

FINANCING OF TRAFFICKING IN HUMAN BEINGS IN ROMANIA

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Policies against trafficking in human beings began in Romania shortly after the 1989 revolution when the main organised crime groups emerged. The legislation developed at a slow pace and mostly after the year 2000 (Centro de Estudos Sociais, 2014, p. 453). In December 2000, Romania signed the United Nations Convention against Transnational Organised Crime as well as the Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children.¹ Shortly after, in 2001, the parliament adopted Law No. 678/2001 on preventing and combating trafficking in human beings. Heavily amended over time and supplemented by other legislation, this law is still in force in 2018. Human trafficking was defined as a crime in the Criminal Code that entered into force in February 2014.² In 2006, Romania signed and ratified the Council of Europe Convention on Action against Trafficking in Human Beings³ and established the National Agency against Trafficking in Persons (ANITP) under the supervision and coordination of the Ministry of Internal Affairs.⁴ ANITP has the mandate to coordinate, evaluate and monitor at national level the implementation of policies against trafficking in human beings, victim protection and assistance. Also, ANITP is the national rapporteur under the EU Directive on Trafficking in Human Beings 2011/36. The Directorate for Investigating Organized Crime and Terrorism (DIICOT) has the legal mandate to investigate human trafficking crimes.⁵ It is an autonomous and specialised anti-organised crime prosecutor office under the General Prosecutor Office. The Romanian Police, organised under the Ministry of Interior, cooperates with DIICOT as judicial police and also established a Trafficking in Persons Unit within Directorate for Countering Organised Criminality.

Historically, Romania had been a country of origin and transit, but recently it became also a destination country for trafficked persons.⁶ Trafficking within Romania (internal trafficking) is also on the rise as

¹ The Convention and the Protocol were ratified by the Romanian Parliament in 2002 by Law no. 565/2002.

² Chapter VII – Trafficking and exploitation of vulnerable persons, Articles 209-217.

³ Law no. 300/2006 ratifying the Council of Europe Convention on Action against Trafficking in Human Beings, adopted on May 3, 2005, opened for signature and signed by Romania in Warsaw on 16 May 2005.

⁴ The agency's applicable legal framework is Government Decision No. 460/2011.

⁵ Article 11, paragraph 1, no. 2 of the EO no. 78/2016: DIICOT has a mandate to investigate the crimes defined in Art. 210, art. 211, and art. 217 of the Criminal Code.

⁶ Media reports indicate that Chinese workers or babysitters from the Philippines are exploited in Romania. The 2017 US State Department Trafficking in Persons Report states that: "Romania is a destination country for a limited number of foreign trafficking victims, including sex trafficking victims from Italy and Armenia" (United States Department of State, 2017, p. 363). The 2016 GRETA report mentions that "in the period 2011 – 2015, 15 foreign nationals were identified as victims of trafficking (seven from the Republic of Moldova, five from Bangladesh, one from Serbia, one from Greece and one from Poland)" (p.7). A media report highlighted exploited workers from Honduras (Popescu, 2012).

35% of identified victims were trafficked internally in 2011 – 2014, most of them children.⁷ The most striking case of internal trafficking happened in Berevoiești, Argeș County, where 40 persons, including minors, were enslaved into forced labour over long periods of time.⁸ Nevertheless, a distinction needs to be made between traditional labour exploitation in rural areas (children sold to shepherds, for instance) and new forms of exploitation of Romanians in other European Union countries. Vulnerable people from poor areas, with poor education and few opportunities in search for a better life end up in the EU as victims of traffickers who promise jobs too good to be true and an easy way out of misery. New social narratives are constructed by the perpetrators to legitimise trafficking and slavery as consensual agreement between partners. Trafficking is justified as a family matter and legitimate practice between lovers or spouses. DIICOT notes that “traffickers do not just sentimentally overwhelm a victim, they marry her or have children with her, which is why receiving money from the victim’s prostitution activity (legal in the destination countries) becomes justified as money for family daily expenses”. (DIICOT 2017, p.16) The distinction between trafficking and sex work is intentionally blurred to avoid prosecution as prostitution is regarded as a legitimate way to make ends meet. Already vulnerable because of poor education and abusive families, the victims believe this narrative.⁹

The report is based on a desk research of available official statistics, reports and independent studies, of 18 interviews with convicted perpetrators conducted in four Romanian prisons (Jilava, Rahova, Giurgiu and Constanța/Poarta Albă) and six interviews with experts, NGOs activists and law enforcement professionals. Access to prisons was allowed based on a formal approval of the National Administration of Penitentiaries and subsequent cooperation agreements between Syene Centre for Education and each penitentiary involved.¹⁰ The selection of the convicted perpetrators was done by prison staff based on a profile submitted by the researcher (conviction for THB as part of an organised crime group, all types of exploitation, and willingness to participate in research). The study was formally approved by the Ethics Committee of Syene Centre for Education and all the interviewed perpetrators signed an informed consent form. At the end of each interview, without being previously informed, the interviewed perpetrators received an incentive.¹¹ The interviews were not recorded by electronic means, the researcher only taking written notes. The written notes were further transcribed into MS Word and organised according to the theme of concern (e.g. source of capital, settlement of payments). Thus, patterns were identified.

⁷ 78% of the child victims have been trafficked internally (GRETA 2016, p. 7).

⁸ DIICOT, Comunicat de presa, 13.07.2016 and DIICOT, Comunicat de presa 2, 13.07.2016. In 2017, the perpetrators received final sentences of between three years and five years and four months of imprisonment. One of the slaves has received damages of 15,000 lei (approximately €3,400) (Grigorescu, 2017).

⁹ DIICOT notes “increased exposure of counties in the Moldovan area, due to low living standards and increased unemployment, victims, especially minor, coming from disorganized families with precarious education” (DIICOT 2014, p. 14).

¹⁰ The author was supported in conducting this research by the Syene Centre for Education Romania, a Bucharest-based NGO.

¹¹ A notepad and one volume of *Great Encyclopaedia of World States*.

The patterns were further checked in the interviews with experts and available reports or studies.

1. MARKET OVERVIEW

The human trafficking market in Romania is very dynamic as the authorities struggle to control this crime. DIICOT reported 1,319 human trafficking files (involving 3,800 perpetrators) finalised with indictments in the period 2010 – 2017. In the same period, DIICOT investigated and dismissed other 4,329 would-be human trafficking files. Regarding the number of victims involved in the DIICOT files finalised with indictment, 6,470 victims were registered in 2010 – 2017 period, 35% of the victims being minors (2,262 minors).¹² The courts reported 2,230 offenders convicted for human trafficking in the 2010 – 2016 period.¹³ In cases ongoing at the beginning at 2018, human trafficking represents 8% of all cases dealt with by DIICOT, coming third after drug trafficking (56% of total ongoing files in 2018) and cybercrimes (24% of total ongoing files at the beginning of 2018) (DIICOT 2018, p. 14). Human trafficking indictments (including plea bargain) constituted 15% of total organised crime group indictments in 2017, in fourth place after cybercrimes, economic crimes and drug trafficking (DIICOT 2018, p. 15). In the total number of cleared up organised crime group cases in 2017 human trafficking made up 16%, followed by smuggling, tax evasion and drug trafficking. Thus, human trafficking represents a tangible share in the overall crime market in Romania, being conducted by specialised OCGs. The domestic prostitution market involves between 23,000 and 47,000 sex workers, generating over half a billion euros. According to recent estimates, if prostitution is legalised tax revenues would reach €100 million per year (CRIDES, 2012).

ANITP annually reports about the victims of human trafficking registered in their database,¹⁴ although full data on victims is available in open format only for the year 2015,¹⁵ raw data being only selectively available for other years. Comparing with the DIICOT victim statistics, ANITP identified more victims through their identification mechanism (6,532 victims in 2010 – 2016 vs 5,861 DIICOT identified victims, in the same period). The number of victims is even greater if one considers the 2015 Eurostat report which highlights that “Bulgarian and Romanian citizens were also most likely to be registered in another EU country as victims of trafficking” (Eurostat, 2015, p. 34). Only for 2010 – 2012, Eurostat (2015, p. 35) reports 6,101 Romanian victims registered across the EU (Romania is on the first place as per number of victims). Large

