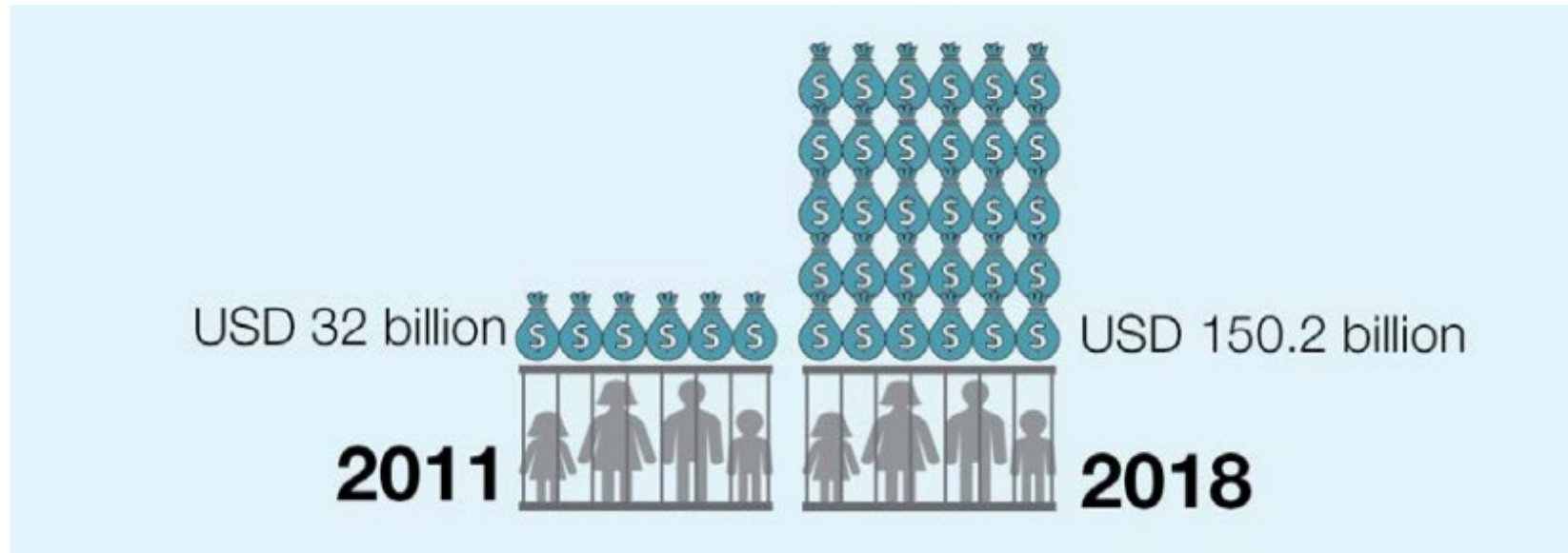
- South
- North
- West
- Central
- East
- South East
- Not European





Human Trafficking, Migration and Conflict

Profits Derived from Human Trafficking



Human Trafficking and Terrorist Financing Links

Islamic State (ISIL / ISIS)

