

FINANCING OF TRAFFICKING IN HUMAN BEINGS IN THE UNITED KINGDOM

Georgios A. Antonopoulos

“Trafficking” in this chapter follows the definition introduced by the Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children (Trafficking Protocol) supplementing the 2000 United Nations Convention against Transnational Organised Crime (UNTOC). According to article 3 of the Trafficking Protocol, trafficking in persons is “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 includes, “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” (United Nations, 2000). The above definition of trafficking further involves two additional conditions: firstly, the consent of the exploited victim is irrelevant when the means specified in the definition have been used (art. 3(b)); secondly, the recruitment, transportation, transfer, harbouring or receipt of a person under the age of 18 (a child), constitutes trafficking in persons, even if the particular means specified in the definition have not been used (art. 3(c)) (United Nations, 2000).

While the UNTOC definition has served as the template for definitions of trafficking found in other pieces of national and international law, such as the 2005 Council of Europe Convention on Action against Trafficking in Human Beings, or the UK Modern Slavery Act 2015 (which essentially aggregated “human trafficking” and “modern slavery”), it does not resolve with certainty certain key issues as they arise in the empirical manifestations of the phenomenon. Firstly, the nature of the process leaves a considerable margin for uncertainty as to whether trafficking has genuinely taken place. From a victim-centred viewpoint the process may result in a non-harmful outcome, even though an illegal situation exists (for example, illegal prostitution or employment of adult migrants). According to the National Crime Agency (NCA), 82% of potential victims exploited for labour in the UK in 2014 were European Economic Area (EEA) nationals *legally* entitled to live and work in the UK (NCA, 2015a). Secondly, from the viewpoint of the offending behaviour, the grey area concerns the element of organisation as defined in the main body of the UNTOC (i.e.art. 2(a): “structured group of three or more persons”). Engaging in the trafficking process does not require crossing such particular organisational threshold; in other words, trafficking may not always involve an “organised criminal group” (see Antonopoulos and Papanicolaou, 2018).

When trafficking is a “transnational” crime, it is best understood as a *process* embedded in contemporary migration flows facilitated by push, pull and facilitating factors and involving the availability of *at-risk population* in the countries of origin (see van Liemt, 2004; Europol, 2011). The UK is primarily a *destination* country for trafficking victims from: central and southeastern Europe, the Commonwealth of Independent States (CIS); Africa; Asia; Latin America; and the Caribbean.¹ Although in UK policy, law enforcement and non-governmental organisation (NGO) rationale great emphasis is placed on human trafficking that is of transnational nature, it is important for one to remember that human trafficking is not always and necessarily a transnational crime. Indeed, in local, multi-agency settings in the country, domestic/internal trafficking has been also recognised as an issue affecting UK and British nationals and at an increasing rate (UK-E4; UK-E5; UK-E6; UK-E7; UK-E13; UK-E14, etc.).

The purpose of this chapter is to provide an account of the financial management of the human trafficking business in the UK, an area that is largely under-researched (see Zhang, 2009). The study is based, firstly, on interviews with a number of knowledgeable actors.² Secondly, intelligence reports by the Metropolitan Police were used. These intelligence reports are essentially problem profiles on either human trafficking in particular or organised crime in general with the purpose to inform tactical tasking and coordinating groups within the police. Finally, open sources on the topic have been used in order to gain a better understanding of the business models in the human trafficking business in general. These open sources include reports by academics, research institutes, the government (Home Office), national and international law enforcement agencies (British Police, NCA, Scottish Crime and Drug Enforcement Agency [SCDEA],³ Gangmasters and Labour Abuse Authority [GLAA],⁴ Europol, etc.), reports by international organisations (United Nations Office on Drugs and Crime [UNODC], Financial Action Task Force [FATF]), and NGOs. Open sources include media sources and press releases from law enforcement agencies. Following this introduction, the chapter is based on four substantive sections:

¹ There have also been cases in which the UK was a *transit* and *source* country for trafficking victims. In a rather unusual case, in 2008, the UK Human Trafficking Centre (UKHTC) identified vulnerable British nationals, who were trafficked by a British crime ‘collectivity’ to Norway. They were subjected to labour exploitation and were paid as little as £20 per week (Home Office, 2009).

² The sources have been coded in order to preserve their anonymity. The first two letters of the code indicate the country, “E” indicates an expert, “C” stands for criminal (entrepreneur)/trafficker/exploiter and “V” for victim. The description of the background of the individual sources can be found in the list of respondents in the references section.

³ SCDEA dissolved in 2013.

⁴ GLAA (formerly GLA) is essentially a labour inspection body, which was established in 2005 following the death of 23 Chinese cockle-pickers in Morecambe Bay in 2004. The GLAA licensing scheme regulates businesses to make sure they meet the employment standards required by law. An employment agency or labour provider, who provides workers to the agriculture, shellfish gathering or any activity associated with processing and packaging, needs a GLAA license. Licensing standards cover health and safety, accommodation, pay, transport and training, whether a labour provider is fit to hold a licence and whether tax, National Insurance and VAT regulations are met. A labour provider must have a GLAA licence to work in the regulated sectors; it is a criminal offence to supply workers without a licence or use an unlicensed labour provider (see www.gla.gov.uk). In this report the acronyms GLA and GLAA are used interchangeably because some of the reports that are used were published by the authority under its old name.

- Section 1 provides a general overview of the human trafficking business and discusses existing relations between the legitimate sectors and human trafficking in the UK;
- Section 2 offers an account of the social organisation of human trafficking in the UK and the key actors involved;
- Section 3 describes the financial aspects of human trafficking in terms of source of financing, settlement of payments, costs of business, as well as the profits made and how the profits are spent and further invested. Finally, it examines the role of the internet in the human trafficking business and its finances;
- Section 4 deals with the good practices and challenges in relation to the financial investigation of human trafficking in the UK.

1. MARKET OVERVIEW

The British Government, through a “multiple systems estimation” approach, which analyses the overlaps between human trafficking cases that come to the attention of the authorities through various sources, estimates that there are between 10,000 – 13,000 *potential* victims of human trafficking (in all its forms) in the country (see Silverman, 2014). Of course, it is extremely difficult to determine accurately the scale of trafficking in the UK (and any other context), and have a clear picture as to the numbers of people who have been trafficked, due to the clandestine nature of human trafficking, underreporting, (often) culturally-induced reluctance to report victimisation to the authorities, “...significant intelligence gaps on human trafficking...” (UK-E9), lack of awareness and understanding of the signs of human trafficking (Hornsby et al., 2017), as well as discrepancies in statistical reports (see also Kelly and Regan, 2000; Goodey, 2008; Project Acumen, 2010; Weitzer, 2012). The official estimate admittedly is based on “very poor data around the number of people trafficked, and hence [there are] large margins for errors”...; “the analysis is based on estimates concerning the proportion of women involved in prostitution who are likely to have been trafficked ([and] it [is] not directly informed by evidence concerning the number of women observed to have been trafficked)” (Dubourg & Prichard, 2008: iii & 15). After 2009, the number of *potential* victims of human trafficking is a product of the National Referral Mechanism (NRM).⁵ Between its inception in 2009 and December 2016 14,538 people were referred to the National Referral Mechanism (Table 1).

⁵ “The National Referral Mechanism is a framework for identifying victims of human trafficking or modern slavery and ensuring they receive the appropriate support. The NRM is also the mechanism through which the Modern Slavery Human Trafficking Unit (MSHTU) collects data about victims. This information contributes to building a clearer picture about the scope of human trafficking and modern slavery in the UK. The NRM was introduced in 2009 to meet the UK’s obligations under the Council of Europe Convention on Action against Trafficking in Human Beings. At the core of the NRM is the process of locating and identifying “potential victims of trafficking” (NCA, 2017b). To be referred into the NRM, potential victims must be referred by an authorised agency, known as the “first responder” (police, border force, GLA, local authorities, specific NGOs) to a “competent authority” (the UKHTC or Home Office Immigration and Visas – where trafficking may be an issue as part of an asylum claim).

TABLE 1. NUMBER OF POTENTIAL VICTIMS REFERRED TO THE NATIONAL REFERRAL MECHANISM, 2009 – 2016

Year	2009*	2010	2011	2012	2013	2014	2015	2016
Referrals	535	714	946	1,186	1,746	2,340	3,266	3,805

* 2009 figures cover April-December only.

Sources: Home Office (2014); NCA (2015a); NCA (2017a).

In 2016, there were 3,805 potential victims submitted to the NRM, a 17% increase on 2015 figures, which were in turn a 40% increase on 2014 figures. Of these 3,805 potential victims, 1,936 were female (51%), 1,864 (48%) were male and a further 5 (<1%) were recorded as “transgender.” Reporting showed potential victims of trafficking from 108 countries, with Albanian, UK and Vietnamese nationals being the most commonly reported nationalities (NCA, 2017a). In 487 cases the type of exploitation was recorded as “unknown.” The number of underage victims was 1,278, the majority of whom were from the UK (255 children), an increase of 100.8% from 2015 (NCA, 2017a). One needs to be reminded that these are people referred into the NRM and are not necessarily confirmed as trafficking victims.⁶ In fact, the Independent Anti-Slavery Commissioner in his first annual report noted that just over a quarter of the cases identified in England and Wales in 2015 under the NRM resulted in crimes recorded by the police (The Guardian, 2016). Moreover, according to a recent report by the National Audit Office, 46% of all referrals made in 2016 had not received a *conclusive* grounds decision as at March 2017 (National Audit Office, 2017).

According to Organised Crime Group (OCG) Mapping, in 2015 there were over 6,000 active OCGs consisting of nearly 50,000 individuals (NCA, 2016). However, there is no estimate of the OCGs that are involved in human trafficking in particular, and even if this was the case, the estimate would inevitably ignore the large number of *individual* traffickers. Network analyses of the trafficking cases known to the Greater Manchester Police in 2015, for instance, suggested that most suspects were individuals involved in just one crime of exploitation against one victim (Gadd et al., 2017; see also following section).