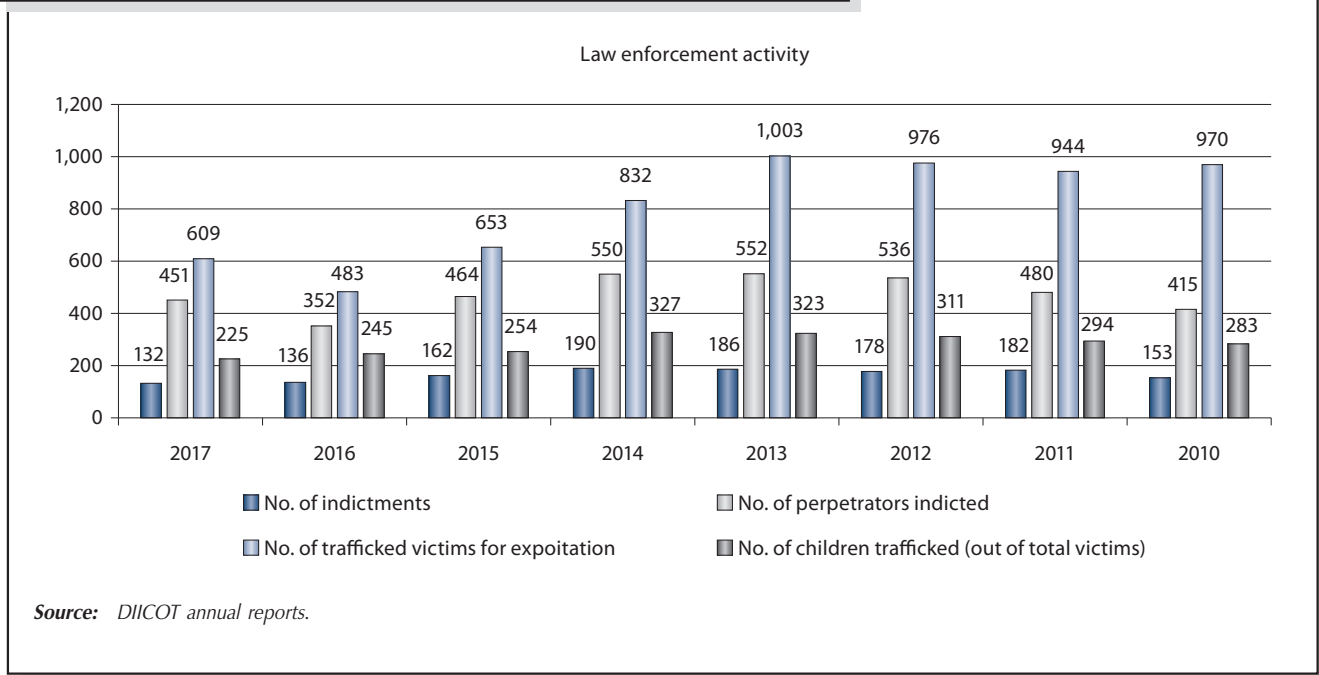
¹² Data compiled from DIICOT annual activity reports. In its 2014 annual report DIICOT provided regional victims statistics on human trafficking and smuggling in migrants’ altogether, although more than 90% of the victims come from human trafficking files.

¹³ Data compiled from the US State Department annual trafficking in persons report.

¹⁴ National Integrated System to Monitor and Assess Trafficking in Persons (SIMEV).

¹⁵ Open data available here: <http://data.gov.ro/dataset/victime-traffic-de-persoane-2015> (full data on victims).

FIGURE 1. MAIN STATISTICAL INDICATORS REGARDING HUMAN TRAFFICKING PROSECUTIONS 2010 – 2017



numbers of Romanian victims (over 400 in 2010 – 2012) were reported in UK, Italy, Spain, France, and Germany.

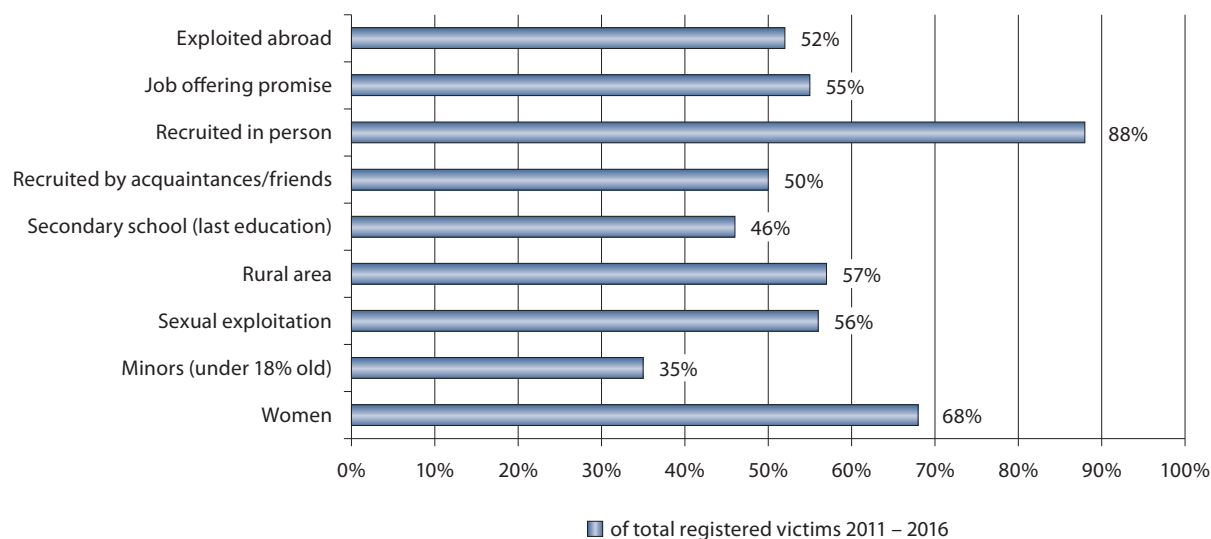
Victims are from all over Romania, rural and urban, men and women, trafficked inside or outside Romania. In the period 2011 – 2016 most of the victims were women (68%), half of them girls/minors. In respect to men (32%), only 10% were boys/minors. The main type of exploitation was sexual exploitation (56% of the victims), followed by labour exploitation (31%), begging (7%) and other forms of exploitation (forced theft, failed exploitation, etc.). Most of the victims came from rural areas (57%).¹⁶ Considering the level of education, most of the victims (46%) had completed lower secondary education (5 to 8 grades), followed by upper secondary (26%) and primary (14%).¹⁷ Regarding age, 33% of the victims were in the 18-25 year-old cluster, while 32% were 14-17 years old. The next relevant age cluster (18%) were those 26-40 years old. Considering the type of family background, 53% of the victims were raised by both parents and 28% by single parent, with 14% raised in foster homes and abandoned.¹⁸ Half of the victims were recruited by acquaintances or friends and 33% by individuals not previously known to them, 10% were recruited by family (including parents) or spouse/partner. Other recruiters included neighbours and pimps. The most common recruiting promise was foreign job offering (41% of victims), followed by prostitution and pornography (24%), and domestic job offering (14%). Most of the victims

¹⁶ 43% from urban areas. ANITP provided in their reports specific data on rural/urban scale only for the years 2011 – 2015. Nevertheless, from the interviews it seems the trend did not reverse.

¹⁷ Data compiled from ANITP report for the years 2012 – 2016, the only years from which raw data on victim’s education were available.

¹⁸ The data are for 2016, the only year for which ANITP provided raw data.

FIGURE 2. PROFILE OF THE VICTIMS



Source: ANITP annual reports.

were recruited in person (88%), 3% by newspaper advertisement and 2% online. Romania is the preferred country of exploitation (internal exploitation), with almost half (48%) of the ANITP registered victims in the period 2011 – 2016 exploited in Romania. The other half was exploited abroad, top five destinations including Italy (14% of total registered victims), Spain (11% of total registered victims), Germany (9%), Greece (4%) and UK (3%).¹⁹

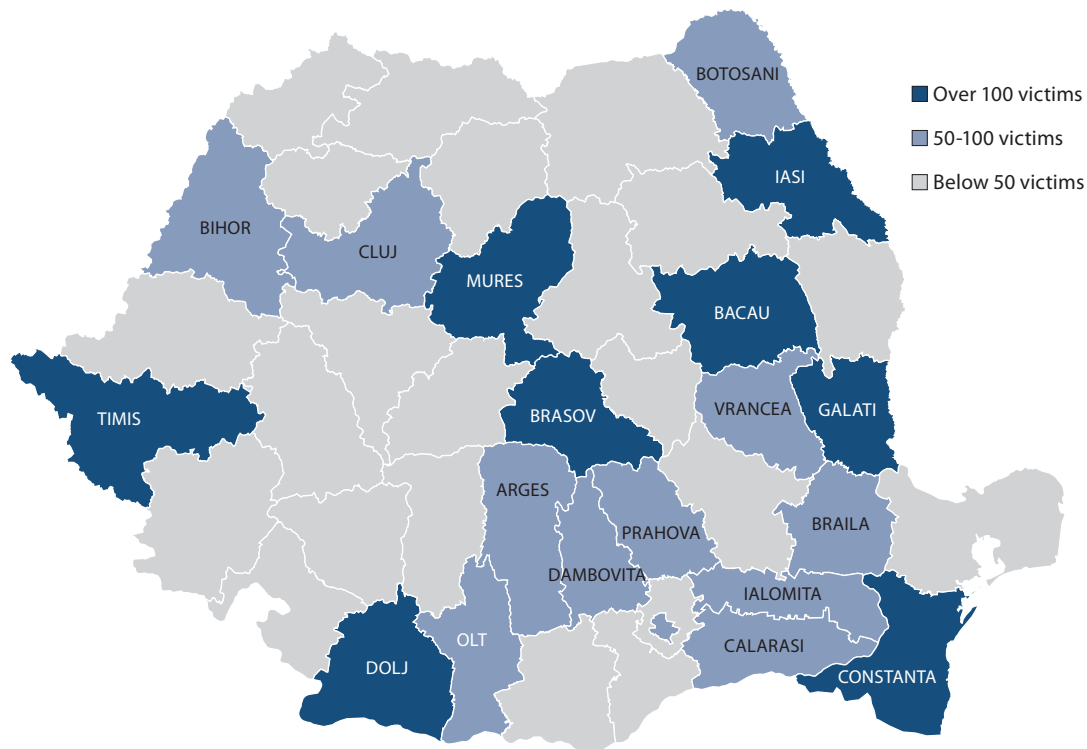
Sexual exploitation is the main mode of exploitation as there is a high demand in Europe for sexual services, with large consumer countries (cities where sex city breaks are being organised with dedicated low-cost flights). In some countries, sex work/prostitution is legalised, while in Romania it has an unclear legal status (it is no longer incriminate, but subject to an administrative fine) (RO-E4 and Sandu, et al., 2017). Regarding labour exploitation, trafficked workers are exploited in agriculture (72%), begging (11%) and construction (8%).²⁰ Labour exploitation is less represented in statistics for cultural and law enforcement reasons (RO-E2). Men typically do not consider themselves victims of human trafficking. They interpret exploitation as deception and are reluctant to submit complaints, thinking worse things happened in life. Labour complaints are submitted by Romanian workers in the country of exploitation and they are prosecuted by other countries' agencies or law enforcement agencies in Romania consider the crime as deception. This happens as labour exploitation is seen mainly as a labour matter, a civil dispute. The other reason is that deception is more easily prosecuted, the evidence for trafficking being hard to obtain.