Boko Haram

Al-Shabaab

Organisations exploiting vulnerable persons

Money Laundering from Human Trafficking

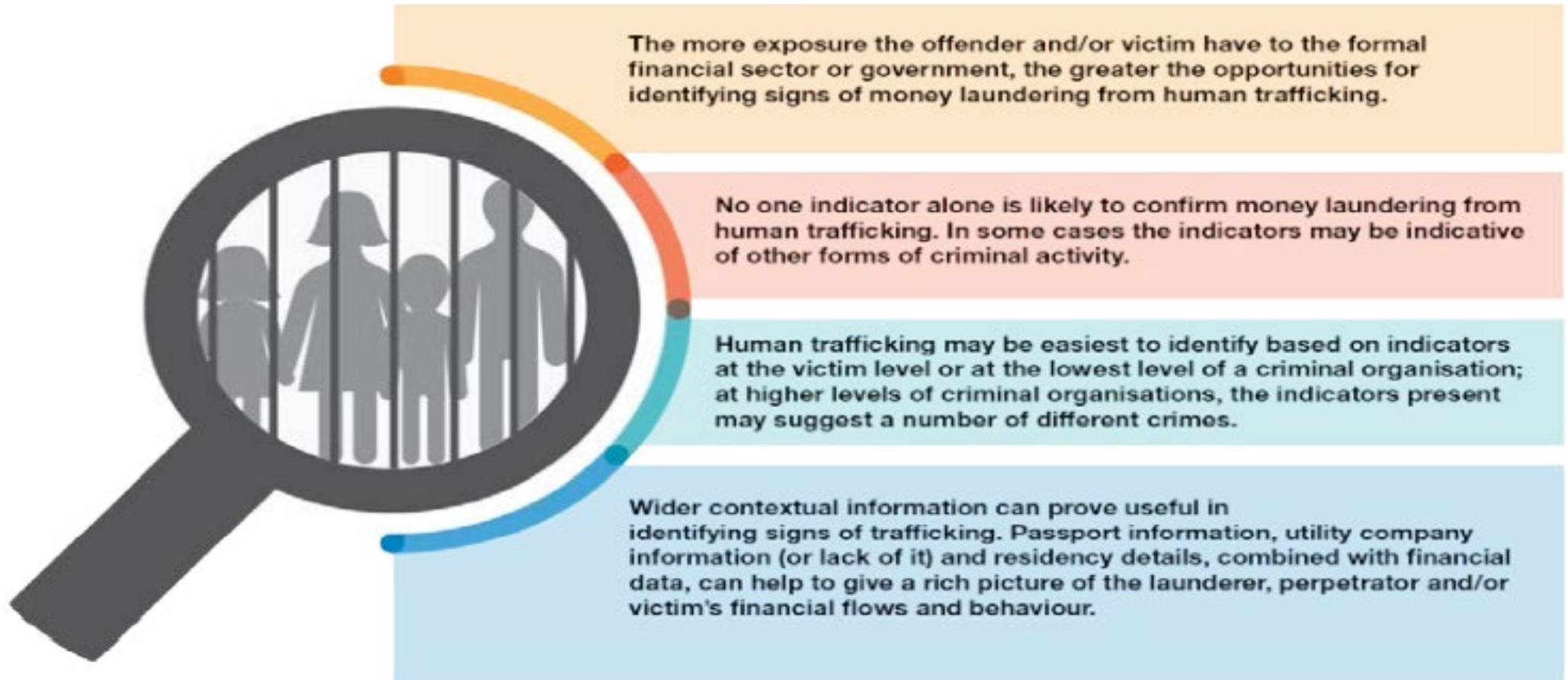
- Diverse infrastructure
- Exploitive purpose

Breakout Session

In your groups, can you consider indicators which might help detect financial flows related to human trafficking?

5 minutes

Key issues to consider to detect financial flows relating to human trafficking.



Identifying
suspicious
transactions and
money
laundering from
human trafficking
sexual
exploitation.

BANK STATEMENT TEMPLATE

1 THIS FIRST BANK

First Choice Account

MANDARIN BRANCH
4444 THIS STREET
ANYTOWN, STATE 00000-0000

CUSTOMER SERVICE 24 HOURS A DAY, 888-000-0000

JOHN Q. CUSTOMER
1234 MAIN STREET
ANYTOWN, STATE 00000-0000

ACCOUNT
82345-678910
STATEMENT PERIOD
1-1-2000 TO 2-1-2000

THANK YOU FOR BANKING WITH THE FIRST

SUMMARY OF YOUR ACCOUNTS

CHECKING	
BEGINNING BALANCE	500.000
DEPOSITS	538.68
WITHDRAWALS	629.73
SERVICE CHARGES/FEE	6.00
ENDING BALANCE	794.57
MIN BAL ON 2-1-00	54.97