The number of prosecutions for “human trafficking”/“modern slavery” offences⁷ is increasing (especially following from the Modern Slavery Act 2015) against a relatively low base compared to the referrals (see also Haughey, 2016). In 2015, for example, 117 offenders were prosecuted for modern slavery offences in the UK, 19% higher than the 98 prosecuted in 2014. From 2004 to 2015, 511 individuals were convicted for human trafficking/modern slavery offences (see Table 2).

⁶ In addition, there is no link between these referrals, and arrests and convictions.

⁷ “Modern slavery” was introduced as a separate crime recording category in April 2015.

TABLE 2. NUMBER OF CONVICTIONS FOR HUMAN TRAFFICKING/MODERN SLAVERY OFFENCES IN THE UK, 2004 – 2015

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Convictions	0	12	21	23	24	25	16	8	13	148	108	113

Sources: Haughey (2016: 13); www.parliament.uk.

At least three phases can be distinguished in the human trafficking process: a) recruitment; b) transportation from the place of origin to the place of destination and potentially the illegal entry of the trafficked person; and c) the exploitation phase (see Salt and Stein, 1997). The first phase, *recruitment*, excluding the event of abduction of the victim, is known to be facilitated by a diverse set of actors as friends and family of the victim, co-workers, people of spiritual authority, employment agencies, or even artistic management companies (UK-E1; UK-E2; UK-E3; UK-E4; UK-E5; UK-E5, UK-V1 etc.). In some cases, the context of the recruitment phase is informal networks in small localities in the country of origin. For instance, a significant number of trafficking victims from Romania in a locality in the north of England are recruited in Pentecostal churches in specific villages or small towns in the country in which there is an over-representation of Roma people; villages such as Calaras, Bacau, Vrancea, Focsani etc. (UK-E11). In many cases in the recruitment phase, traffickers take advantage of local financial and cultural peculiarities in the country of origin:

“So there, the understanding is, Vietnam, poor family, organised criminals in Vietnam say ‘right, we’ll give you whatever [payment], this is your money, send so and so [the trafficked victim(s)] to the UK, they’re now going to pay off the debt’. What that means for us is that we’ve now got a safeguarding issue because they’re a child, a child who won’t comply, because generally, a child from Vietnam, they’re much more streetwise than our kids, you’ve got a child who feels it is an honour to pay back the family debt, you’ve got a child who feels that their family will be seriously harmed or murdered if they don’t pay off the debt, and you have a child who probably still think that their life is still better here than it was in Vietnam” (UK-E5).

Traffickers may use legitimate agencies but even when an illegitimate front is used, they may present to the victim contracts and legal documentation as a means of alleviating any concerns about trafficking and masking the intended exploitation (UK-E1; UK-E2; UK-E3). Many of the exploited individuals are knowingly and voluntarily recruited for both the sex industry and the labour market in the UK. Although they know or suspect the labour sector they would be introduced in, they may be unaware of the level of exploitation. Forging documents or obtaining the necessary documents, by means of corruption and bribery of law enforcement or other officials is a possibility at this stage. The recruitment phase also involves false promises including “employment packages”

where they are also offered (tied) accommodation as part of their job, as well as various provisions and help with everyday life practicalities. For example, most Romanian people who come in the north of England for work are promised – apart from work on a contractual basis – help with the process of claiming benefits and health care (such as the services of a dentist). In the case of internal trafficking in the UK, recruitment very often involves homeless people, poor people hanging out in food banks and “soup kitchens,” individuals with mental health problems (Oram et al., 2015) and dependencies, and grooming (vulnerable) children and young people at care facilities (UK-E7). Interestingly, one of the research participants mentioned that an individual, who had been identified by the local police as a trafficking “risk,” attempted at joining Barnardo’s SECOS (Sexual Exploitation Children’s Outreach Service) Project on a voluntary basis in order to have access to potential victims (UK-E4). Finally, recruitment is also facilitated by information and communication technologies (see also sub-section 3.5).

Transportation, including the stage of harbouring the victims in transit, is also a phase in which different actors perform different functions (see following section) – the financial significance being that the involvement of a variety of actors entails transactions, which cannot be indiscriminately considered as part of an “organised crime activity”. The transportation to the UK, especially from other EU member states, is frequently executed legally. In the case of non-EU nationals, transportation involves mostly ports in the south and east coasts of the country (UK-E5).

There are two main forms of *exploitation* – a) *sexual exploitation* and b) *labour exploitation* – being relatively more visible and thus detectable than other forms of human trafficking, such as, for instance, organ harvesting and trafficking. Sex trafficking victims can be highly visible and engage in street-level prostitution but in many cases sex trafficking takes place in “underground” venues, such as private homes or brothels. Public and *legitimate* locations such as massage parlours, spas, health clubs, and strip clubs also act as fronts for illegal prostitution and trafficking.⁸ Similarly, forced labour has been detected in labour intensive manufacture, construction and agriculture (e.g. fruit farms in Kent, cockle farms in Cumbria etc.) (see also UNODC, 2009), service establishments such as nails salons, car washes, garages, cleaning services, tanning salons, the hospitality industry, restaurants, the care industry, skip hire companies and waste disposals as well as domestic servitude.⁹ What facilitates labour trafficking and exploitation in the UK is the extended labour supply chains, which allow for a high degree of separation between the agent (intermediary) who supplies labour, on one hand,

⁸ The number of sex workers in the UK is estimated to be around 72,800 with about 32,000 working in London. The EU enlargement of 2004 and 2007 had a remarkable impact on the nationalities of migrants working in prostitution in the UK (TAMPEP Network, 2009). According to the Sex Work Research Hub, street-based sex workers comprise just over 25% of sex workers in the UK, with the remainder working in diverse indoor settings (cited in House of Commons – Home Affairs Committee, 2016a: 10).

⁹ In many cases, the two forms of exploitation coincide. For example, sexual intercourse with a (trafficked) woman many times, and specifically in public and legitimate locations such as massage parlours, spas and strip clubs involves the provision of non-sexual services, e.g. a massage, a dance, serving clients, etc.

and the end-user of labour, on the other. In such a diverse and devolved system, legal businesses are not always aware of where the workers were sourced and how they were recruited (Harris et al., 2014; Skrivankova, 2014). Finally, trafficking victims particularly from Vietnam are exploited in cannabis farms. According to the National Crime Agency, in 2016 the most common type of human trafficking recorded for both adult and child (minor) victims in the UK was trafficking for the purposes of labour exploitation (NCA, 2017a).¹⁰ Some of the interviewees from law enforcement agencies and NGOs also attested to labour trafficking and exploitation commonly occurring in these sectors of work and establishments (although one needs to remember that there is often intersectionality within forms of exploitation, UK-E17; UK-E20):

“At the age of 16, the victim, who was an orphan, was sent by his foster parents to Russia from his home in Vietnam. He stayed in Russia for 6 years, working in a restaurant. He was then told he was coming in the UK, which he was happy about. He travelled to the UK in a truck with a number of others, in a journey that lasted several days, arriving in London in August 2013. He was taken to a restaurant and worked as a waiter and pot washer, and went on to work at a clothes factory. He was given accommodation and was allowed to eat at the restaurant for free but was never paid any money. In May 2014, he was taken from London to a house in Eaglescliffe [a town in the northeast of England]. He was given some food and was told to look after some cannabis plants. He did not leave as he had been threatened and was told he still owed money to the males who took him there” (UK-E9).

Human trafficking is dispersed throughout the country and it is rather difficult to identify hotspots other than perhaps the larger cities of the UK (for sexual exploitation): London, Birmingham, Manchester, Glasgow, Newcastle, etc. However, there seems to be a significant number of (known) labour trafficking cases in the south and east of the country and a significant number of (known) sex trafficking cases in the west, the north, Wales, Scotland, and Northern Ireland (NCA, 2016). It is also interesting to note that the exploitation of (the same) migrants may involve more than just the UK. Intelligence reports reveal that Albanian men and women with forged Italian passports travel to the Republic of Ireland, where they are exploited in the construction industry and in agriculture, and then move up to Northern Ireland for the same activities. In fact, they move from one country to the other on the basis of available work and for short time projects. These workers live in rented caravans or even in sheds.

Exploited individuals are controlled in a variety of ways. Workers are sometimes sold from one employer to another. Often violence and mostly threat of violence is employed. However, it is worth noting that

¹⁰ At this point it should be mentioned that an individual may be recorded as a “victim of labour exploitation” although no information is provided about the sector or type of exploitation. As such, someone may be recorded as a victim of labour exploitation whether s/he is exploited in a farm, a construction site and a factory or through begging and forcing them into participating in criminal activities (e.g. cannabis farms) (see NCA, 2015a).

when it comes to the sex industry in particular, competition compels entrepreneurs/traffickers to not be indiscriminately violent towards women and girls. This is not to suggest that violence is not present. The more clandestine the market, the more likely it is that there is abuse and violence (UK-E1; UK-E3; UK-4). It is also important to note that violence in the human trafficking business is often associated with specific cultural characteristics of some traffickers. For example, according to police intelligence reports, the willingness of some Chinese traffickers to use violence is seen as a method of 'saving face' and earning status within the trafficking collectivity rather than a rational need to control victims. In the human trafficking business there is less need for violence than in other illegal markets (e.g. drugs market, extortion/protection), and the reason, according to Kopp (2012), is the absence of a need to control a territory in the exploitation phase. This is reflected – among other – in the relatively harmonic coexistence among various small trafficking schemes in various small localities in the UK.

As regards labour trafficking – and apart from the very often clandestine nature of the phenomenon and the desperate need to earn money – there are conditions and circumstances that lead to exploitation, such as ignorance of employment and other rights in the UK, inadequate linguistic skills, and cultural issues such as "acceptance of a hierarchy of family control with a fear of wider social consequences if working arrangements are challenged" (Beels, 2017: 4). Recent evidence in the UK suggests that in some instances exploited individuals (especially uneducated Romanian Roma with no adequate knowledge in English) are forced into specific conditions by being threatened that if they do not comply they will be "kicked out of the country" on the basis of Brexit (e.g. UK-E9; UK-E11). In rather exceptional cases, traffickers force exploited workers to commit offences as a way of preventing them from going to the police and asking for help.