¹⁹ The data cover the period 2011 – 2016, raw data being available.

²⁰ ANITP 2012 and 2013 raw data.

Almost 30% of the victims in 2013 – 2016 period originate from five Romanian counties.²¹ Dolj (177 registered victims), Constanta (173 victims), Brasov (172 victims), Mures (172 victims) and Timis (122 victims).

FIGURE 3. HUMAN TRAFFICKING MAIN RECRUITING COUNTIES



Source: ANITP annual report.

Although there are not many studies of the sex market in Romania, those available suggest that there are 23,000 to 47,000 sex workers in Romania (Sandu et al., 2017). ANITP and DIICOT statistics reveal that half of the trafficking is cross-border and half is domestic.²² Commercial sex is still regulated by legislation on public morality.²³ There is no public record of the number and level of fines applied to sex workers, qualitative data indicating that on average a sex-worker receives 3-4 fines daily (Sandu et al., 2017, p. 4). The qualitative data indicate that “sexual workers tend to adopt a pattern of temporary or circular migration in Western European countries for a few months to a year to supplement their income” (Sandu et al., 2017, p. 3). Massage parlours and video-chat business are legal, but loosely regulated. According to media reports, cybersex workers may earn up to €4,000 monthly as

²¹ Romania has 41 counties.

²² ANITP reports.

²³ Art. 2 of Law no. 61/1991 – inviting persons in public places, under any form, to engage in sexual intercourse in order to obtain material benefits, as well as urging or compelling a person, for the same purpose, in committing such deeds shall be punished by a fine of 500 to 1,500 lei (€111 to €333).

international webchat companies open subsidiaries in Romania (Pressly, 2017). Nevertheless, average income is lower, below €1,000/month, as suggested by video chat companies (Glamour Studio, March 30, 2016). Sex-workers are considered deviant, thus treated with hostility by family and with enmity by public authorities. Social stigma and self-stigma prolong marginalization, lack of access to public goods such as social assistance, healthcare, and protection as sex workers are reluctant and even afraid to report to the authorities abuses against themselves (Sandu et al., 2017). In a recent case, a minor victim of human trafficking recognised a police officer with whom she had sexual intercourse and declared he threatened to fine her for having sex with him (Tolo.ro, January 30, 2018). Marginalization thus makes sex workers easy victims to human traffickers. ANITP statistics on victims reveal that 24% of the victims are approached by the recruiter proposing a prostitution job. Thus, we may infer that sex-workers may be vulnerable to such offers.

2. MARKET STRUCTURE AND SOCIAL ORGANISATION OF TRAFFICKING NETWORKS

OCGs in Romania tend to have either a sophisticated structure with units having specific tasks and expertise, or to be loose networks with simple structures (DIICOT, 2018, p. 18). Human trafficking OCGs tend to fall in the second category, being networks linked by family, kinship or ethnic ties. Several of the OCGs identified in the research were ethnic/clan based (Roma) groups, other were mainly profit oriented groups without an ethnic base – association of former neighbourhood acquaintances and friends, or common criminal background. Almost all the groups, during their life-span, operated in Romania as well as cross-border. Most of the perpetrators interviewed reported that their network was composed of relatives and friends. In the RO-C8 file, 80 perpetrators were involved from the same family (parents, children, uncles, aunts, cousins). In the RO-C2, RO-C4, RO-C12 files, the perpetrators also had family ties (cousins, extended family). The majority of traffickers are male but perpetrators reported that some of the victims were given a higher status to recruit and supervise other lower level victims. RO-C9 (perpetrator) used his first victim to recruit other three women, all of them living with him and prostituting in the same apartment. Although part of a larger group, each member had his own group of victims. Such women groups are extremely unstable as victims come and go, they fight and regroup. RO-C15 allegedly started a relationship with a “girlfriend” who prostituted for him and brought in another two “friends” to prostitute together. RO-C15 said he had up to eight women in exploitation in the same time, in different European countries (Germany, Austria, Belgium, Italy, and the UK): “in the beginning they fall in love, they want to give everything to their lover.” Romanian perpetrators operate with small and mobile groups of victims, supervised by few members. The sexual exploitation trafficking business model changed in last years to make it safer for the

perpetrators. The traffickers marry their victims, even having children with them, arguing when prosecuted that they have a consensual agreement to prostitute in order to have an income for the family. Lover-boy continues to be the most used recruiting method for sexual exploitation (DIICOT, 2017, p. 16).

The prostitution market in Romania is structured by the location in which sex is being conducted: street prostitution, indoor prostitution (apartments/villas, massage parlours, clubs/hotels), escort and video-chat, with many sex workers abused and trafficked (TAMPEP, 2002 – 2004, pp. 305-307). According to the interviewed perpetrators, the distinction is only relevant for the level of comfort and hygienic conditions, OCGs penetration and prostitution practices/sex work being similar.

At the same time, these groups are extremely violent. RO-C4 said his clan is the most violent in the city, committing also murders. They intimidate, coerce and beat victims who do not obey. RO-C8, RO-C9, RO-C10 admitted using violence against the victims from time to time. They also put psychological pressure on victims, make them dependent of different substances (drugs, alcohol). They use violence also against law enforcement or competing clans. RO-E1 gave example of a prosecutor investigating a crime group: “after a day into the office protecting a victim and arresting several perpetrators, minutes after parking her car in front of the house, the car was damaged and decorated with a funeral floral crown.” RO-C16 reported stories of the fights among clans for controlling territory.

The labour exploitation OCGs tend to be more sophisticated at least in the recruitment phase. They use commercial entities to place workers abroad and promise attractive salaries (\$1,500 monthly, for instance),²⁴ good working conditions, free accommodation and transport. Once in location, identity documents are seized under the excuse of drafting labour contracts. After they start working the victims are not paid, entering into a debt trap. The victims are told that the agency/the trafficker incurred several expenses bringing them to the work place (transport, accommodation, commissions, paperwork) and demand reimbursement. Thus, the victims’ first salaries are not paid in order to cover the trafficker initial expenses that are in fact overrated. The workers are left without money and the trafficker continue to cover their accommodation, transport and food, putting new overrated debts on their shoulders. Thus, the victim enters into a never ending cycle of dependence.

²⁴ A 2015 DIICOT file.

3. FINANCING AND FINANCIAL MANAGEMENT

3.1. Source of capital for initiating/sustaining criminal operations. Access to capital in critical moments

The perpetrators interviewed had connections with the criminal sector before engaging into human trafficking operations. Several perpetrators had been previously convicted for other offenses,²⁵ while the rest of the perpetrators were familiar with criminal practices.²⁶ The perpetrators reported that the initial capital is very low, most important being the abilities and knowledge of the territory/criminal environment. Some of the perpetrators entered the business with the help of a friend or a relative,²⁷ while the rest did it on their own. In order to begin a human trafficking for sexual exploitation undertaking, a place and victim is usually needed. RO-C12 started human trafficking as a way to diversify his real estate business which was in a downturn after the 2009 – 2010 economic crisis in Romania. The perpetrator established a hospice care in a particular location, but as debts continued to accumulate, in search of new opportunities, he was informed by a friend that prostitution was legal and it was very profitable business in Austria. Also, the friend recommended that he contacted another person in Austria. After a visit to Austria and a thorough training on the business specifics, RO-C12 started to recruit women, especially from his hospice care and from rural areas nearby, promising them a better life. His initial costs for establishing the activities in a foreign country were:

- recruiting costs (mainly transport to victims' locations and petty cash payments – €100);
- beauty salon costs and clothing (€1,000);
- transport to Austria by car (gasoline costs – €100 one-way);
- apartment rent (€1,200) and the initial deposit (€1,000) – in one apartment two or three victims were usually accommodated (the victims did not prostitute in the apartment, only in the clubs);
- medical tests and paperwork for independent worker license (€100) – according to the perpetrator the medical tests were run weekly and each victim had a medical insurance – (€50/week/person); the initial paperwork tour was subcontracted to an intermediary for €1,500/woman.