SAVINGS

CHECKING ACTIVITY

DEPOSITS POSTED	AMOUNT
1-05	230.66
1-15	765.59

DESCRIPTION
DEPOSIT
DEPOSIT

WITHDRAWALS CNO	PAID
106	1-16
107	1-24
108	1-26
POSTED	AMOUNT
1-21	40.00
1-22	20.00

AMOUNT
632.75
35.98
72.43
DESCRIPTION
ATM WITHDRAWAL
ATM WITHDRAWAL

CHECKING SERVICES CHARGE AND FEE SUMMARY

AMOUNT	DESCRIPTION
6.00	MONTHLY SERVICE CHARGE

Case Study

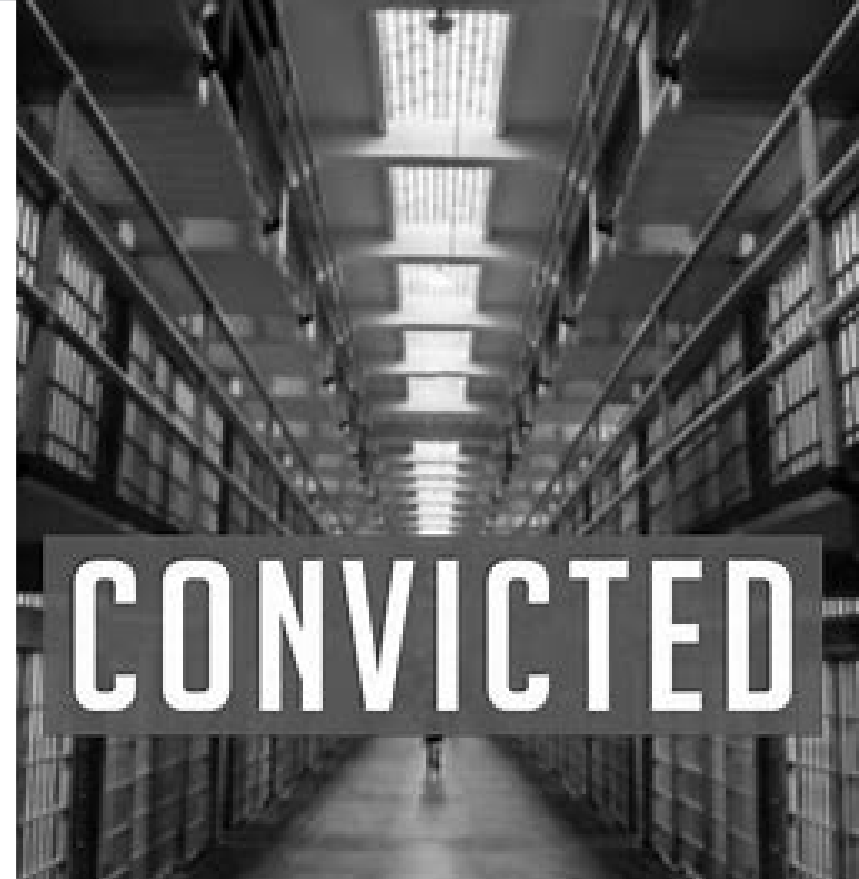


Case Study



Informal Value Transfer Systems and Human Trafficking

- Human Trafficking can be a major source of income.
- Perpetrators may be in Regulated businesses.
- Perpetrators may launder cash generated from all crime types, including but not limited to Human Trafficking.
- Hawala and Other Similar Service Providers might be facilitators to laundering the proceeds of Human Trafficking.



Case Study

Case Study



Breakout Session

- **Group 1**: You receive a SAR relating to a Money Service Business, suspected of transferring proceeds of human trafficking. What would you do with the information?
- **Group 2**: You have arrested a suspect you believe is involved in human trafficking. What enquiries would you make, and with who, to progress your investigation?
- **Group 3**: A third party reports to you that they believe funds deriving from human trafficking are being laundered through a local car wash company. What would you do?
- **Group 4**: You have your suspicions about a nail bar being used, both to exploit victims of human trafficking and launder the proceeds of crime. How would you progress your suspicions to possibly commence an investigation?

Human Trafficking for Forced Labour

"all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily."

Types and Characteristics of Forced Labour

- Victims exploited for multiple purposes in isolated environment
- Victims work for offenders
- Victims work for someone other than offenders
- Exploited by partner (in a domestic environment)
- Exploited by relatives (in a domestic environment)
- Exploiters not related to victims
- Forced gang-related criminality
- Forced labour in illegal activities
- Forced acquisitive crime
- Forced begging
- Trafficking for forced sham marriage

Identifying Suspicious Transactions and Money Laundering from Forced Labour



Case Study



Case Study





Case Study

- Faroz ALI – Guilty of 15 counts of trafficking Fijians to New Zealand.
- Charged exorbitant fees.
- Exploited workers.
- Forced workers into overcrowded conditions.



Challenges in detecting, investigating and prosecuting money laundering.

- What would you consider to be challenges faced when detecting, investigating and prosecuting money laundering from the trafficking of human beings?
- Limited international co-operation
- Lack of awareness or concern from law enforcement/prosecution authorities
- The difficulty to detect funds.
- Money laundering risk from proceeds of human trafficking not adequately detailed in risk assessments and understood.

Case Study

- **Difficulties in determining benefit gained through certain types of Forced Labour.**
- A Tanzanian woman trafficked a 21-year-old woman
- The offender's family paid for the victim's visa and flights
- The offender and her three children all lived in one room
- The victim was forced to work for up to 19 hours a day
- She was never paid for her work
- This exploitation lasted seven months.

Good Practices in combatting money laundering from Human Trafficking.