2. MARKET STRUCTURE AND SOCIAL ORGANISATION OF TRAFFICKING NETWORKS

Reliable information on the *structures* and *operations* of trafficking networks in the UK has been less readily available as it typically depends on specific case studies (see, for example, Spencer, 2014), as well as on offender profiles drawn from prosecution and conviction data. Complaints about the quality and depth of information are common, and, while this situation is typically attributed to the clandestine nature of the activity (see Surtees, 2008), the involvement of a multiplicity of actors holding diverse positions towards the issue means that the process of generating relevant knowledge is not immune from important conceptual and thus, inevitably, factual biases (see Weitzer, 2015; Antonopoulos and Papanicolaou, 2018). Generally, the human trafficking business in the UK is fragmented and decentralised. Different actors may play a significant role in different stages of the trafficking process. These actors may:

- operate as “lone wolves” engaging/grooming vulnerable women and girls and then forcing them into prostitution. The presence of the lone trafficker is in stark contrast to the Home Office assertion that the proportion of human trafficking that is “organised” is 100% (see Mills et al., 2013);
- belong to more robust organisational forms featuring hierarchical structures. These robust organisational forms, which are rather uncommon, can be mostly found among ethnic groups with a strong familial basis such as the Albanians and typically reflect the family hierarchy;
- operate within stronger or looser networks whether as individuals, as couples or as part of smaller groups carrying out different functional activities in one or in different phases of the process. Some of these structures may operate locally and on a very small level or operate in a much wider geographic area. For example, a Polish group dismantled by the authorities operated across the UK and in cities like Edinburgh, Belfast, Glasgow, Leeds, and Newcastle. The network employed a London-based receptionist, who was effectively the person picking up the phone when a punter called and she coordinated the girls in the aforementioned localities (UK-E16).

Many trafficking collectivities operate within discrete ethnic or immigrant communities. However, cross-ethnic arrangements do exist and casual employees and/or victims are sometimes recruited from outside the core ethnic group (Webb and Burrows, 2009). Chinese human traffickers, exactly because of the saturation of the Chinese restaurant/take away business in London due to the large number of Chinese, occasionally form alliances with traffickers of other nationalities in order to provide (exploitative) work for their (trafficked) compatriots. As mentioned before, and excluding the victims, there is a number of actors in human trafficking. These actors are:

- *The organiser.* The organiser is concerned with the planning of the operation, the establishment of contacts with individuals, with the recruitment of actors into a collectivity, etc. In small schemes, an organiser deals with all aspects of the schemes from recruitment and transportation to exploitation (see also Brå, 2008). Very often an organiser is identified with the owner of an establishment in which the exploitation takes place. This can be, for instance, the owner of a restaurant or a car wash.
- *The recruiters,* who are concerned with the recruitment of people for sex and labour exploitation. The recruiter is someone, who lives permanently in the country of origin of the exploited individuals, and has a very good knowledge of the language, the peculiarities of each country and/or specific locale, or even knows the victims personally (UK-V1). In some instances, and in the case of sexual exploitation, ex-sex workers are used to persuade women and girls to come and work to the UK. In the case of labour exploitation, groups of workers are recruited and managed by someone of the same ethnic background. This individual acts as an intermediary between the workers and the employer and is often himself a former employee of the same employer.

- *The transporters/escorts*, who are concerned with transporting or at least assisting women in coming into the UK. There may be more than one transporter/escort throughout the whole journey, although in many cases victims (particularly from eastern Europe) for both sexual and labour exploitation travel to the UK on their own.
- *The enforcers*. In a trafficking scheme, these are individuals with the duty of supervising victims in the venues of exploitation. Many times they have the duty of collecting debts.
- *The corrupt public officials*. The corrupt public officials are those who either provide assistance during the trafficking process (e.g. employees in embassies and consulates and/or employees in local authorities) or other, who are being bribed to turn a blind eye to the exploitation (e.g. corrupt police officers).
- *The legal business owners*. These are individuals, who own the places in which the exploitation phase of the trafficking process takes place.
- *Enablers*: These can be lawyers assisting in stages of the trafficking process as well as advising and defending traffickers in a regular or *ad hoc* basis or professionals who are integral in the financial management of the business such as accountants (see UK-E16),
- *Freelancers*. These are facilitators that are peripherally linked to a trafficking scheme and in fact may be unaware of the scheme or the level of exploitation. These freelancers may vary from a legal business receptionist, to teenagers delivering cards for escort services to venue such as pubs, to taxi drivers and general “helpers.”

The presentation of these actors within the trafficking business does not necessarily mean that these exist in every collectivity and/or scheme. It would be extremely difficult to provide an accurate profile of the trafficking group member as there seems to be a diversity of profiles rather than a profile. The individuals who participate in this business are not necessarily experienced criminals. Some have the relevant infrastructure to get involved (e.g. a legal company, a farm, a bar, a massage parlour, an apartment in which the exploitation phase takes place); some enter the business with absolutely no resources. The vast majority are men however, in some schemes the participation of women is functional (e.g. in the recruitment phase). As mentioned earlier, traffickers are not always unknown to the victims. Many times the trafficker is a friend, a neighbour, or even a member of her (nuclear or extended) family (e.g. UK-V1). The age of onset of offending is usually later than conventional criminals (late twenties/early thirties) (see also Broad, 2013).

Although the belief among most of the interviewees in this study was that traffickers enter the business because it is a lucrative business (“...it’s entirely motivated by significant amounts of money...”, UK-E5), the reality is that there are a range of rationales for entering the market; a range of rationales that, as we will see in the next section, has financial implications:

- *Making money*: Here, there is a wide range of traffickers. Some (mostly migrant traffickers) exploit others for “survival” (see also Broad, 2013), some exploit an opportunity to make money and often within the

context of a legal business. In a very small number of cases minority ethnic traffickers (of British nationality) initiated small and ephemeral prostitution schemes involving underage girls in order to amass capital to start their own legitimate business (UK-E2);

- *Making money and becoming “brokers of sexual pleasure” to friends*: this is exclusively in the case of sex trafficking – “...to look like ‘the man’ to their friends” (UK-E2);
- *Avoiding expenses, remaining competitive, and saving their business*: this is especially the case with labour exploitation. According to the GLAA, this type of exploiters is defined as “chancer”: “an individual who... knowingly or unknowingly fails to pay workers properly or give them their basic employment rights. They may start out with good intentions. They may come under pressure to reduce their margins or lose a vital contract. The chancer protects the margin of their own business by passing on an unfair share of the commercial pressure to their workers. The chancer also needs to believe that by doing the right thing by his or her employees the business is not going to be at a competitive disadvantage” (Beels, 2017: 4).

Similarly to other illicit trades and activities, individuals may become involved in human trafficking via trust, familial and kinship, and neighbourhood contacts. In the case of Chinese human traffickers operating in London, associations of people with same birthplace (*tongxianghui*) are important. Finally, an environment of great importance for the formation and consolidation of relationships for human trafficking is legal businesses. Legal businesses also operate as the context in which relationships (employer-employee and between/among partners) are forged and transformed into criminal business relationships, and dependability of individuals is manifested (see also Antonopoulos and Hall, 2016 for a similar trend in the illegal tobacco trade; CSD, 2015).

There is discussion as to whether human traffickers are involved in other illicit trades and criminal activities. Generally, this appears to be dictated by the scale of the trafficking scheme. Small schemes tend to be specialised in sex or labour exploitation specifically, whereas large schemes or schemes associated with robust organisational forms often featuring hierarchical structures are more diversified (see NCA, 2017c). These organisational forms are found to be involved in other criminal activities often violent ones (e.g. extortion and debt collection) as well as drug trafficking and counterfeiting. Intelligence reports suggest that Chinese organised crime groups operating in Strathclyde (Scotland) with links in London and Northern Ireland are involved in human trafficking for both sexual and labour exploitation as well as money lending and extortion.

3. FINANCING AND FINANCIAL MANAGEMENT

3.1. Source of capital for initiating/sustaining criminal operations

Although, as mentioned earlier, some have the relevant infractusture to get involved in the exploitation phase of human trafficking, generally, there are either no or very low market entry costs to the trafficking business (UK-E14; UK-E16). In the case of internal trafficking, underage victims are relatively easily recruited among groups of vulnerable people with absolutely no financial requirement being in place. In some other instances, underage vulnerable victims may be lured into sexual exploitation by small gestures like being offered a jewel, a meal, a used mobile phone, or simply being given attention and an initial nice treatment, which are unusual occurrences in their life. As one of the interviewees, who works in the field of residential child care – and among other – with vulnerable girls who have been victims of internal trafficking, mentioned:

“You don’t need any money to persuade these vulnerable girls to have sex and do anything with anyone, really. Usually, we are talking about those girls who have been severely abused even by family members at a very young age, may have learning difficulties, who see the world through their ‘pink glasses’ and, if asked at a bus stop, a take-away, at a park, they will say ‘yes, why not?’. Or girls who have been through such hardship in their life that, if you show them even the slightest interest, they are yours. Money is not essential...” (UK-E13).

In the case of cross-border mobility, frequently, the “victims” have savings to migrate abroad, or have been given money by their families for trips. Naturally, in this case, no amount of money is required from traffickers. In other cases, perpetrators fund the travel of victims abroad and arrange all transportation logistics, and then use this as a form of debt-bondage when the victim has arrived to the UK. In cases in which there is a convergence between human smuggling and human trafficking, it is irregular migrants that provide the start-up capital for the business. For instance, Chinese “snakeheads” charge up to US\$30,000 per head for long overland journey from east China to the UK via Russia, and eastern European countries (UK-E1; UK-E2; UK-E3; etc). Once in the UK, many who have not paid the smuggling fees or their families are not in the position to cover the trip expenses are found work with gangmasters in order to pay for the outstanding fee. The victims themselves are sometimes manipulated into providing the capital that is needed for a trafficking scheme. One of the interviewees mentioned an interesting case in which Chinese migrants, who were to be exploited in various labour sectors in the UK, were following English language classes for which they paid their traffickers (UK-E2). Within the enlarged European Union after 2004, people come into the UK from all over eastern Europe and in the process some may be forced to labour or sex, others may be coerced, and others are willingly “exploited” because this is the best option they have (see also Leman and Janssens, 2008). Other cases

involve the traffickers confiscating the identity documents from their (Eastern European) victims upon their arrival in the country, and opening bank accounts to have access to credit via overdrafts, bank loans, and credit and debit cards (see FATF/OECD, 2011).