Thus, the perpetrator estimated that the initial costs were approximately €5,000 covered by his own savings, not borrowed. The perpetrator did not report costs for placing the victims in clubs.

RO-C2 reported that a victim transporter was paid €500 per transport, excluding gasoline (approximately €300 per round trip by car from

²⁵ RO-C3 and RO-C8 – theft; RO-C12 and RO-C4 – violence; RO-C10 and RO-C18 robbery; RO-16 car theft.

²⁶ RO-C1 and RO-C11 run a business in an area known to be infiltrated by organised crime, RO-C2, RO-C6, RO-C7, RO-C9, RO-C13, RO-C14, RO-C15, RO-C17 were raised in a criminal environment – family/foster home, neighbourhood, RO-C5 worked in a law enforcement agency.

²⁷ RO-C1, RO-C2, RO-C3, RO-C6 RO-C9, RO-C10, RO-C12, RO-C13, RO-14, RO-C15, RO-C17.

Romania to Germany). In RO-C9 and RO-C13 cases, the family (father, uncle and/or cousins) was involved in human trafficking so the initial costs were covered by the family. RO-C10 reported that in order to begin trafficking in Romania one needs €700 for the apartment rental and €150 for advertisement and clothing. In RO-C14 case, the perpetrator's initial cost consisted in renting an apartment in Romania (€300/month + half of a month rent as initial deposit = €450). The customers, mainly tourists, were identified by taxi drivers and accompanied at the location (for these services the taxi drivers were given 50 lei [€10] per client). In RO-C15 case, the initial costs were also related to renting an apartment in which sexual exploitation took place (the apartment was also located in Romania, so the initial cost was €500). In RO-C16 case, the perpetrator used the victims for street prostitution. The perpetrator reported that he did not pay for the place on the street because of his connections into the underworld clans ("on the street you need to have protection"). His initial cost was apartment renting, one apartment accommodating two-three victims. The perpetrator reported that the victims took care of their looks on their own (no beauty salon expenses were reported).

The perpetrators reported that newcomers did not buy victims but did the recruitment themselves mainly through the lover-boy method. RO-C16 said: "it's a stupid thing to sell/buy women, if you do not convince the girl you do nothing." Victims are recruited from poor neighbourhoods, from rural areas by promises and deceit. Through the lover-boy method, the perpetrator gives excessive attention to the target (a vulnerable person), buy herself presents, take her out, and exhibit his prosperity in order the victim to fall in love with him/care for him. The second step is to take the victim to live with him and to manipulate her to prostitute for him in order for them to live a comfortable couple life: "I get a babe, I suggest that she does prostitution to maintain our relationship, but also for helping her family with money" (RO-C10). The lover-boy method is based on the creation of a dependency (emotional but also different substances are used)²⁸ and psychological manipulation. The victim recruited by this method is called "wife." RO-C13 reported he had an official wife (not practising prostitution), a minor whom he married traditionally and from whom he was unable to divorce without being expelled by the community and clan, and a second "wife" used for prostitution. He reported he had to split every week between the two wives: he told to the second that he is forced by tradition, community, clan and family to stay with the first and he told to the first that he has to stay with the prostitute in order to raise money for the family. In RO-C17 case, the perpetrator was a drug addict youngster who recruited a drug addict victim that used to prostitute for drugs. The perpetrator was helped by a friend to start the business. The friend lent him money to rent an apartment and cover the initial investment: a professional photographer who took pictures of victims, costs of the ads in newspapers and a website. Thus, the initial investment was around €1,000.

²⁸ Alcohol, drugs, but also substances to enhance sexual pleasure so the victims to experience pleasure only with the perpetrator (RO-C4 and RO-E4).

The lover-boy method is used both by individual traffickers and by traffickers that are part of an organised crime group (RO-E2). RO-C18 (perpetrator) was part of a criminal group, his role being to recruit victims by the lover-boy method, maintain contact with them during exploitation and collect the money. After recruitment, the victims were sent by the other group members to Spain, Greece, and Italy. Each victim thought she was into a relationship with him (the three victims did not know each other) as they talked weekly by phone and he paid them regular visits (approximately four visits per year): "I had to be very careful so that they did not find they are a group of girls because otherwise jealousy would spoil things. You must be all for them. I have grey hair of too much talking on the phone with each girl until 2-3 o'clock in the night. Everyone would tell me her day to day problems." In the case of RO-C11, the perpetrator recruited the victim but having problems in renting an apartment and convince her to prostitute, he sold her for 300 lei (€65) to a trafficking group.

The RO-C8, RO-C4, RO-C3 cases involved perpetrators with a criminal record, part of well-established organised crime groups with different types of criminal activities.

After being involved in human trafficking no perpetrator reported the need for extra money to sustain the activities. The perpetrators reported huge profits from sexual exploitation starting from day one. Several perpetrators used the money from sexual exploitation to lend other perpetrators (usury practices among criminals). RO-C3 (perpetrator) reported that he was still owed some money and he planned to get it back after being released from jail. Law enforcement officials (RO-E4) report that the perpetrators are helped with money while in prison by the members of the group that managed to avoid prosecution. In one case the perpetrator that avoided jail time had to support 10 members of the group in prison (by regular money transfers).

In case of labour exploitation, the initial costs are comparable with those of sexual exploitation. In the RO-C7 case, the perpetrator recruited seven persons from his neighbourhood in Romania and promised them work in Spain. The initial investment per person was €220: €120 for the flight ticket and €100 for incidental expenses. The money was lent by the perpetrator and the victims had to repay him from their first salaries. Once in Spain, the victims were taken by an intermediary and they had to reimburse the money for daily accommodation and transport from their salaries. Accommodation and transport were provided by the intermediary in Spain (a member of the trafficking group), the victims being unable to travel without "assistance" or look for jobs themselves. Each day, those in need of workers would come to the accommodation location and select the desired workers (like a slaves' fair). The salaries were paid by those in need of workers to the Spanish intermediary, but the Spanish intermediary did not pay the workers because of their "debts."

3.2. Settlement of payments

In case of sexual exploitation, the perpetrators report a 50/50 share with the victim, but this is hardly the case in practice. There are two main types of control over the victims: daily monitoring (when the victim is controlled daily by the perpetrators or his agents in domestic or cross-border environments) and emotional control (when the victim has a certain degree of freedom of movement and of reporting the revenues).

In daily monitoring case, victims are left only with the clients' tips. The perpetrator takes all the money from the victim on a daily basis and provides weekly allowances for cigarettes and food instead. Perpetrators also buy clothing and makeup for victims (also drugs, alcohol, etc.). From time to time the perpetrator gives the victim several hundred euros to send to her family in Romania (approximately €150-200/month) (RO-E3). Thus, the family in Romania (sometimes a child) has just enough to survive from one month to another and the victim is kept in dependence. They are also emotionally blackmailed: according to phone tapping, traffickers speak nice to the victims, tell them they love them, they cannot live without them: "without you I am nothing," "you are my life", for instance. They also remind them of their children, giving free days and money to visit relatives in Romania (RO-E4). In emotional control cases (lover-boy method), the victim believes she is in a relationship with the perpetrator and she willingly reports and surrenders the revenues to the perpetrator.

RO-C2 reported that the victims would hand over to him in the morning all the money raised overnight. RO-C10 reported that his share was 75% and the victim's share was 25%. RO-C12 reported he kept all the money but he gave money to the victims when needed. RO-C13 reported having eight victims exploited in the same time, under the same roof (a villa rented for this purpose) and all the money was administered by himself (he registered on a notebook the money earned by each victim; the money earned during the day was collected each evening). RO-C15 said all the money was kept inside the house, in a safe place known also by the victims (three women): "everybody took from there as much as they needed." RO-C16 reported that the victims brought daily all the money to him. RO-C18 (a lover-boy) said that all the money was wire-transferred to him (Western Union, Money Gram, bank account) or handed over in cash during his visits. The wire-transfers were rapidly exchanged into cash.

Victims are also kept addicted to different substances, such as drugs (cocaine, marijuana), cigarettes, and alcohol. RO-C4, RO-C6, RO-C9, RO-C13, RO-C15, RO-C17 (perpetrators) admitted using drugs for themselves and the victims. RO-E3 encountered a victim who used to drink two litters of vodka with Red Bull energizer daily.

The level of income from sexual exploitation depends on the country in which exploitation takes place (Romania, Spain, UK, UAE, etc.), the season (winter/summer), the place of exploitation (club, street, hotel,

etc.), the day of the week (weekends tend to be more expensive), the type of sex and the physical appearance of the victim (beauty and age, minors generally being more expensive). In the interviews with the perpetrators several estimates on the average level of income per victim were provided. The perpetrators in the sample trafficked victims for sexual exploitation in Romania, Austria, Spain, UK, Italy, and Greece.