- Assess the diverse money laundering risks from human trafficking, share with stakeholders and ensure that they're understood.
- Leverage expertise, capabilities and information through partnerships between the public sector and private sector.
- Appropriately identifying suspicious transactions linked to human trafficking and creating useful STRs.

Good Practices in combatting money laundering from Human Trafficking.

- Raise awareness of human trafficking as a means to potentially support terrorist organisations
- Development of specialist and generalist training
- Other good practices

Cross Border Cash Smuggling



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Aims and objectives

- Legitimate cash usage and cross border cash transportation
- Advantages and disadvantages of using cash
- What smuggled cash looks like
- The problem of bulk
- Criminal decision making
- Movement of criminal cash into other jurisdictions
- Bulk smuggling – hiding in plain sight!



Legitimate cash usage

- 3.4 billion US dollar banknotes in circulation with a value of USD 4 trillion
- 21 billion Euro banknotes in circulation with a value of 1.2 trillion Euro
- Cash still used extensively - particularly for low value transactions
- Therefore banks still need cash on a day to day basis



Advantages of using cash

- Cultural issues
- Cash is widely accepted
- Cash is quicker
- Discounted goods
- Interest and fees
- Cash is dependable in a crisis
- Store of value



Disadvantages of using cash

- Heavy and bulky to transport
- Vulnerable to theft
- Cash hoarding restricts wealth
- Cash restricts purchasing options
- Making remote payments requires the cash to be transported
- Cash is costly to count and process



Legitimate cross border cash transportation

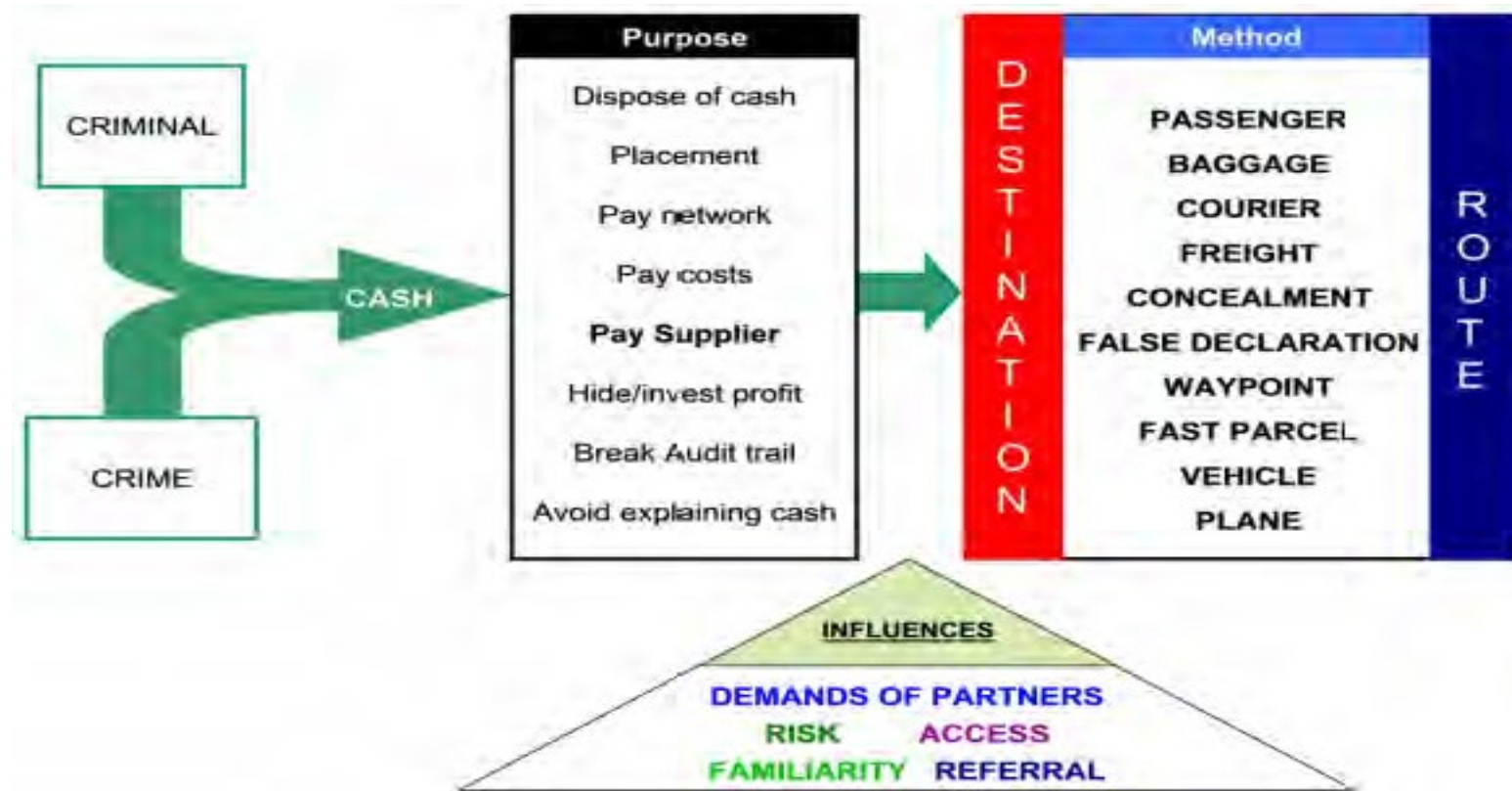
- People and businesses carry cash across borders (especially in Eurozone)
- Banks need cash for day to day business
- Banks buy and sell banknotes on global markets
- There is a large global market in trading currencies for profit between banks
- Cash is transported in huge quantities by air cargo – limited customs scrutiny
- Can be difficult for authorities to tell if a shipment of cash is legitimate