In those cases in which there is an actual investment of money in the trafficking business, the start-up capital derives from *funds from legal businesses*, and smaller or bigger savings. These legal businesses are often functional to the exploitation of trafficking victims (e.g. massage parlours, clubs, etc.) or irrelevant to the exploitation phase but useful for the trafficking process as a whole. For instance, we have come across a case in which a Lithuanian labour trafficker owned a minibus company in Lithuania. He used vehicles for the trip to the UK for £150 per person. The passengers were then introduced in labour exploitation schemes that the Lithuanian minibus company owner was a “stakeholder” (see GLA, 2016b).

Sometimes money invested into human trafficking derives from *funds from other criminal activities* especially by those traffickers, who have a diversified criminal portfolio. In a rather unusual case that was described by an investigative officer working for the HMRC (Her Majesty’s Revenue and Customs), the money from counterfeiting activities committed in the UK was invested in the construction of a hotel in Pakistan. The hotel was essentially an investment from proceeds of counterfeiting and facilitated a human trafficking scheme, which provided cheap labour to various businesses in the UK:

“We had information about a British Pakistani couple in Bradford. They were owners of a relatively big clothes company in Bradford and our intelligence suggested they were involved in counterfeiting. Clothes, bags, belts, you name it. We raided the premises in this area full of warehouses, and we started searching for money, products, documents. People were also working illegally in the business. One of my colleagues noticed a poster of a big building on the wall. Looked like a big house abroad but the thing is that this house was in bigger and smaller frames in their house too... In the living room, in the office, in the kitchen. Our investigation revealed that this building was in fact a hotel that was built with money from the counterfeiting business, and it was used as a recruiting and harbouring venue for trafficked persons from Asia, mostly Pakistan. After they came to the UK, they would work in the clothes company, in restaurants...” (UK-E12).

Access at critical moments

There are a number of critical moments in the human trafficking business. These critical moments are, firstly, *business-related*. Many times, especially in relatively small localities and venues, and in relation to small schemes in the sex industry, there is a saturation point manifested in a reduced number of encounters with clients, after which the entrepreneurs must “renew” the sex workers under their control. This set of critical moments is dealt with by the creation of new cycles of sex workers in which women in a locality (or a venue) are renewed to attract clients. This

system is elsewhere (Monzini, 2005) referred to as a 'carousel system'. It is not unusual for women to be transported to other cities or even regions (e.g. from London to Belfast in Northern Ireland) or be exchanged (UK-E2; UK-E16; restricted intelligence reports). The system is based on pre-existing personal relationships between traffickers in the various locations and previous collaboration, not necessarily in human trafficking. Thus, the importance of social capital (i.e. connections and relationships) and symbolic capital (i.e. trust and reputation) are often more important than financial capital in sustaining a human trafficking scheme in the UK.

Secondly, critical moments in the human trafficking business are *law enforcement-related* such as, for instance, people being arrested by the authorities at UK ports and airports and/or deported or the traffickers being arrested by the authorities. These critical moments are financially covered by amounts of money that have been obtained from the business, or by the traffickers' legal business portfolios (UK-E1).

Finally, there are *miscellaneous* critical moments which may vary from the women and girls escaping, being rescued by family, friends and NGOs, being "stolen" and/or taken away by lovers; or the women/girls in the sex industry or men in labour sectors not being able to provide their sexual and/or employment "capital" (e.g. due to pregnancy, injuries, illnesses, operations, deaths). These cases, although they may cause an inconvenience, present no significant financial implication for the criminal entrepreneurs because, as mentioned earlier, there are no or very low market entry costs to the human trafficking business, and because of the large supply of (potential) victims (UK-E1; UK-E9).

3.2. Settlement of payments

Payments in cash are *almost* exclusively the case in the human trafficking business for both sexual and labour exploitation. As one of the experts interviewed emphatically noted, "*the trafficking business is a cash economy... cash is king*" (UK-E9). This is also exemplified by convicted traffickers' views on asset recovery in a Home Office study (Webb and Burrows, 2009). Although a number of these convicted traffickers had been aware that there might be an attempt to recover some of the money from their trafficking business, and a number of the respondents *were* (at the time of the research) subject to asset recovery processes, they did not perceive this as deterrent as most businesses were cash-based. We have not come across any cases in the UK in which credit was present in any level of the business for both sexual and labour exploitation.

Basically, there are six types of relationships between and among actors in the human trafficking business, which requires settlement of payments. These include:

1. *Trafficker to trafficker*. When there is an exchange between traffickers, e.g. selling or re-selling of women, the payment is mostly made in cash. In the case of the 'carousel system' mentioned earlier, there

is no payment as such but women who are perceived as having the same “sexual capital” (UK-E1) are simply exchanged between traffickers.

2. *Trafficker to employees* in a trafficking scheme. In these cases, payments are made almost exclusively in cash unless the business relationship takes place within the confines of a legal business or service. In the latter case, payments are also made electronically.
3. *Trafficker to corrupt officials*. Irrespective of the service offered to the trafficker or simply turning a blind eye to the trafficking-related activities cash is the type of payment although, occasionally, sex is provided as payment.
4. *Clients to sex workers/victims/traffickers*. In these cases, payments are made predominantly in cash. Occasionally, jewels, handbags, and clothes, are gifted along with the regular payment, and this is especially the case if there is more personal relationship between the victim and a (returning) client, and in those schemes that allow some professional freedom to the sex worker (UK-E4). In extremely rare cases, especially in labour exploitation schemes, some payments are made by card directly to the owners of the legal businesses in which exploitation takes place. These are covered behind payments to legal businesses for (actual or supposed) services provided. An example that was put forward in one of the interviews involves the card payment for a package of “deluxe” cleaning services for a transportation company fleet by a cash wash (UK-E2).
5. *Traffickers/exploiters to victims*. In cases of labour exploitation, the victim’s wages may be withheld entirely, thus ensuring money stays with their exploiters, or the victim receives a very meagre amount of earnings for their work. In cases of extreme exploitation (in the sex or labour markets), which constitute the ideal cases of “human trafficking,” payments are made in the form of accommodation, basic amenities, clothes, and/or food (see GLA, 2016b).
6. *Victims to traffickers/exploiters*.

The traffickers employ various methods of ensuring payment from victims; methods which can be defined as negative, positive and administrative. The *negative* approaches, which are mostly adopted with victims who come from contexts outside the EU, include:

- *Blackmail, violence and threat of violence* directed not only at the victim but also at family members who may be outside the UK;
- *Juju*. This is a form of witchcraft that exists alongside Christian and Islamic beliefs predominantly in Nigeria and applies to Nigerian victims of trafficking. Within the context of juju, rituals include the taking of blood, pubic hair, etc., and swearing oaths to gods, who supposedly have power over the victims’ life and death. The victims also sign contracts, which are “blessed” by juju “priests” in Nigeria, and once at the country of destination they are under control from a distance with victims being threatened with infertility or death if clauses of the contract – including the ones relating to payments/paying back debt – are broken;
- *Economic dependency and debt bondage*. As found in other pieces of research too (e.g. Korsell et al., 2011), sex workers are expected

to repay the costs for their recruitment and transportations to the destination country often at a highly inflated interest rate. Sometimes the debt bondage spills over to the victim's children:

"I was sentenced for falsifying documents, for smuggling people and for human trafficking. I have spent almost six years in prison. I smuggled about 1,000 people... Sometimes they didn't have the money to pay you, so they'd offer you two or three children to work for you to pay their debt. They are put to work in all kinds of jobs – prostitution, stealing and construction sites. If they don't want to work, they are forced to work" (ex-trafficker quoted in HSBC, 2017).

Moreover, the wages of trafficking victims, alongside any state benefits that have been fraudulently claimed in their names, are frequently paid into bank accounts that are controlled and managed by traffickers (see NCA, 2016, see also following section):

"There were a few of us there and the trafficker who interpreted for us, but he was really there to control what we did... I never had access to my bank account... Personally, I didn't see my own bank card. Once, I stood a few metres away from a trafficker who was shuffling bank cards as if they were playing cards. There were so many of them he could barely hold them..." (labour trafficking victim quoted in HSBC, 2017).

- *Emotional/psychological manipulation often linked to illegal immigrant status* (e.g. UK-E11).

The *positive* approaches, which are primarily present in the sex industry, include forging business relationships based on trust. Traffickers and sex workers are seen as "partners" despite the power imbalance that exist between the two parties. Although legally this is a rather weak way of enforcing a contract in an illegal market, an agreement or a contract is signed with responsibilities for both sides, e.g. for traffickers to receive a percentage of payments earned from their victims in exchange for protection. Within this context, traffickers – as a gesture of good will, which is functional in the exploitative relationship being seen as a "partnership" – often allow sex workers to keep tips (provided by clients in addition to the normal payment for sexual services) for themselves (UK-E1; UK-E2).

Finally, the *administrative* approaches include:

- *Fines*. The fines vary significantly – they can be as little as the daily payment or as high as £2,000. The latter are never paid but this process strengthens the debt bondage between a victim and the exploiter.
- *Daily quotas*. The introduction of daily quotas relieves the traffickers from the burden of having to identify ways of checking whether a sex worker, who works outdoors, steals money or does not reveal an accurate number of clients, sexual services provided and amounts of money obtained (see also Petrunov, 2011).

- *“Tie-ins.”* Some employers (especially in rural areas and mostly in agriculture) keep workers’ payments for ‘safekeeping’ supposedly in bank accounts, and deny access to these accounts (see also Skrivankova, 2014). Essentially, the more an exploited individual works for such an employer, the higher the level of dependency.
- *Micro-accounting.* In many cases, especially in those in which the sex workers have some freedom (i.e. working outdoors), they are asked to report to the trafficker the number of clients they had and the amounts of money they made on a daily basis. The information in this micro-accounting process is kept in small pieces of paper. In a large sex trafficking case dealt with by the police, which involved sexual services being hidden behind (legal) massage services, transactions were recorded by the girls in diaries as “Swedish massage” (normal massage) or as “tantric massage,” which referred to sexual services offered. These diaries were used by the authorities as evidence (UK-E16).