In Romania the average prices for sexual intercourse are 50 lei (€11) for oral sex and up to 200 lei (€44) per hour for normal/vaginal sex. The prices are lower on the streets and higher in apartments or massage parlours. There are exceptions and the so called "luxury" services may reach up to €200/hour (RO-C4, RO-C9, RO-C13, RO-C15, RO-C16, RO-C17). The number of clients per day in Romania is five to ten in an apartment/parlour and up to 20 on the streets, depending on the season (in summer, street prostitution is more active than in winter). The perpetrators reported that in Romania a victim earns between 700 lei – 1,000 lei (€155-€220) and 2,500 lei (€550) per day (2,000 lei [€440] being the average reported by several perpetrators). For an entire month, the perpetrators report 20-25 working days (free time, period, etc.). Thus, a victim exploited in Romania earns on average 30,000 lei (€6,660) per month (around €70,000 per year).

Abroad, in the European Union, prices are higher. In Austria the price is between €50 to €100 per sexual intercourse in clubs, a usual Romanian victim having between three and ten clients per evening. The perpetrators calculated an average to €500 per night per victim (although they also reported earnings of €1,000/night). The victim also earns a share from the client's orders of drinks at the bar (usually 10%). With an average 20 working days, each victim makes around €10,000 per month (€120,000/year). In Greece, the prices for sexual intercourse are lower but there are more clients. According to RO-C18 (perpetrator), in Greece there are brothels having a seven-euro entry fee for less than ten minutes of sexual intercourse. The perpetrator reported that the Romanian victims earned €300-500 per day, around €8,000 per month and €90,000 per year. In Spain the prices are between €60 to €100 in clubs/apartments (depending on usage of condoms or not) and €20 to €60 in the street. In clubs/apartment up to five clients per day are serviced, while in the street the number of clients goes up to 20 on average. So, an exploited victim generates €400 per day, €8,000/month and €90,000 per year. In the UK, the prices are in pounds sterling and they reach from £60 to £100 per sexual intercourse (depending on usage of condom). A victim may earn £500 to £700 per day at a hotel, having five to seven clients. RO-C3 reported that with four victims in the UK he earned on average £2,500/day. So, a victim generates on average in UK an income of £12,500/month, and £135,000/year (€150,000). RO-C10 (perpetrator) reported that over a period of three months in Italy he had an income of €50,000 with one victim. RO-C6 (perpetrator) reported the prices in Italy to be €30-€100 per sexual intercourse, with an average for 10 to 15 clients per day (€15,000/month, or €150,000/year). RO-C15 (perpetrator) reported cashing €200,000 from a victim in two years abroad. The sums above are estimates from the perpetrators point of view and memories and they should be taken with precautions as the perpetrators do not stay one

year into the same place and the victims are not exploited continuously (some leave or escape, get sick, etc.). The perpetrators in our sample exploited between 3 and 24 victims at the same time.

The income from selling victims for sexual exploitation also depends on the country of selling (selling abroad costs more than in Romania), the availability of passport (victims with passport are more expensive), age (minors are preferred), the person selling the victim (parent or trafficker) and physical appearance of the victim and the emotional status (e.g. offended, nervous). Victims are sold by recruiters (lover-boys) to organised crime groups and between organised crime groups. Nevertheless, there are instances when victims are sold by their own parents or caregivers to organised crime groups. In our sample, six perpetrators acknowledged selling victims to other traffickers/groups, except RO-C11 who said the acts he was indicted for were not real (namely selling a victim for €65). The price for a victim ranges between €400 and €8,000. RO-C17 reported recruiting and selling runaway teens to other traffickers for only €400. RO-C2 reported buying a teenage girl from her father for €3,000 (the girl had been transported by her father to Austria). RO-C3 reported kidnapping and selling teenagers to Albanian OCGs for up to €8,000/person. On average a victim for sexual exploitation costs €1,000-€2,000. As mentioned before, the numbers reflect the perceptions of the perpetrators. RO-E3 said that victims can be sold for as low as 100 lei (€20) and as high as €5,000.

In case of labour exploitation, the work of a farmer or of a construction worker is paid by €45-60/ working day (RO-E4). This money is not fully paid to the worker as the perpetrators keep most of the money to cover previous so called debts of the worker, and costs of accommodation and transport. Sometimes, the workers are guarded not to escape, are beaten to comply and their identity documents are seized by the perpetrators. They live in very poor conditions, with no medical assistance and work up to 15-17 hours per day. Several cases of Romanian workers enslaved in Italy were reported in 2017 (Antena3.ro, October 5, 2017; Dancu, 2017; Stoica, 2017). The workers are paid one euro per hour while the perpetrators keep the rest of the €50. Perpetrators can make a profit of €1,400 per month (around €15,000 per year) from only one worker. The monthly income from an enslaved worker is far less than from a sexually exploited person. Nevertheless, labour exploitation involves a higher number of victims at the same time²⁹ and is less risky than the sexual one as the authorities register such cases as tax fraud or labour disputes.

3.3. Costs of doing business

In case of sexual exploitation, the perpetrators' costs are related to accommodation and transport of the victims, commissions for wire-transfer (Western Union, MoneyGram), activities to keep the victim

²⁹ Thirty-five victims in an Italian case uncovered in October 2017.

dependent (club hang-outs, substance addiction, money to be sent to their families, cigarettes, food, clothing and makeup costs), guards' salaries to monitor the victims, licenses/authorisation and regular medical examinations, if any.

- When abroad, the victims are usually accommodated in a different place than the one in which they are exploited. The accommodation costs range between €700 and €1,800 per month and include rent and utilities (for three or four persons). These costs are paid by the perpetrators. In Romania, the victims are accommodated in the exploitation venue, the costs being up to €400/month including utilities (from 4 up to 12 persons accommodated in one apartment). Transport is done either by car or by low-cost air travel.
- The monthly costs for food and cigarettes were estimated to €200/per victim abroad; in Romania these costs are around €50.
- The cost of money sent by one victim to her family is €200/month (RO-E2 and RO-E3); moreover, the victims exploited in Romania are not allowed to send money home.
- RO-C12 perpetrator reported spending up to €1,500 weekly for clubs hang-outs, clothing and substance addiction for three victims.
- The costs for guard are up to €700 per month. RO-C2 was recruited as a guard and promised €700 per month to keep an eye on the victims. He stayed in a two-room apartment in Vienna with three of the victims, one being a minor.
- Medical costs were mostly skipped as the victims did not have access to healthcare. In few cases where perpetrators reported medical costs, they were up to €100/month. In some cases, in order to resemble fashion models, perpetrators invest in plastic surgery for the victims: increasing breast size, Botox injections (RO-E4).
- Promotion costs: internet (€10/month), ads (€10/ad), professional photos (€30/individual short session-15-20 photos), video-chat equipment (€75-€100/professional webcam), etc.

Regarding bribes, the perpetrators with activities abroad reported that bribes were not paid (e.g. as RO-C2 claims: "Austrian police do not accept bribes"). In Romania, regular bribes are paid to law enforcement and local politicians. RO-C15 established a massage parlour as a cover-up for human trafficking and he reported that he had to contribute monthly to the police €1,000 (in summer) and €500 (in winter): "the police came every month in order to collect the money during controls. They say the money is shared with those from the organised crime unit. You cannot do such business without police protection." The relationship between government officials and human trafficking perpetrators is currently a high topic on the public agenda in Romania as a recent journalistic investigation uncovered a human trafficking file involving police officers, intelligence officers, public servants, and prosecutors (Tolo.ro, January 29, 2018; Tolo.ro, February 1, 2018; Tolo.ro, February 3, 2018). RO-C8 (perpetrator) said he was a police informant and developed his criminal network under the protection and supervision of police chiefs (his marriage godfather being an influential police chief). He allegedly paid €5,000 to a prosecutor to drop charges against his son. RO-C3 admitted his trafficking operation benefitted from the protection of a member of

parliament who was offered money and prostitutes for free. He also declared paying regular bribes to local authorities (municipality and police). The relationship between civil servants/politicians and human trafficking networks is entrenched as reported by experts and media scandals.³⁰ RO-E2 and RO-E3 reported that local authorities are involved in trafficking networks, especially the police, oversight agencies and child protection services under the county councils (DGASPC). DGASPCs are called the “entrance of hell” as minors under their care are recruited by traffickers with the knowledge and sometimes help of the staff and managers.³¹ Even when the staff does not receive financial incentives from the perpetrators, they turn a blind eye for fear of losing their job.³² Other cases of public officials involved in THB have also been detailed in the Council of Europe’s Group of Experts on Action against Trafficking in Human Beings (GRETA, 2016, paragraph 188).

Taking into account the above mentioned costs, the average monthly business costs for a victim are €1,000³³ abroad and €200 in Romania (for accommodation, transport, meals and bribes). In case of large, very specialized criminal undertakings the costs for video-chat hardware and software equipment’s may go up to €30,000 or more, not to mention the plastic surgery works.