Cash declaration

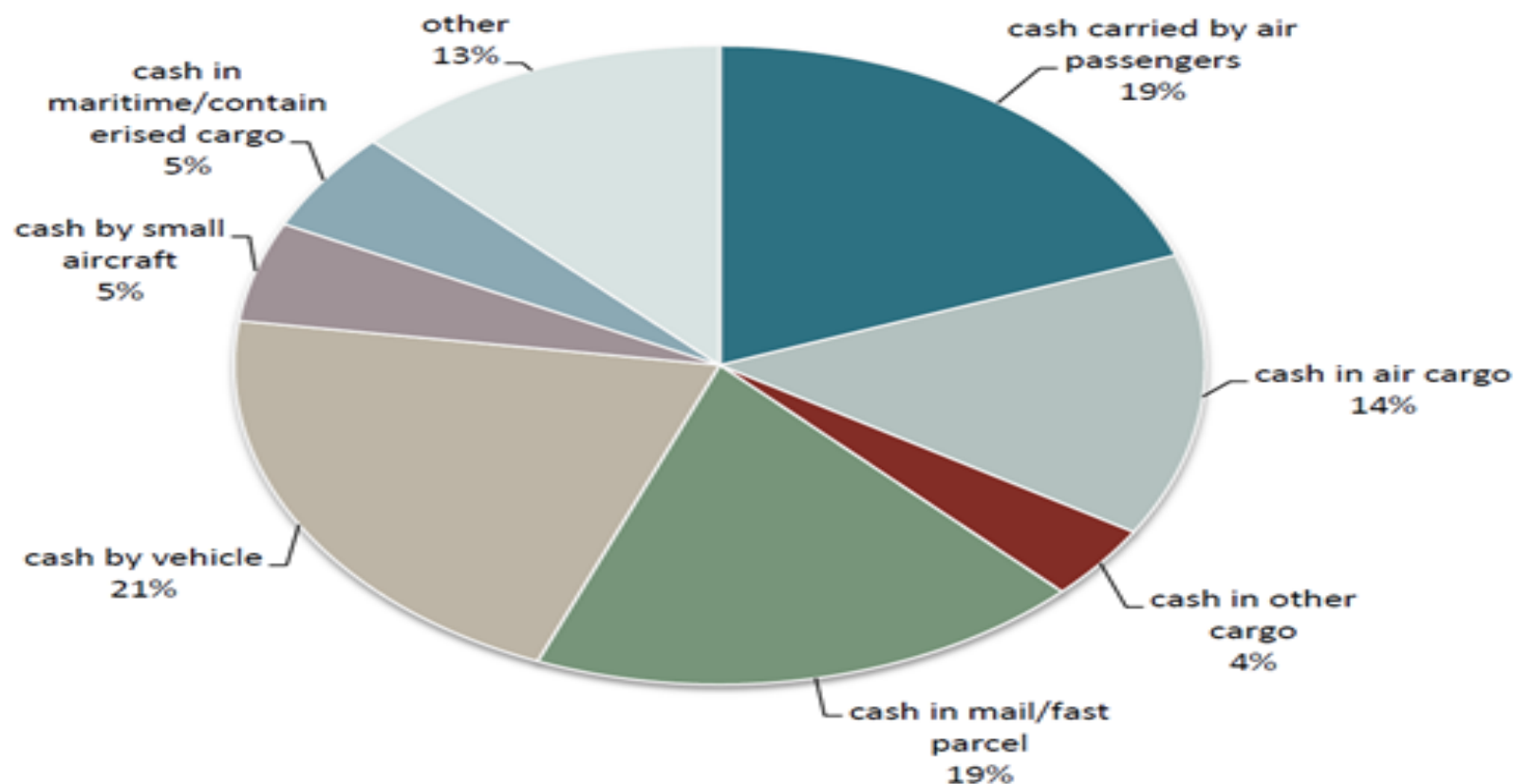
- Most countries have a cash declaration system for natural persons, but few have a declaration system in place for cash in cargo and mail
- Only limited collaboration between neighbouring countries in respect of cash declaration systems
- Criminals can exploit cash declaration systems
- Some countries do not require cash consignments to be declared at Customs
- In other cases neither the currency nor the denomination need be declared
- Often only the intrinsic value of the cash (paperwork, ink etc.) need be declared
- International obligations on mail are guidelines only and need to be enforced by national legislation