3.3. Costs of doing business

The costs of doing business depend on a variety of factors. The scale of the trafficking scheme and its logistical complexities, the distance of the country of supply of victims, the degree of legality of the scheme, the number and types of actors involved in the business, and a number of unforeseen expenses all contribute to the costs.

Recruitment. The Internet enables traffickers to place several adverts on several sites simultaneously for free or little charge. These adverts can be posted daily and reach a very wide range of potential victims. There have been, however, cases in which victims have been bought by traffickers. Accounts that have been publicised suggest that individuals, mostly women, have been bought by traffickers for extremely small amounts of money. In a rather atypical case a vulnerable woman from a central European country was sold by her parents for £8 (UKHTC/SOCA, 2013). Other amounts we came across during the research varied from £300 in some poor counties of Africa to £4,000 for some women from eastern Europe. Home Office accounts also suggest that women could be purchased at UK entry points for £3,000-£4,000 per person, although the most quoted figure is around £700 (Webb and Burrows, 2009).

Documentation expenses. Documentation is an important part of the human trafficking process especially when the victims are from non-EU member states (see Wheaton et al., 2010). According to Home Office research, passports from a variety of European countries such as the Netherlands, Norway, and Spain were bought by human traffickers for non-EU trafficked nationals for prices that ranged from £40 to £200; there was also reference to Australian passports and visas provided for £2,000 (see Webb and Burrows, 2009). Forged documentation costs a minimum of £850 per item in the UK. The expansion of the EU after 2004¹¹ cut the overheads in this type of expenses as entry could now

¹¹ 2007 for Romania and Bulgaria.

be made on passports from the new accession states that are generally easier to forge or acquire than those in the UK and some other popular west European destinations.¹²

Transportation/transit expenses. Expenses for travel vary on the basis of the distance involved. For those cases involving human trafficking from another geographic context into the UK, and excluding cases of legal transportation into the country, it would be plausible to argue that transportation expenses are roughly similar to the (assumed) average fee for irregular migration facilitation: from Africa – £2,200; from Asia – £23,800; from the Middle East – £8,800; from “Other” geographic contexts – £8,400 (UK Border Agency management information cited in Mills et al., 2013: 89).

Functional, exploitation-related expenses. These include expenses that are essential for the exploitation phase. When victims are based and work in one of the larger cities of the UK, such as London and Manchester, renting accommodation, such as private houses and flats can reach approximately £800-2,000 per month depending on the quality and size of accommodation and area (UK-E3; UK-E4). In cases of labour exploitation, we came across cases in which small rural buildings in which as many as 10 victims were housed were rented for £300-500 per month. To these expenses victim subsistence expenses should be added. Additionally, mobile phones are often purchased as means to keep in constant contact with the victims. Pay-as-you-go sim cards, although cheap and offering a way to avoid detection, can be costly when purchased in bulk for many victims (UK-E3). Finally, in a scheme that was identified by the authorities in Scotland (the so called ‘Brazilian network’), the traffickers had an appointment booking facility outsourced in London. This was basically a system which constituted a customer channel based on an online platform for which a fee was paid. The forensic accountants’ investigation showed that this fee was in fact the biggest cost of the scheme (see UK-E16).

Corruption costs. It should be mentioned that corruption costs are not an integral and standard set of costs for all trafficking schemes for both sexual and labour exploitation. Traffickers/exploiters do not actively seek officials to bribe if the officials’ portfolio is not essential for the scheme (e.g. travel documents) or if/when there is no knowledge of a trafficking scheme on the part of the officials. Corruption costs in human trafficking become unavoidable when officials become aware of a trafficking scheme, and in this case corruption costs are used as a type of “business insurance” by traffickers (Kugler et al., 2005). Corruption costs are reduced when payments are made in the form of sexual services rather than money (UK-E3).

Investment in the human trafficking business. One such way to invest in the business is to hire professional photographers or photography equipment

¹² The visa waiver for the new accession states practically reduced all costs related to documents for travel to zero. These costs, however, remain relevant for traffickers from other source regions – former Soviet countries, Western Balkans, Africa, Asia, etc. According to the European Border and Coast Guard Agency (FRONTEX), in 2016 the most frequently identified forged travel documents at external borders are those of Poland, Italy, Spain, and France (FRONTEX, 2017).

to take high-quality shots of the victims that will be placed on various sex sites, as a way of maintaining a “professional” aesthetic (UK-E3; UK-E4). Similarly, some entrepreneurs invest in high quality escort services luxury business cards to display a sense of quality of services provided and professionalism. In a rather atypical case we came across, a Romanian trafficker invested in the physical improvement of one of his female former classmates he exploited by providing the necessary funds towards the woman having a rhinoplasty (nose plastic surgery) and a breast surgery as a way of enhancing her “marketability” (UK-E11).¹³

Payments to the victims. There is a wide range of payments on the basis of how clandestine the market is, the relationship between the trafficker and the sex worker/labourer, as well as the assumed worthiness or unworthiness of the sex worker/labourer. In those cases in which “victims” are voluntarily and knowingly recruited in a sex scheme, the sex workers receive or (to be more precise) keep 50% of their earnings. In cases in which there are significant exploitative conditions, and excluding those cases in which victims receive no payment at all, trafficking victims receive around 20% of the total turnover and sometimes as little as 2% of the revenues. For instance, some southeast European sex workers were made to earn £1,000 (daily quota) but were given only £20 (UKHTC/SOCA, 2013). In a case of labour exploitation in the tarmacking and block paving industry that was identified by the then Serious and Organised Crime Agency (SOCA, currently NCA), those who were considered skilled workers were paid £60-80 per day, and others who were considered workers of lower status were paid £20-30 per day (UKHTC/SOCA, 2013). In cases of exploitation of vulnerable individuals, these individuals most often receive no payment at all.

Payments to other actors. As mentioned earlier, these actors are “freelancers,” who are peripherally linked to a trafficking scheme and, in fact, may even be unaware of the scheme or the level of exploitation:

- managers of brothels and other (legal) venues of exploitation are paid £50-100 per shift;
- receptionists are paid £50 per shift;
- security guards working at legal businesses in which exploitation of victims takes place are paid £50 per shift;
- card boys, who deliver sex workers/escort business cards, are paid £10-20 per round;
- general helpers collecting girls and transferring them are paid £200 for each job (Webb and Burrows, 2009).

Legal expenses. In the course of our research we did not come across continuous legal consultancies to human traffickers. However, when legal assistance was required, lawyers were available and their fee varied considerably depending on: the location (with London law firms charging at least three times the hourly fee as a law firm in the north of the country); how successful and able a lawyer/law firm working in criminal

¹³ The interviewee did not provide amounts that had been invested in the surgeries. However, a rudimentary examination of prices in UK private surgeries price lists revealed that the average rhinoplasty costs approximately £3,000 and a breast surgery approximately £2,500.

cases was considered; whether the services required were for contentious or non-contentious work; and whether the relationship between the lawyer and the client was a long one and based on legal advice in the context of the legal business owned by the trafficker (UK-E1; UK-16).

3.4. Profits and profit sharing

It is often argued that the financial scale of trafficking in human beings for sexual and labour exploitation is significant with big profits for those involved (see, for example, Belser, 2005). A Home Office study from the early 2000s estimated sexual exploitation at approximately £275 million in 2003 (Dubourg & Prichard, 2008). Similarly, a relatively more recent study (also by the Home Office) estimated sexual exploitation of adult foreign women in the UK at around £130 million (Mills et al., 2013) on the basis of an estimated annual revenue of £48,000 per *foreign* sex worker, as put forward by Scottish Crime and Drug Enforcement Agency (SCDEA, 2011) (Table 3).

TABLE 3. SCALE OF HUMAN TRAFFICKING OF FOREIGN WOMEN FOR THE PURPOSE OF SEXUAL EXPLOITATION, UK BY COUNTRY¹⁴

	Number of victims	Unit Cost £	Total (£ million)
England & Wales	2,600	48,000	£120,000,000
Scotland	73	48,000	£4,000,000
Northern Ireland	23	48,000	£1,000,000
Total	2,696		Approx. £130,000,000*

* Figures may not sum due to independent rounding.

Sources: Project Acumen and Northern Ireland Organised Crime taskforce cited in Mills et al. (2013: 86); SCDEA (2011).

Some indications about the financial scale of *labour* trafficking in the UK can be found in GLAA annual reports of 2013/2014, 2014/2015 and 2015/2016. From 2013 to 2016, 78 OCGs were identified or disrupted by the GLAA (and partner agencies), the worth of criminal assets identified was £18,400,000, and the amounts identified as unpaid wages, holiday pay or excessive transport charges reached £6,600,000 (Table 4). Obviously, these figures refer to the cases known to the GLAA.

The profit margin from the human trafficking business in the UK depends on a number of variables:

- The *rationale of the entrepreneur for entering the business*. In the case of sexual exploitation, those who enter the trafficking business to make “a bit of money” and become “brokers of sex” to friends and others

¹⁴ There is no estimate for child sexual exploitation or other forms of human trafficking in the particular report.

TABLE 4. OCGs IDENTIFIED/DISRUPTED, WORTH OF CRIMINAL ASSETS IDENTIFIED AND AMOUNT IDENTIFIED AS UNPAID WAGES HOLIDAY PAY OR EXCESSIVE TRANSPORT CHARGES, GLAA INVESTIGATIONS (2013 – 2016)

	OCGs identified/disrupted	Worth of criminal assets identified (£)	Amounts identified as unpaid wages, holiday pay or excessive transport charges
2013 – 2014	10	900,000	1,700,000
2014 – 2015	32	5,100,000	3,500,000
2015 – 2016	36	12,400,000*	1,400,000
Summary 2013 – 2016	78	18,400,000	6,600,000

* Affected by one substantial case.