In case of labour exploitation, the initial travel costs and monitoring costs are the most relevant ones. Once in the exploitation venue, the workers are forced to work in order to pay back their real or overrated debts. The costs for accommodation and meals are also exaggerated by traffickers so that the victim would be unable to cover his/her debt irrespective of work effort. Monitoring workers involves physical abuses, threats, and movement restriction. RO-C7 reported that the victims were charged ten euros per day for accommodation and transport expenses. Nevertheless, the victims were paid for their working days even 45-60 days after they completed work, making them borrow money and entering into a never ending cycle of dependence.

3.4. Profits and profit sharing

In case of sexual exploitation, the profits are mainly used for luxurious lifestyle and investments in real estate and cars. Almost all profits are deposited or invested in Romania.³⁴ Profits are also used to establish legal businesses, but these businesses are mainly established to recruit victims (e.g. clubs, recruitment agencies) or cover up human trafficking

³⁰ Cases reported by media (Ciuperca, 2017).

³¹ DGASPC Dambovită file (DIICOT 2016, p. 105).

³² For instance, the staff do not report to the police when minors come back to their room late at night, wearing new clothes and having in their pockets expensive mobile phones. The cases are not reported even when the victims complained they were raped and beaten. According to a Government Note 66 children in the custody of child protection units have been trafficked in 2015: http://www.sgg.ro/legislativ/docs/2016/06/bz6nd_p9v3mhqw80ys7f.pdf

³³ This amount includes: €300 (accommodation and utilities) + €200 (food and cigarettes) + €200 (money for families) + €200 (guards and security) + €100 other costs (e.g. medical tests).

³⁴ Ninety percent, according to RO-C4’s estimate.

operations and launder crime money (e.g. real estate). Crime money are also lent with interests to other persons for a certain period of time, but this practice is not entrenched as the perpetrators are extremely mobile and it is hard to pursue debtors from abroad (RO-E4).

Lifestyle is a critical issue reported by all the perpetrators and experts interviewed. RO-E4 called the perpetrators “termites/white ants” as the profits are immediately spend on bets, restaurant meals, and private concerts: “In general, the Romanian trafficker lives for the day, the money is used to flatter their vanity.” RO-C2, RO-C10 and RO-C12 (perpetrators) reported losing money regularly to sport bets (up to €1,000 per month), RO-C6, RO-C13 and RO-C15 to casino gambling (especially roulette, up to €4,000 lost one night). RO-C2 described the perpetrator for whom he worked for as a spendthrift: “he was paying for the drinks for everyone in the bar.” RO-C12 spent money in restaurants hosting concerts of Romanian singers famous to the underground world (he declared giving €3,000 to such a person to sing several songs at his table). RO-C15 declared paying €8,000 for an hour for singing at this restaurant table. RO-C6 also admitted spending large sums of money in restaurants, paying fiddlers to play at his table. RO-C4 alleged to know traffickers who gave €20,000 to such fiddlers. Luxury clothing, watches, mobile phones and perfumes are also among usual goods bought by the perpetrators.³⁵

Real estate and cars are predominant investments (RO-E4). RO-C3 declared he invested the profits in apartments (for a single room apartment he allegedly paid €28,000, for another one €60,000), holidays homes, luxury cars and land in Romania. RO-C6 invested in real-estate. RO-C8 claimed to have invested in two apartments, one villa and several cars (but the assets are not registered on his name). RO-C12 declared he used crime money to buy two new cars: a BMW and a Peugeot. RO-C15 said he bought a brand new Range Rover for €55,000, a house and gave loans with interest to acquaintances. Cars may be included also into the lifestyle budget as they are bought with the intention to signal wealth and status.³⁶ RO-C16 bought a Range Rover Phantom though he did not hold a driving license. He also bought two houses. These investment choices need to be understood in the context of the regulation of cash payments which had not been capped before 2015 (more on this in section 5 below).

Infiltration into the legal economy is another development line for criminals. To launder money and cover up trafficking operations, RO-C3 has set up legal businesses – a club/discotheque, in which he allegedly invested €87,000, and a construction company, in which he allegedly invested €80,000. The perpetrator claimed that business was conducted legally, all taxes were paid, and he was regarded in the community as an honourable entrepreneur. In fact, his trafficking operations were located 100 km away from the business offices, in a hotel in a different county. As he reported, the club did not make any profits, but no big

³⁵ As reported by RO-C4, RO-C5, RO-C15, RO-E4.

³⁶ As reported by RO-C4, RO-C5, RO-C6, RO-C8, RO-C12, RO-C15, RO-E2, RO-E4.

losses either, being used mainly as a victim recruiting facility. Vulnerable women/girls were identified by the DJ and invited to the perpetrator's office, who promised them a better life. The construction company was used to launder the proceeds of crime. RO-C5 – a perpetrator and former law enforcement officer – also owned a club and a construction company. He trafficked aboard his former employees (four women) and intended to use the profits to construct a building. The victims transferred €86,000 to his name (using Western Union and MoneyGram). On this money, the perpetrator bought land and construction materials before being prosecuted. RO-C8 established real-estate agencies, construction companies (building houses and office buildings) and fast-food restaurants, using crime money. RO-C15 established a massage parlour as a cover-up for human trafficking. Different traffickers used the place to exploit their victims, including under 18 year-old girls. RO-C4 confirmed that almost all massage parlours are managed by organised crime groups and are a cover-up for sexual exploitation. In 2013, a massage parlour received a fine of 25,000 lei (about €5,600) and was ordered by the court decision to close (GRETA, 2016, paragraph 172). Other typical businesses are beauty salons, car wash facilities and video-chat (RO-E2, RO-E4). RO-C16 opened a hair salon in which he invested €5,000.

Famous and expensive lawyers are commissioned to defend the perpetrators in court. RO-C3 claimed to have paid €22,000 to defence lawyers. RO-C2 nominated two famous lawyers in Romania allegedly hired to defend him. RO-C17 also complained about the costs of lawyers. Some media have reported an increase of the market for defence lawyers (Enache, 2014).

Other sums are given as gifts by the perpetrators to ensure future loyalty by their close relatives, clan or group (RO-E4).

The perpetrators prefer to hold the money in cash and smuggle it into Romania by themselves or through Romanian bus drivers. RO-C15 preferred to hide the money in his house (e.g. €50,000 were hidden in a flower pot, in a bag and €65,000 were hidden in a chair). RO-C3 brought into Romania €70,000 cash, hidden in his car. RO-C4 worked also with cash. RO-C12 also reported bringing cash into Romania by car. Perpetrators did not invest money using the financial markets. RO-E4 claimed that she did not know of cases of trafficking money being invested in stocks, offshore companies or bitcoins.³⁷

RO-E4 had cases with perpetrators hiding the crime money abroad, buying clubs, restaurants or coffee shops having two-three floors with several rooms for prostitution and sexual exploitation: "traffickers learn from criminal files and try avoiding making the same mistake twice." Nevertheless, traffickers, at least those who had been convicted, are not sophisticated persons – they search for the simplest way of action and they do not want to complicate their lives with responsibilities, such as paying taxes, evaluate financial risks or assuming intellectual duties. Traffickers do not change trafficking models if they still work (RO-E4).

³⁷ According to DIICOT (2018, p. 20) darknet and bitcoin are used by drug traffickers.

In case of labour exploitation, the perpetrators also tend to invest in real estate. RO-C7 invested money in two houses in Romania.

3.5. The role and impact of the internet on human trafficking activities and finances

Internet is used by the sexual exploitation perpetrators mainly for promotion. Several perpetrators (RO-C3, RO-C6, RO-C10, RO-C13, RO-C15, RO-C17) reported that the victims took care of their own advertising by using social networks and adult websites (regular posting of their photos, administrating their accounts, programming clients), some of the victims having their own website. However, this online activity does not mean the victim is not physically monitored. Internet is also used by perpetrators (or victims) to recruit other victims (by posting ads about labour or prostitution opportunities). The group represented by the RO-C17 perpetrator had logistics and administrative staff at their disposal. For instance, they hired specialised administrative staff (receptionists) to take over the phone call from customers, to make appointments of customers to specific victims, disseminate online ads on recruiting and available prostitution services, and respond to questions and replies from potential victims. RO-E2 confirmed that organised crime groups have entire departments specialised in online promotion and website development or subcontract such services. RO-E3 reported that the lover-boy method is used also through social media networks along with sextortion practices. The perpetrators build fake social media profiles and ask personal details and pictures. Europol reported that the internet is a crucial tool for human traffickers facilitating targeting of potential victims, access to personal data, logistics and transport, advertisement and surveillance (Europol, 2016, p. 12). The Romanian Centre for European Policies reported that a pattern in recruiting victims is posting job offers that do not correctly reflect pay, type of work and benefits (Toma et al., 2017, p. 13). There are Romanian websites promising video chat jobs which claim to pay up to €1,000/month (plus 70% commission and free monthly city breaks in Europe) and it is hard to make the difference between legitimate business and human trafficking operations.³⁸ Romania has legislation regulating places (including online) where striptease or erotic programs are allowed to be presented to the public.³⁹ Based on this regulation video chat and massage parlours may be lawfully established in Romania.