Criminal decision making influences purpose and method of cash movement



Money Laundering through the physical transportation of cash – FATF October 2015

Graph 7. Most frequently encountered methods of cross-border transportation of cash





FATF – Four stages of movement of criminal cash

- **Raising**
- **Moving**
- **Storing**
- **Using**

Role of Cash – The €500 Bank note



Project Restful

20th April 2010

Withdrawal of wholesale supply of €500 bank notes within the UK

Use €500 notes makes cash much less bulky and easier to transport

Co-operation with UK Financial Institutions

Initiative of SOCA (pre-cursor of NCA)

Aim: To deny the supply of €500 to UK Organised Crime

Result: Move to €200 & €100 bank notes.

Cash Smuggling







Cash Smuggling indicators

- Canine - positive indication for controlled drugs/money
- Masking agents (foil, carbon paper, air freshener)
- Odour on notes, petroleum, marihuana, masking agents
- Last minute decision to travel
- Third party purchase of tickets for travel
- Appropriate luggage for trip duration
- Convoluted route and different modes – efficient?
- Stay in destination country too short

Criminal Cash indicators

Bank of Canada	Street Cash
White paper strap	Elastics
Ends of bundle even	Ends may be uneven
Bundles of 100 notes	Bundles often totalling \$1000, \$2000, or \$5000
Bundles of one denomination	Bundles of mixed denomination
A Block contains 10 bundles of the same denomination	Blocks are based on amounts often \$5000 or \$10000.
	



Criminal Cash indicators

- Cash is used when it would be easier and less risky to use a bank
- Suspicious circumstances; concealment, clandestine handover
- Presence of other criminal indicators eg drugs, drugs paraphernalia, scales, cash counting machine, banking receipts etc.
- Larger quantities of cash
- Lack of a credible explanation
- In the UK, presence of Scottish or Northern Irish banknotes
- Use of tokens as a rudimentary form of identification / receipt

Key Actions

Keep the cash secure !!

- Question the suspect about cash

Exploit forensic the opportunities



Forensic Opportunities

- Often the law expects us to bank the cash as soon as we can
- BUT when we bank the cash all forensic opportunities are lost
- So before banking we should consider forensics
- Where we find cash concealed we should ideally start by photographing the cash in its concealment
- Deconstructing the concealment to show the cash
- Remove the cash from the concealment
- Back at the office you can photograph the bundle containing the cash
- Photograph and retain each layer of wrapping
- Particularly note any heat sealing or use of coffee/ chemicals to reduce scent