Sources: Compiled from GLA (2014; 2015; 2016a).

in their social circle tend to have the smallest profits. This is not only because these are usually people who tend to exploit a very small number of victims, generally one or two, but also because very often they do not accept money for the sexual services which their victims provide; the position they have in their social circle as sex brokers is more important. In the case of trafficking for labour exploitation, those who enter the business in order to save expenses from the working of their legal business with the goal to save their business have no significant profits. Generally, the biggest profits come to those who are geared towards making significant profits, are diversified in their predatory activities, and are willing to exploit their victims in more than one ways. In some cases the latter type of traffickers' profits made from the sexual and/or labour exploitation of the victims are supplemented by profits from additional activities for which the victims' identities and family circumstances are essential. Firstly, these traffickers run into debt the victims' bank accounts. After their arrival in the UK, the victims are not given the promised job for weeks or even months. This makes them completely dependent on their traffickers for their living expenses, and in this way debt is built up since traffickers pay for/or provide accommodation and food. This debt is often used as leverage on victims to open bank accounts so that they can apply for jobs and once the bank debit card is sent, it is kept by the traffickers and used to withdraw relatively small amounts of cash from ATMs. Secondly, traffickers obtain loans in the victims' names. This is especially the case in labour exploitation cases. This also creates a situation in which the victims think twice about leaving the trafficker/gangmaster and starting a new life with heavy debts. Thirdly, traffickers (especially east Europeans) get child benefits for the victims' children, who live in their country of origin, as well as working tax credit for each (exploited) worker, which is approximately £2,000 per worker per year (see GLA, 2016b).

- The *number of victims exploited by a trafficking scheme*. According to Belser (2005), the accurate estimation of the profits from trafficking (π) results from multiplying the total number of the trafficking victims

by the average turnover from each victim (the value-added, VA) minus total wage payments or other expenses (W): $\pi = VA - W$. Naturally, the bigger the number of the victims exploited by a trafficking scheme, the higher the profits (UK-E16).

- *Vulnerability and “quality” of the victims.* Vulnerability of trafficking victims generally means that payments to these victims are either low or non-existent resulting in a bigger profit margin for the trafficker. In fact, many of the victims are not even aware of financial transactions taking place between someone, who has sex with her and a trafficker/exploiter (UK-V1). The same applies to labour exploitation. Victims of labour exploitation with mental health problems, for instance, are either not paid at all or paid insignificant amounts of money.
- *The embeddedness of the exploitation phase of trafficking in a legal business.* Trafficking profits are related to the *modus operandi* of the traffickers, and the interaction of the victims, actors in the trafficking collectivities and, of course, the client, during the exploitation phase. Sexual intercourse with a trafficked woman many times, especially when it is embedded in a legal business (e.g. massage parlour, spa, club), is not only the result of a procedure in which the prospective client approaches the trafficker and/or the woman (or vice versa). It involves a number of steps of financial significance. It was noted earlier that trafficked women are introduced to street and brothel prostitution or prostitution that is covered behind the provision of other services in bars, clubs and massage parlors. Some of the money that traffickers get in the non-street and non-brothel prostitution is a product of the labour of women and not of the exploitation of the women’s sexuality *per se*. For instance, many times a *massage* (the legal service in a massage parlor relating to labour) may lead to *sexual intercourse* (the illegal service relating to the exploitation of sexuality of women). In this case, sexual services are the reason why people received non-sexual services too. In many cases, clients are obliged to consume a certain amount of drinks or certain types of drinks (e.g. champagne) before the provision of the sexual services. Profits from trafficking of women for commercial sex that take place in legal business settings include profits from the *labour* exploitation of the women too (ℓ): to slightly enhance Belser’s (2005) formula, $\pi = (VA - W) + \ell$. Importantly, the embeddedness of a human trafficking scheme in a legal business allows for the reduction of costs for the trafficking scheme.
- Whether *loans* are lent with sometimes logical, sometimes irrational interest rates in the process of migrating in the UK. According to some traffickers, in many cases in which women knew which labour sector they were going to be involved and, in fact, actively sought entry to the UK sex market, the women had accepted the facilitation fee as their own debt. Traffickers would lend £1,000 to the women to travel to the UK and the women would then be expected to pay £1,500 from their work in the sex industry (Webb and Burrows, 2009).

Spending and investing human trafficking profits. In most cases of trafficking in the UK, profits are simply spent on lifestyle expenses, jewels, holidays, gifts for girlfriends, and cars. According to GLA (2016b), traffickers may use the victims’ names for car tax and insurance so that the cars are not tracked to the traffickers. Significant parts of the profits are used to

paying off debts incurred by the traffickers and their families and friends. Profits are also invested in the legal economy and specifically in cash intensive businesses (that are often identified as venues of exploitation) such as fast food restaurants, car washes, nail bars, and beauty salons. Sums of money are used for property purchases in the UK and in the country of origin of non-British traffickers (UK-E9; UK-E14; UK-E16; UK-E20; Box 1). Rarely, trafficking profits are used towards the expansion of the business. The more clandestine the scheme, the more difficult it is for this scheme to be expanded; schemes that are embedded in legal business are more likely to be invested upon.

Box 1. Proceeds of labour trafficking: The case of Stasys Skarbalius and Virginija Skarbaliene

Stasys Skarbalius and Virginija Skarbaliene operated as gangmasters illegally between 2006 and 2010 after fraudulently setting up Scunthorpe-based business CV Staff Services. They did it under a fake identity and in turn applied for licences from the Gangmasters Licensing Authority (GLA) and mortgages to build a property portfolio. During this time, they facilitated hundreds of people into work in the agricultural and horticultural industries in Lincolnshire and Humberside, across Yorkshire, Suffolk, Norfolk and Cambridge. Off the profits of the business, which had an estimated turnover of £12 million, they lived lavish lifestyles. The sham was exposed in 2011 when Skarbalius' bogus Dutch passport, which he held under the name of Charles Rene Luske, expired and he was unable to renew it for the purposes of the annual licence.

Both of no fixed address, Skarbalius, aged 62, was jailed for two-and-a-half years and Skarbaliene, aged 58, received three years. They were also disqualified as company directors for seven years. Sheffield Crown Court heard how they had each received total benefits of £1 million from their criminal exploits. They were served with Confiscation Orders under the Proceeds of Crime Act on their available assets – £187,219.85 for Skarbalius and £231,687.68 for Skarbaliene. Included in their assets are substantial bank account balances, recovered cash, a Mercedes Sprinter van, a Lexus Sport, a Volkswagen Transporter van, their four-bedroom detached home in Scotter, Lincolnshire, two three-bedroom houses occupied by tenants in Scunthorpe, and their Scunthorpe business premises.

Source: GLAA website.

Money laundering and movement of trafficking proceeds. Money laundering on a sophisticated, complex and systematic scale was not a common practice identified in our research. Illicit profits were used to establish licit business interests insofar as this may be regarded as money laundering. However, illicit proceeds were not subsequently laundered through these legal businesses once they had been established. There have been, however, cases reported in which traffickers involved in small trafficking schemes laundered their money via simple fraudulent child welfare benefits schemes (see also section 4 in this chapter). In a rather exceptional case, MX, a Chinese “madam” who ran a series of brothels across north London, purportedly had had strong links to the Triads, and was involved in sex trafficking and drug trafficking, was convicted for money laundering (intelligence case provided in Hutton, 2017).

With regard to the movement of trafficking money out of the UK, the general perception during the course of the research was that because of the fragmentation of the business, there is not much need

to move money internationally. When there is movement of trafficking money, legal financial institutions are used. In cases of east European traffickers, there has been some repatriation of funds through bank transfer of small amounts that do not alert the authorities and which have "...nothing extravagantly sophisticated about it" (UK-E16). One of the interviewees referred to a ROCU (Regional Organised Crime Unit) investigation into a Chinese criminal organisation which transferred millions of pounds by a number of banks in the UK to Hong Kong. The bank accounts, which were in different locations in the country, were linked to brothels. It was estimated that between £5-15 million were transferred to Hong Kong (UK-E14). However, usually instant money transfer services such as MoneyGram or Western Union, in which small deposits are made at a time, are used by traffickers. In this case, money from the trafficking business is transferred to the country of origin of the traffickers and sent to extended family members and friends (large number of recipients) (see also Broad, 2013). The Brazilian network mentioned earlier, used the Telecom 2 Surf and Pay facility, a secure web-based credit card payment gateway solution, to process their online spending; a significant portion of the expenditure was in Brazil. They also used the NatWest (National Westminster Bank) remittance service to repatriate cash sums back to Brazil (UK-E16). Finally, in those cases in which women are collected at UK entry points and purchased on the spot, transporters/escorts are paid in cash, and money is immediately *physically* transported back into the originating country (see Webb and Burrows, 2009).

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

The internet (and ICT in general) has affected the business models of traffickers in all phases of the trafficking process as well as the financial aspects of their activities. With regard to *recruitment*, a plethora of websites, including social networking and microblogging services such as Facebook and Twitter, as well as online classifieds, dating and international marriage agency sites, have been documented as recruiting people into trafficking, for the purposes of sexual or labour exploitation, along with offline forms of recruitment, such as word-of-mouth, or through friends and relatives. To lure and recruit victims online, traffickers frequently place spurious, promising advertisements on employment, dating and marriage websites for jobs including administration, cleaning, home help, child and older people care, waitressing, hostessing, pole dancing, the collection and delivery of charity bags, agricultural farming and construction roles, educational courses or work in the tourism sector (UK-E1; UK-E2; UK-E3; UK-E4; UK-E5; UK-E18, etc. see also Europol, 2014). Direct contact is also initiated with victims in chat rooms or via social networking sites, where traffickers pose as friends or lovers to recruit victims, often exchanging e-mails, messages, photographs and videos with their victims to build a relationship and gain their trust and confidence (see also Diba et al., 2017).