According to RO-C4 (perpetrator), there is a competition between typical exploitation and video chat exploitation. Video chats are used also by individual sex workers or international companies and this affects the profits of the domestic criminal groups. RO-C4 reported extortion racketeering practices against a video chat owner, including violence threats and car damage. The video chat business was established in a villa and it ran with 20 sex workers. Most of the perpetrators in the

³⁸ Romania has allery 5,000 video chat studios and 100,000 persons working into this business (Angheluta, 2018).

³⁹ Law no. 196 of 13 May 2003 on the prevention and combating of pornography.

sample used money transfer services (especially Western Union and MoneyGram) (RO-C3 and RO-C18). RO-C1 reported using apps to communicate with group members (e.g. Skype, WhatsApp, Facebook). Such apps are used also as a form of control and intimidation. The interviewed perpetrators used also online booking to ease travel around Europe. Internet and the new communication technologies improved the traffickers' business processes, giving them access to new markets and clients.

Internet is also used for recruiting workers for labour exploitation. Work placement agencies are used to deceive potential workers about the work and working conditions (RO-E3). According to a study, 30,000 applicants registered in 2014 on Romanian online recruitment platforms (European Commission, 2016, p. 72). The E-liberare Association, a Romanian NGO advocating against human trafficking, promoted a fake job website⁴⁰ in order to evaluate the profile of interested users. As it turned out, most of those clicking the "apply" button had been 13 to 16 years old girls.

Apart from being used by perpetrators, internet operations may be monitored by law enforcement, but new investigation techniques and skills need to be developed. According to the Romanian Criminal Procedure Code, law enforcement may use the following special techniques in human trafficking files: intercepting communications or any kind of remote communication, access to a computer system, photo, audio or video surveillance, location or tracking by technical means, obtaining data on a person's financial transactions, detention, surrender or search of postal items, use of undercover investigators and collaborators, authorised participation in certain activities (committing a crime), supervised delivery, obtaining traffic and location data processed by the providers of public electronic communications networks or providers of publicly available electronic communications services.⁴¹ As the use of these special techniques is incipient, law enforcement needs to invest in human resources and training (Suian, 2016). At the end of 2017, DIICOT started two projects on specialised techniques financed by European Union: CY-OPS (law enforcement training in the area of undercover online operations – 120 online investigators will be trained) and SIPOCA54 (on developing methodologies and training for electronic search) (DIICOT, 2018, p. 10). As of 2018, such investigation techniques are rarely used.

⁴⁰ The website appealed to young, outgoing persons with basic English skills seeking employment abroad.

⁴¹ Articles 138-154 of Criminal Procedure Code.

4. FINANCIAL INVESTIGATIONS OF THB CRIMES: CHALLENGES AND GOOD PRACTICES

In 2011, Romania introduced regulations on extended confiscation,⁴² but there are still challenges in enforcing the provision besides several fiscal crimes. In 2017, ANABI, the Romanian agency for the management of forfeited assets, established under the jurisdiction of the Ministry of Justice, became operational⁴³ and started to register seized assets, arrange for their interlocutory sale, managed a unique bank account for seized money and temporarily stored and managed mobile assets having an estimated value exceeding €15,000. ANABI is developing an integrated electronic system of seized criminal assets (ANABI, 2016), provides advice to prosecutors during seizing procedure, and is the Romanian Asset Recovery Office.

In 2015, Romania introduced legislation to limit cash transactions.⁴⁴ According to the law, legal persons cannot receive in cash more than 5,000 lei daily per person (€1,100) and it is forbidden to fragment cash receipts from the beneficiaries for invoices whose values exceeds 5,000 lei (the difference has to be paid only through cashless payment instruments). This ceiling does not apply to payment in instalments. The sanction consists of a fine of 10% of the cash amount overpaid or exceeding the ceiling. It needs to be further researched, therefore, how this law will affect the investment patterns of organised crime groups.

Romania's financial intelligence agency, the National Office for the Prevention and Control of Money Laundering, oversees operations above €15,000 and reports suspicious transactions to law enforcement. Romanian money laundering legislation compel legal persons to develop anti-money laundering procedures, to have specialized personnel and to report suspicious transactions.⁴⁵

A Financial Investigation Unit has been set up in the Directorate for Organised Crime Combat of the Romanian police to track accounts and conduct financial profiling of OCGs, including identifying money laundering operations. Such a unit is also deemed necessary within DIICOT in order to conduct financial investigation in parallel with criminal investigation. DIICOT has argued that OCGs use in their criminal activities professionals such as accountants, lawyers, financial councillors, and law enforcement should benefit from similar assistance (DIICOT, 2018, p. 19).

Given the profiles of the traffickers, until recently financial investigation was not a priority for prosecutors. Financial investigation may take up

⁴² Art. 112 (1) of the Criminal Code.

⁴³ It was established by Law No. 318/2015 on the establishment, organisation and functioning of the National Agency for the Management of Seized Assets.

⁴⁴ Law no. 70 of April 2, 2015 for the strengthening of the financial discipline regarding the operations of cash and cash payments and for the modification and completion of the Government Emergency Ordinance no. 193/2002 on the introduction of modern payment systems.

⁴⁵ Law no. 656/2002 on the prevention and sanctioning of money laundering.

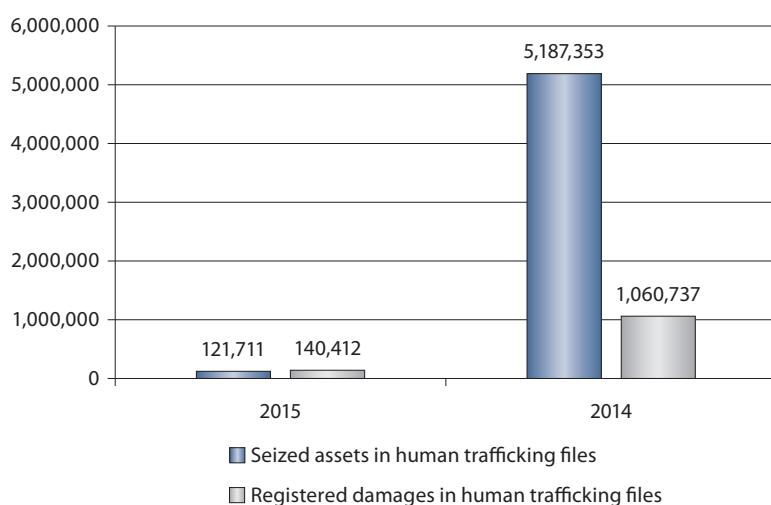
to two years so that the structure and the members to be identified along with their financial routes. According to the interviewed experts, the prosecutors try to identify first the perpetrators, their closer relatives/straw men and their standard of living (properties on their names, bank accounts, MoneyGram and Western Union transfers, and income). Many of the perpetrators put their properties on the name of close relatives (parents, siblings). As part of financial investigation data/financial records are requested from other countries. A recent trend is for former convicted criminals who return to the human trafficking market to become extremely skilled in hiding profits and their traces: "They make most of the investments abroad. In order to deceive law enforcement, however, they also invest a minor part in real-estate in Romania knowing that the property will be confiscated but hope that the prosecutor would be satisfied with finding something instead of nothing and stop investigating other, more difficult and time consuming paths" (RO-E4). The methods used by the prosecution to calculate the profits are rather empirical: number of victims, average victim income per night, and number of working nights. The financial investigation closes with a report. In the analysis of OCGs, DIICOT states that criminal groups are money driven, not leader driven (DIICOT, 2018, p. 18). Thus, criminal groups tend to reorganise and resume activity soon after being disbanded. Without an effective policy of forfeiture, criminal measures are not dissuasive.

RO-E4 stated the challenges to enforce extended confiscation provisions: "the initial hearings have to be very detailed otherwise in court you may find defendants bringing justification and submitting loan or sale contracts allegedly signed ten years before with their relatives in order to raise doubts in the mind of the judge".

The main challenge of DIICOT from the financial investigation point of view is to identify enough assets and seize them in order to ensure that human trafficking victims are duly compensated. For 2014 and 2015, DIICOT issued raw data on the registered damages and value of seized assets in human trafficking files. The value of damages (0.7% in 2014 and 0.08% in 2015) and frozen assets (3.55% in 2014 and 0.1% in 2015) in human trafficking files is very low comparing with the total frozen assets and damages registered in relation with all the files and crimes under DIICOT's mandate. The low level of registered damages is due to the inability of law enforcement to document the entire exploitation period and the entire number of victims involved as well as the lack of methodology to calculate damages in human trafficking files. The assets frozen are only those found in the possession of perpetrators. In 2013, assets and valuables confiscated in the course of investigations for human trafficking crimes amounted to €177,295, \$11,036, and the equivalent of €13,315 in other currencies, as well as 8.76 kg gold, 84 real estate properties and 104 vehicles (GRETA, 2016, paragraph 181).