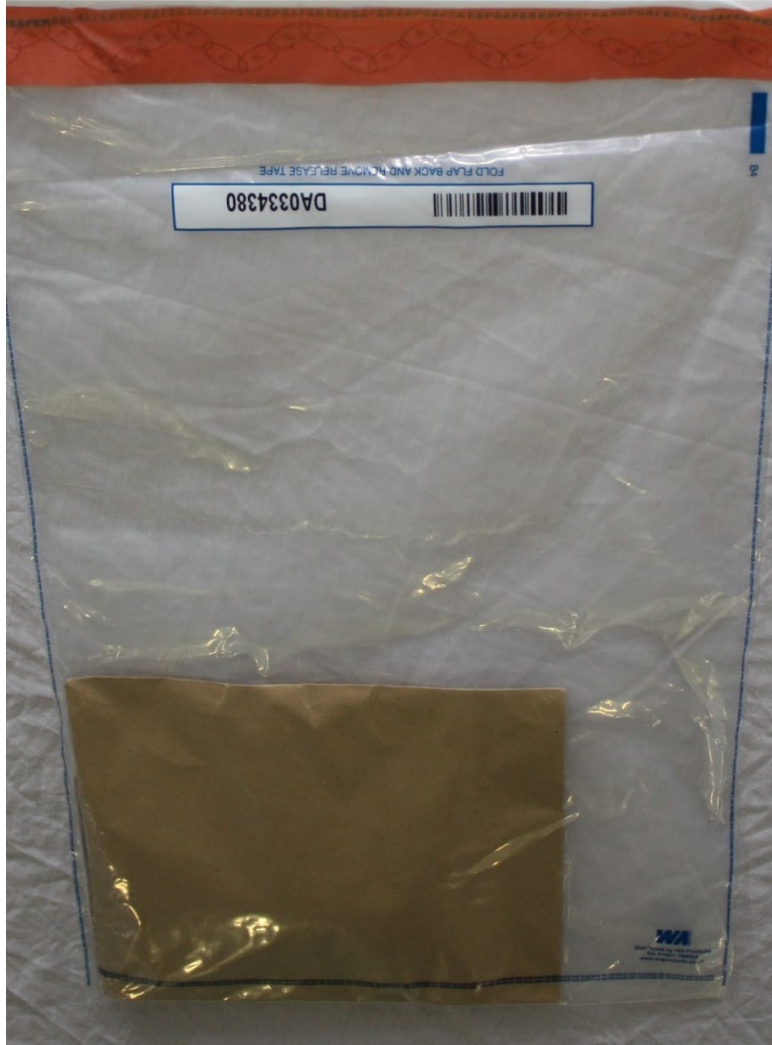


Forensic Opportunities

- Photograph the bundles within the package
- Photograph each bundle individually
- Ideally fan out each bundle of cash so that the serial numbers on the notes are visible and photograph them
- UK notes can be traced through the Bank of England who will give you the date on which they were minted
- One Defendant recently claimed to have no knowledge of £70,000 found in a sports bag hidden in the roof of his house
- He stated the bag must have been there when he bought the house five years earlier
- Evidence from Bank of England showed that all the notes were minted in the last 18 months.
- He lost the cash and subsequently was charged with money laundering



Photographing Cash



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Forensic Opportunities

- You may want to fingerprint the cash
- This is often difficult as many people handle it
- Examine the wrappings closely- often the forensic opportunities are better there
- If there is a paper wrap or thick elastic band less people will have handled that
- Often the fingerprints / DNA traces on the inside of a thick elastic band will be good, as they are made when the band is stretched and then protected from contact







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Money Laundering Through the Use of Gold



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Introduction

- Used as a method of payment throughout history and throughout most cultures.
- Universally accepted.
- Maintains its value.
- This session will look at case studies and highlight red flags for money laundering.



Why is Gold Attractive to Criminal Groups?

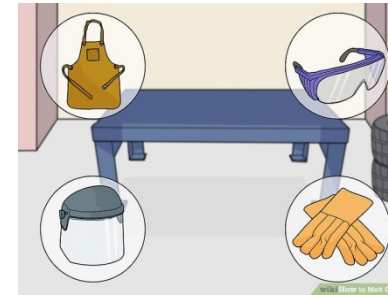
- Nature and size of the market.
- Anonymity.
- Easy to move value.
- Can be cash intensive.
- Holds value
- Investment.
- Global currency
- Legitimate
- Simple to liquidate
- Simple to conceal.
- Simple to change form.



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Gold Smelting – Potentially Simple



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Gold – Cash and Drug Equivalents



Gold – UK Experience.



- Organised Overseas
- Criminal Cash Used to buy Gold
- 'Cheap Finance'
- Gold Exported



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Gold – Operation Goldeneye



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Gold – Abu Dhabi Convictions

- 4 Filipino nationals convicted for fraud.
- Defrauding approximately 4,000 other Filipinos – Investing in gold.
- Luring investors in jewellery trading.
- Pyramid scheme
- Co-ordinated efforts
- 5 Years in jail, seizures of assets, penalties and deportation.



Gold – UK Experience – Recent Developments

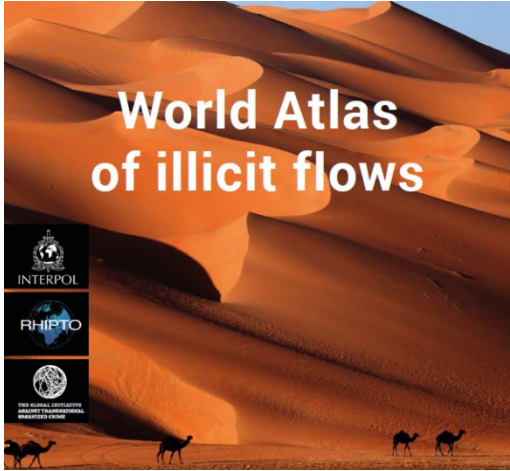


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Impact of Illegal Gold Mining.