Another interesting point raised in the interviews concerns the usage of social media applications by sex traffickers to determine the proximity

of a potential victim to them, in terms of a nearby town or city, or even within the same locality, thus enabling them to easily track, meet and build up a relationship to gain the targeted victim's trust. Many electronic devices such as mobile phones and tablets have, within their settings, built-in location services functions that enable any third-party applications and websites to use information based on the user's current location, and to provide numerous location-based services, such as finding nearby amenities that include parks and restaurants. On this point, if a user has enabled location services, knowingly or unknowingly, on their device, then such action would allow social media applications, such as Facebook and/or Twitter to gain access to and publicly display the user's location to their "friends," through the user's status updates, uploading of photographs and messages sent via Facebook's Messenger feature or, depending on the user's privacy settings, whoever is able to view their profile. Consequently, the visibility of one's location to others can have negative implications for the user, and possess much benefit for a trafficker searching for women to recruit. NGO representatives interviewed by Diba et al. (2017) mentioned that many of the victims they had worked with were not shrewd in their use of the internet and were neglectful in checking their location services settings on their mobile phones. Finally, with regard to the recruitment phase, the Internet has allowed not only the easier identification of potential victims but also additional opportunities for profits at this phase. In one case of labour exploitation, for instance, potential victims from Lithuania were recruited via a Lithuanian website and paid £350 each to the trafficker, who managed the particular website to secure a job in the UK (UKHTC/SOCA, 2013).

The internet has also facilitated *the transportation* of trafficking victims. Social media sites have been used to aid the transportation process by, among other, facilitating the booking of tickets and obtaining travel documentation in several types of transportation. Tickets are purchased online by traffickers often by using compromised credit card data, in order to conceal their identities and, thereby, add another layer of anonymity and distance to their criminal proceedings. Furthermore, the use of stolen credit card information beneficially ensures that neither the tickets nor the victims are able to be easily linked back to the traffickers (Diba et al., 2017). Digital technologies enable counterfeiting as better fake documents essential for the trip are developed at reduced prices (UK-E3).

With regard to *exploitation*, the ICTs has also augmented the nature of sex work from a predominantly physical environment to an increasingly virtual landscape to such an extent that most prostitution is currently advertised and solicited online, in what has been referred to in the literature as "virtual red light districts" (Cauduro et al., 2009: 59). Correspondingly, there has been a significant shift in human trafficking activity for the purposes of sexual exploitation to the virtual sphere, with both the supply and demand side having benefitted from the use of the Internet and digital technologies, with trafficked victims often being advertised online (see Diba et al., 2017). Naturally, ICTs have elevated risks of detection of trafficking schemes. Adverts can be captured via

screenshots, with “digital traces” being left such as remnants of old/expired adverts. As a means to counteract residual criminal activity, one very common pattern adopted by traffickers is the repeated posting of adverts, often several times a day for a week, then all of the adverts being closed. After a few weeks, again, several adverts are then placed and repeatedly advertised with the listed women being featured under new aliases and often, different locations, which would signify repeated movement across cities in the UK (UK-E2; UK-E3; UK-E16).

The financial implication of the use of the internet and ICTs for human trafficking is that, firstly, the costs for recruitment are minimised. The research found that spurious job advertisements are placed on various employment, dating and marriage websites at the same time to lure and recruit potential victims for free. Websites are often created by traffickers in the countries of origin and in the languages of potential victims, with one site linking to another, building international recruitment networks. As such, the content on the first site can be used as a template, and the same layout can be used over and over again, and translated into the different languages of the sex markets where the traffickers desire to trade. ICTs have also reduced costs that are related to the control of victims in the exploitation phase:

“20 years ago a trafficker would require someone to look out for the girls. This is not necessary any more, at least not to that extent...” (UK-E3; UK-E1).

In addition, ICT have led to some changes in the facilitation of the business and on spending patterns by traffickers in some trafficking schemes. The ‘Brazilian network’ mentioned earlier, used a system based on an online platform to handle customers as well as a secure web-based credit card payment gateway to process their on online spending in Brazil (UK-E16). However, the general consensus among the participants in the current research was that when it comes to financial aspects linked to the exploitation phase “ICT... means leaving a trace, and this is against the logic of this illegal market” (UK-E8; also UK-E15; UK-16, etc.)

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

In the UK financial investigations into ‘organised crime’ cases typically operate within the legal framework of the Proceeds of Crime Act 2002 (POCA), which is the primary legislation of financial investigation introducing a number of asset recovery powers.¹⁵ Specifically, POCA contains four distinct means of confiscating the proceeds of crime:

¹⁵ This report was written before the *Criminal Finances Act 2017* came into force. The new Act constitutes an enhancement and a significant reinforcement of the provisions of POCA, introducing – among other – *unexplained wealth orders* (powers to seize suspected criminal property without bringing a prosecution). See <http://www.legislation.gov.uk/ukpga/2017/22/contents/enacted>.

- *Criminal confiscation*: powers to confiscate the proceeds of crime following a criminal conviction as part of the sentencing process;
- *Civil recovery*: confiscating the proceeds of crime *in the absence of a criminal conviction* through the civil courts;
- *Cash forfeiture*: powers to seize and forfeit cash through a civil process where there are *reasonable grounds to suspect* that it is the proceeds of crime;
- *Criminal taxation*: allowing the NCA to access revenue powers to tax income, which it has reasonable grounds to suspect are the proceeds of crime (Wood, 2016: 2; House of Commons – Home Affairs Committee, 2016b).

Apart from the use of officers from economic crime units that are embedded in police forces (UK-E15), law enforcement agencies employ specialised financial investigators that assist the main line of investigation of organised crime cases pre- and post-arrest. These investigators were initially trained, accredited and monitored by the National Policing Improvement Agency (NPIA), which was founded in 2007. The NPIA retained the statutory responsibility under the POCA 2002 to deliver the training, accreditation and monitoring of Financial Investigators through the Proceeds of Crime Centre (POCC); however, this function was transferred to the NCA upon the dissolution of the NPIA in 2013. In the first quarter of 2013, the total number of Financial Investigators was 673 (NPIA, 2013). POCC has also successfully upheld the Joint Asset Recovery Database (JARD), an information database implemented in 2003, maintained by the NCA, and used by approximately 4,500 users across the country (NPIA, 2013). In addition, POCC manages the Financial Investigation Support System (FISS), which provides resources and tools for financial investigators.

An important source of support for (local) law enforcement use of financial investigation and asset recovery is provided by Regional Asset Recovery Teams (RARTs), which were established in 2004, with the very purpose to increase the numbers of confiscations and the value of assets seized. RARTs are largely multi-agency teams that provide specialist support in several aspects of financial investigation of organised crime, and among other they have the objective of targeting professional facilitators, such as solicitors and accountants (Brown et al., 2012).¹⁶ Although there is a rather robust framework with regard to financial investigation of organised crime in general, a framework that is naturally applicable to human trafficking activities in the country, there are significant challenges to the financial investigation of human trafficking. These include, firstly, occupational cultural law enforcement practices against human trafficking:

“There are 2 forensic accountants in Scotland... Portugal, which is only one-and-a-half times bigger than Scotland, has 30 forensic accountants. The issue is that we have to cover the set of skills that are required to deal with finances... It is ridiculous when the police officers say ‘I don’t feel comfortable working on finances’... And the criminal justice system

¹⁶ See <http://www.nersou.org.uk/>

as a whole needs to develop in this way. Getting prosecutors who feel confident... yes, 'confident' is the word... and competent in dealing with financial issues is difficult. The legislation is there! The tools are there!... There is an issue there... we need to make this cultural adjustment" (UK-E16).

Although human trafficking and modern slavery is very high on the political agenda¹⁷ and the national law enforcement agenda in the UK (*cf.* ATMG, 2013), financial aspects of human trafficking are not the priority at the *local* level (UK-E8; UK-E18) (perhaps with the exception of specialised units). The major concern is disrupting trafficking activities and saving the victims:

"Human trafficking is a top political priority. There is a lot of pressure to deal with it internationally and nationally. But locally we get the 'good publicity' and the 'mileage' from stopping traffickers committing their crimes and saving the victims... not going after the traffickers' money" (UK-E15).

The major objective of the relevant local authorities has traditionally been to secure a trafficking conviction. As one of the experts interviewed emphatically noted, "when a trafficking conviction is secured, why bother with finances?" (UK-E8). Because of the decentralised nature of human trafficking, its relative simplicity, and the myriad of small schemes, there are most often no interesting financial aspects that may be necessary for a conviction to be secured.

Secondly, the reluctance on the part of (local) law enforcement to engage in financial investigation of human trafficking in cases in which there might be a significant financial element is also a product of numerous practicalities. The embeddedness of many schemes of sexual and labour exploitation in legal businesses and the legal economy, makes financial aspects more complicated, law enforcement officers (perhaps with the exception of HMRC officers) uneasy and reluctant, and requires specialised investigators, who are expensive:

"Investigating requires some financial accounting abilities and expertise, and in cases in which significant accounting abilities are required, the officers tend to think that this is a job for the HMRC or forensic accountants... Financial investigation of human trafficking cases, just as with other cases of organised crime, falls into the trap of lengthy, complicated process. Disruption is here and now! It's quick! We should not rely on the finances to do the whole thing. We have a financial investigation team [in the police] working on organised crime cases and human trafficking... but you reach at a certain point when a forensic accountant will be needed and this is very, very, very expensive..." (UK-E9).

¹⁷ In 2016, the then Home Secretary, Amber Rudd, announced an £11 million Modern Slavery Innovation Fund to be awarded for projects towards identifying and disrupting human trafficking. The fund is part of £33.5 million of overseas aid funding to support the UK's leading role in tackling modern slavery internationally (Home Office, 2016).

The financial investigation of human trafficking is also considered a very lengthy process and a “procedural nightmare” especially when financial institutions’ (e.g. banks) contribution in the form of evidence/statements is required (UK-E9; UK-E19). These financial institutions are rather reluctant to provide the necessary evidence for cases that do not proceed to court (see Brown et al., 2012). Under POCA 2002, the confiscation procedures involve negotiating the offender’s financial benefit from their criminal activities in order for an order to be made to deprive them of this benefit. Bullock (2014) suggests that a number of factors complicate ascertaining criminal benefit, on one hand, and identifying the available amount that can be confiscated, on the other, including the discretionary practice of police officers and financial investigators, organisational restrictions and compromise between defence and prosecution. As Hutton (2017) notes, the confiscation and financial sections of the cases dealt with by the Metropolitan Police very often stretch for years and in many cases the human traffickers serve their sentence and are released *before the end of the confiscation proceedings*.