This low level of seized assets makes it more difficult for the victims to secure compensations, even if the compensations are awarded by the court. Usually courts allow for very low compensations to human trafficking victims – as low as ten euros, for instance – but even these compensations are not really effective without any seized assets (RO-E3). GRETA

FIGURE 4. DAMAGES AND SEIZED ASSETS IN HUMAN TRAFFICKING FILES (€)



Source: DIICOT annual reports.

urged Romania to improve the collection of statistical data on compensations granted to victims of THB without noticeable success: “GRETA was informed that 56 victims of THB were awarded compensation by a court in 2011 and 53 in 2012. There is no information on the amounts of compensation awarded and whether it was actually paid. No information is available on compensations awarded to victims of THB by courts in 2013 – 2015” (GRETA, 2016, paragraph 144).

Regarding international cooperation, there are countries with which cooperation is very intense (Germany, Spain, France) and others with which it is

harder to cooperate, such as Ireland and Italy. Joint Investigation Teams⁴⁶ are reported to work very well, with 13 new teams on human trafficking opened in 2017 with Netherlands, UK, Spain, and France. In 2017, DIICOT (2018, p. 64) registered one European Investigation Order on human trafficking with the Netherlands. DIICOT started criminal investigations against 26 Romanian citizens who allegedly committed human trafficking abroad as part of OCGs.⁴⁷

Law enforcement agencies and judicial authorities, such as DIICOT, and police need to develop more sophisticated big data analysis in order to evaluate risks and perpetrators. A good practice that can be used or replicated by DIICOT is ANAF risk analysis of the wealth of individuals. ANAF is the Romanian tax administration responsible for tax collection from legal and natural persons. Beginning in 2013, ANAF has developed a screening mechanism for evaluating an individual’s wealth measured against the level of paid taxes (Economica.net, August 6, 2016). ANAF identified four groups of risks: wealthy owners of poor companies, wealthy persons without any known economic activity, wealthy persons with volatile income, and wealthy persons with other types of fiscal risks. Wealthy persons were determined on several indicators: lending to other persons more than 200,000 lei (€44,000), buying real estate over €70,000, establishing bank deposits over 150,000 lei (€33,000) and buying cars worth over €25,000. Based on these criteria, almost 300,000 individuals have been put into risk categories and further analysis resulting 132,000 cases in which estimated income was by at least €11,000 higher than the taxed income. This group has been

⁴⁶ Joint Investigation Teams conduct joint operations, exchange of evidence, journeys, and translations, 90% of the costs being covered by Eurojust.

⁴⁷ The following number of Romanian citizens have been investigated for human trafficking by OCGs in these countries: Germany (2), France (1), Spain (21), Italy (2) (DIICOT, 2018, p. 65).

further discriminated using the following indicators: estimated undeclared income higher than €220,000 in 2011 – 2013, real estate over €150,000 purchased in 2011 – 2013, cars over €75,000 purchased in 2011 – 2013. Thus a sample of 5,884 individuals have been defined. Each person has been analysed through a kinship network analysis method in order to compensate the risks (for 1,161 persons the level of taxed income of relatives compensated fully the risks). In the end, 4,723 natural persons and 3,156 of their relatives were analysed in detail and 345 cases were selected for documentary fiscal inspection. In 2016, 312 documentary fiscal inspections were conducted and in 273 cases personal fiscal inspection was approved. Out of the 273 approved inspections, ANAF conducted 21 in 2016 and in 15 cases issued tax decisions for unpaid taxed of 11.3 million lei (€2.5 million), 1.7 million lei being paid voluntarily and assets being seized worth 4.6 million lei (ANAF, 2017, pp. 22-23).

5. CONCLUSION AND RECOMMENDATIONS

Human trafficking takes place nation-wide in Romania. Each year, up to 1,000 victims are identified by ANITP and DIICOT but many more still wait to escape the slavery trap. ANITP as well as DIICOT have a certain limited administrative capacity to deal with the crime. Reasonably, based on a maximum number of cases cleared up early over the past seven years, DIICOT cannot solve in one year more than 600-800 human trafficking files. The bulk of files left from 2017 to be closed in 2018 is impressive – 1,234. At the current capacity DIICOT will need two years without any new case in order to clear up this backlog.

Perpetrators can engage easily in human trafficking for sexual exploitation as the entry costs are reasonable (€1,000 to €5,000) and the profits are enormous and immediate (€70,000-€150,000 per year per victim). The costs to maintain the operation are up to €1,000 per victim/month, resulting in net profits up to €8,000-€9,000 per victim/month. The social fabric in Romania, marked in some areas by poverty, abusive families, alternative narratives of social success, and the high demand of sexual services in the EU offer multiple opportunities to traffickers who use simple methods like lover-boy, websites and social media or direct prostitution proposals to recruit victims (who try to escape the poverty trap). Perpetrators do not seem interested in sophisticated money laundering operations, they infiltrate the legal economy but also keep their money in cash and do not use the so called darknet, offshore accounts or bitcoins. Such perpetrators are more interested in feeding their vanity and showing off in their social circle. OCGs are violent, but with weak internal organisation based on kinship or ethnicity, money driven, not leader driven. They use corruption to secure their businesses against law enforcement and to have access to vulnerable persons, especially minors. The number of victims exploited simultaneously by such OCGs tend to be limited to dozens (8 to 24 victims in our sample of perpetrators).

At the same time, labour exploitation requires involvement of legal persons and partners abroad able to provide work in illegal conditions and ensure the monitoring of workers. The daily profit per worker could be up to €50, but it is less than in sexual exploitation cases. The number of victims per group tends to be limited to dozens. Nevertheless, the risks are balanced by the assumption that work exploitation is not human trafficking but deception or tax fraud, and the reluctance of authorities in some EU member states to apply criminal sanctions against these practices. The labour exploitation market is profitable as the demand for cheap work is also high in the EU and entire social categories in Romania are at the poverty limit, with traffickers profiting on opportunities and deceiving vulnerable people into too-good-to-be-true jobs, free accommodation and transport. Work placement agencies and websites are loosely monitored by state authorities and corruption is still pervasive.

Financial investigation is still an insufficiently used instrument, DIICOT struggling to establish such an internal unit. The assets are seldom seized and victims do not receive compensations. Websites and social media monitoring, and big data analysis are lacking.

Recommendations

- Improve regulation of work placement agencies, massage parlours and clubs in order to ensure closer monitoring and access to data.
- Develop methodology to calculate damages in human trafficking files and train law enforcement and judges.
- DIICOT, ANITP and the courts should publish regularly open data on victims' characteristics, damages, seized assets, awarded and actually paid civil compensations, and perpetrators' profiles. ANITP needs to maintain statistics on re-trafficked victims and regularly publish open data. This would allow independent monitoring to develop awareness on the shortcomings of asset recovery and victims' compensation. Giving the uneven access to data, lack of a data integrator and an independent monitoring mechanism, in line with GRETA recommendations, Romania should designate a National Rapporteur according to the provisions of the Convention on Action against Trafficking in Human Beings.
- Develop new big data analysis instruments to evaluate criminal risks, learning from previous models applied in Romania (by ANAF, for instance) or at the international level.
- Establish a financial investigation unit within DIICOT.
- New instruments need to be developed to increase online monitoring activities on social media, online job agencies and escort forums and sex chats that facilitate exploitation.

Such measures need to be supplemented by targeted information and prevention activities (focused on identified hotspots), reducing social marginalisation of vulnerable categories, and targeting corruption in public institutions.

LIST OF ABBREVIATIONS

ANABI	National Agency for the Management of Seized Assets
ANAF	National Agency for Fiscal Administration
ANITP	National Agency against Trafficking in Persons (RO)
CRIDES	Center for International Research and Documentation of Sexual Exploitation
DIICOT	Directorate for Investigating Organized Crime and Terrorism (RO)
EU	European Union
GRETA	Group of Experts on Action against Trafficking in Human Beings
OCG	organized crime group
THB	trafficking in human beings

LIST OF INTERVIEWEES

Respondent code	Position/Department	Institution/Role
RO-C1	Criminal entrepreneur	Transporter
RO-C2	Criminal entrepreneur	Guardian/Supervisor
RO-C3	Criminal entrepreneur	Group leader
RO-C4	Criminal entrepreneur	Debt collector
RO-C5	Criminal entrepreneur	Group leader
RO-C6	Criminal entrepreneur	Recruiter
RO-C7	Criminal entrepreneur	Group leader
RO-C8	Criminal entrepreneur	Group leader
RO-C9	Criminal entrepreneur	Recruiter
RO-C10	Criminal entrepreneur	Recruiter
RO-C11	Criminal entrepreneur	Recruiter
RO-C12	Criminal entrepreneur	Group leader
RO-C13	Criminal entrepreneur	Guardian/Supervisor
RO-C14	Criminal entrepreneur	Group leader
RO-C15	Criminal entrepreneur	Group leader
RO-C16	Criminal entrepreneur	Group leader
RO-C17	Criminal entrepreneur	Recruiter
RO-C18	Criminal entrepreneur	Recruiter and Guardian/Supervisor
RO-E1	Organised crime expert	University/Professor
RO-E2	Victim's assistance	NGO/Leader
RO-E3	Victim's assistance	NGO/Leader
RO-E4	Prosecutor	Directorate for Investigating Organized Crime and Terrorism
RO-E5	Police Officer, THB expert	National Agency Against Trafficking in Human Beings
RO-E6	Police Officer	Romanian Police

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