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REUTERS

APAC
NOVEMBER 12, 2020 / 6:22 AM / UPDATED 2 MONTHS AGO

Exclusive: Gold market authority threatens to blacklist UAE and other centres

By Peter Hobson

LONDON (Reuters) - The world's most influential gold market authority is threatening to stop bullion from countries including the United Arab Emirates entering the mainstream market if they fail to meet regulatory standards, a letter seen by Reuters showed.



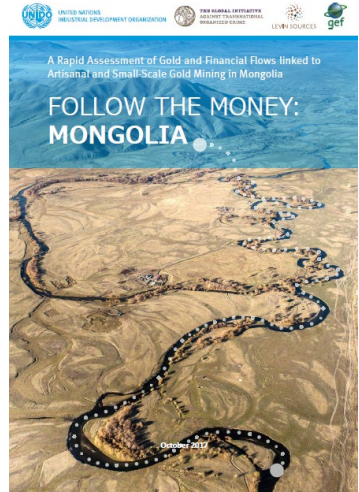
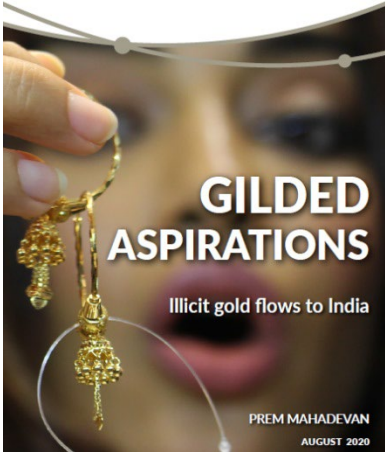
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THE TIMES Today's sections Past 48 days Explore Times Radio Times My account

The child labourers risking their lives in Ghana's illegal gold mines

Our investigation reveals a shady supply chain stretching from west Africa's hazardous gold mines through Dubai and on to Europe. Report by Louise Callaghan, John Beck and Desmond Akudibilla

RESEARCH REPORT



global witness

BENEATH THE SHINE A TALE OF TWO GOLD REFINERS

July 2020



Red Flags – Customer Behaviour

- Increased purchases by established customers for no apparent reason.
- Multiple transactions over a short period of time.
- Transferring bullion for no apparent commercial purpose.
- Occupation inconsistent with customers profile.
- Unknown customer requesting a refiner to turn gold into bullion.



Red Flags – Company Behaviour

- Non-reporting to the FIU by the gold industry organisations.
- Changes of business name.
- Registration of a trading company in a tax haven whilst business relates to another jurisdiction.
- Movements of funds which are not related to their nature of business.
- Numerous sole proprietorship businesses seemingly unrelated, but controlled by the same people.
- Use of false business addresses.
- Use of Shell Companies located across jurisdictions.
- Difficulties in tracing commercial activities
- Lack of transportation of good clarity.



Red Flags – Trade Based Behaviour

- Cash payments for high-value orders.
- Misclassification of gold purity, weight and origin on declaration forms.
- Shipping to or from a 'high risk' jurisdiction.
- Transshipment via one or more 'high risk' jurisdiction.
- Consignment type or size inconsistent with regular business activities.
- Transaction involves use of Shell or Front companies.



Red Flags – Payment Behaviour

- Numerous entities in the payments chain.
- Movements of funds with changes in the payments' purpose.
- Granting loans to foreign companies.
- Granting loans to natural persons.
- Declared gold is said to have come from a place with no extraction licence.
- Large amounts of funds transferred internationally and then withdrawn.
- International transfers to countries where company is not registered.
- Significant cash withdrawals by participants in the gold trading industry.
- Diversion of funds to pay for merchandise.
- Concealing the source of funds and underlying ownership.
- Original source of funds to buy gold cannot be established.
- Sales proceeds sent to unknown third parties.



Red Flags – Predicate Crime Activity

- Production and commercialisation of gold without a license.
- Hiring of a third party to operate the mine.
- Licensed mines where there is no apparent reason for its decline.
- Mining activities not in accordance with a characteristics of a small mine.
- Mining activities without compliance to the regulations.
- Development of mining activates in prohibited areas.