Thirdly, a financial investigation into human trafficking does not often produce results commensurate to the effort and resources invested by law enforcement (UK-E14; UK-E19). Operation Pentameter 2, launched in October 2007, for example, was a joint national venture that involved all police forces in the UK, SOCA, the UK Immigration Service, the Crown Prosecution Service, and several NGOs. The operation resulted in 528 traffickers arrested, and “more than £500,000 worth of cash [...] recovered from those criminals arrested” (Home Office, 2008). If, for the economy of the argument, we accept that the cash seized amounts to £550,000, the cash seized per trafficker was an average of £1041.66. Sproat (2012) analysed British Ministry of Justice figures on Confiscation Orders placed on sentenced human traffickers for the period 2004 – 2009. These figures show that nearly 90% of the traffickers were not even issued a confiscation order, which made Sproat (2012: 156) offer a plausible explanation: human traffickers “had so few assets [and] the police/CPS did not even bother trying!” This is echoed in one of the interviewee’s accounts suggesting that when it comes to organised crime, human traffickers in the UK are not financially interesting compared to other organised criminals, who are the priority of financial investigation, such as drug smugglers:

“Financially speaking human traffickers, at least the ones in the UK, are at the bottom of the ‘food chain’ of organised criminals. Drug dealers are at the top. It is the drug dealers’ Lamborghinis and Porsches the government and the public want us to go after...” (UK-E15).

It is perhaps relevant to note here that, according to Bullock et al. (2009), who examined JARD data, in 2006/07 62% of confiscation orders were made for offences of “drug trafficking” followed by fraud/deception (10% of orders), burglary/theft (7% of orders), and VAT fraud (0.5% of orders). With regard to their value, confiscation orders with the highest *mean* values were VAT frauds (£336,000), followed by money laundering offences (£255,000), robbery (£21,500), drug trafficking (£20,000), and burglary/theft (£14,500). Human trafficking

did not feature in the analysis. Moreover, in a Home Office study, Brown et al. (2012) selected a number of cases that had a confiscation order assessed benefit value of £100,000 or more in order to identify the more serious cases, which were also considered most likely to relate to “organised” criminality. Of those, the percentage of cases that *could possibly* (but not necessarily) be “human trafficking-related” were only 5% for “prostitution” (3 cases) and 7% for “immigration offences” (4 cases). The reasons for the small reported proceeds of trafficking may be a result of the actual small profits for traffickers given the human trafficking in the UK is a purely competitive market, the fact that the most significant part of the business is cash-based, which makes the tracing of money extremely difficult, and the fact that payments are often made in source and transit countries. Of course, one needs to bear in mind that it is impossible for the authorities to differentiate between those human traffickers, who have simply spent their crime money and those who have successfully hidden their assets in other contexts. For instance, MX, the Chinese madam in Hutton’s (2017) study, transferred significant amounts of money to China and Malaysia.

Despite the challenges, there have been successful cases involving the investigation of human trafficking through even rudimentary financial aspects. For example, an investigation may come as the result of a trafficker displaying – e.g. on Facebook – income of more than £50,000 per annum without him/her having the corresponding legal means to support the lifestyle (e.g. UK-E15; UK-E19). In other cases, financial intelligence gathered from SARs (Suspicious Activities Reports) submitted to the UK Financial Intelligence Unit (NCA) has been instrumental in instigating and supporting investigations on human trafficking. In one case in 2015, during an investigation into an OCG suspected of human trafficking, a potential victim was identified through a SAR. The subject was able to provide investigators with useful information, which confirmed that she had been trafficked by the OCG, and arrests were made. In another case in the same year, a SAR built up the profile of an individual suspected of being involved in the trafficking of women for sexual exploitation and the running of brothels. The investigation instigated by the SAR provided information about the offender making suspicious payments to hotels (bookings on behalf of clients) and receiving cash payments of unknown origin (NCA, 2015b). In an investigation ongoing at the time of writing, which is looking at human trafficking and drug offences, numerous SARs have been received referring to cash credits being deposited all over the UK by individuals purporting to be studying on student visas. Around £2 million is believed to have been transferred to other persons involved. As a result, a number of arrests have been made, over £600,000 in cash has been seized and over £400,000 restrained (NCA, 2017d).

In some other cases financial investigation has been instrumental in the conviction of human traffickers in the UK, and money laundering cases have been prosecuted where human trafficking has been the underlying predicate offence to money laundering (although human trafficking is a predicate offence to a lesser extent than the “main proceeds-generating

activities of OCG")¹⁸ (Moneyval, 2015: 60; Moneyval, 2005). In one case, for example, a couple were fraudulently receiving child welfare benefits for a child in their care. These benefits were paid directly into the subjects' joint bank account and the subjects would then withdraw the payments in cash from an ATM. A few hours after the withdrawal of the money, the couple would deposit the amount back into the account. The financial investigation revealed that the money deposited back was the proceeds of human trafficking, and that the couple were using the bank to launder their trafficking money. After several weeks, the couple would withdraw a lump sum and transfer it overseas via a money service business. The offenders were convicted of human trafficking and money laundering (FATF/OECD, 2011: 56-57).

It should also be noted that the UK is one of the countries that has committed to developing public-private financial information-sharing partnerships (FISPs) that bring public agencies and major financial institutions together to tackle money-laundering (and terrorist-financing). In one case, four members of a human trafficking network operating in the country were convicted in November 2016 as the result of an investigation developed through the UK FISP. Intelligence from law enforcement agencies on individuals and addresses linked to the sexual exploitation of women in London was shared with major UK banks. A bank's intelligence team used this information to identify a human-trafficking network, linked through common addresses, and reported this to law enforcement (Maxwell and Artingstall, 2017).

5. CONCLUSION AND RECOMMENDATIONS

Understanding the broader range of financial aspects of human trafficking is an important component of the process of crimes for gain and can contribute to more effective investigation and prevention (see also Antonopoulos *et al.*, 2015; Levi, 2013). However, despite the fact that "proceeds of crime" and "tackling criminal finances" have been a priority for policymakers and law enforcement agencies in the UK (and internationally) (see, for example, HM Government, 2015), there is "low level financial intelligence captured" (UK-E16) and relatively little is known about the financial management of human trafficking in the country.

Human trafficking data in the UK are unreliable, and apart from technical reasons (e.g. dark figure, dependency on actions by the authorities, identifying *potential* victims, etc.) this is because these data are often produced with an eye to isolating human trafficking from the illegal and legal economic activities trafficking facilitates (see Kopp, 2012).

Our research has shown that the human trafficking scene in the UK is extremely fragmented and with a low entry threshold. In those cases in which there is investment in a trafficking scheme, the start-up capital

¹⁸ E.g. tax frauds, drug-related crimes and smuggling of high-taxed goods.

derives from funds from legal businesses and savings and/or funds from other criminal activities especially for those traffickers who have a diversified criminal portfolio. Payments in cash are almost exclusively the case in the human trafficking business; the exceptions are some transactions that take place within the confines of a legal business or payments in kind (e.g. provision of free sex to corrupt officials). The traffickers employ a variety of negative, positive and administrative methods to ensure payment from victims.

The costs for doing business depend on the scale of the trafficking scheme and its logistical complexities, the distance of the country of supply of victims, the degree of legality of the scheme and its possible embeddedness in a legal business, the number and types of actors involved, and a number of unforeseen expenses in critical moments. The profits depend on the trafficker's rationale for entering the business, the number of victims exploited, the vulnerability and (perceived) "quality"/worthiness of the victims, the embeddedness of the exploitation phase in a legal business, and the presence of loans to victims.

Although some significant amounts have been laundered in *specific* cases, generally, sophisticated laundering schemes are the exception rather than the rule in the UK. The management of profits from human trafficking reflects primarily the fragmented nature of the phenomenon, the relatively small size of most schemes, the financial abilities of the criminal entrepreneurs and possible embeddedness of a trafficking scheme in a legal business, as well as the traffickers' personal circumstances. Investments are modest (reflecting in most cases the modest profits made in a rather open and highly competitive business), and apart from property, traffickers invest in cash-intensive businesses.

A number of recommendations can be made on the basis of our account. Firstly, continuous development of the knowledge base on the social organisation of human trafficking and its financial aspects is necessary. Finances are not just another element of the human trafficking process but are integrally linked to the social organisation of the phenomenon from recruitment to exploitation. In addition, there is a need for research to be done on the rationale of human traffickers for entering the business. Considering "getting money" as simply the rationale for entering (and staying) in the business offers a partial and incomplete view. Moreover, there is a need for continuous development of the knowledge base on the ways ICTs have been impacting on the social organisation and finances of the particular business. In the online sphere, a few years can be an era in terms of developments.

Secondly, and from a law enforcement practice point of view, it is important for a financial investigation of human trafficking (and other manifestations of organised crime) to begin as early as the intelligence collection phase for two reasons:

- financial investigation may provide material that can reveal details about a suspect's life, activities, associates, etc., that are functional for the criminal investigation (see also ACPO, 2006);

- if the financial investigation does not run in parallel with a criminal investigation, there is significant risk that the assets would not be available when the authorities reach the stage of confiscation.

Given that the financial investigation remains secondary concern to an investigation of human trafficking, and given the difficulty in changing culture in the criminal justice system, it is imperative that the performance of the authorities is not judged only by how much trafficking money they confiscate against a target (which may be set artificially high) (see Bullock et al., 2009) but also how trafficking statistics are influenced by denying traffickers their assets (see House of Commons – Home Affairs Committee, 2016b). Although this is rather difficult to do, methodologically speaking, it may incentivise law enforcement agencies to integrate a financial investigation at an early stage of the whole investigation process.

LIST OF ABBREVIATIONS

ACPO	Association of Chief Police Officers
CPS	Crown Prosecution Service
EEA	European Economic Area
FATF	Financial Action Task Force
FISS	Financial Investigation Support System
FRONTEX	European Border and Coast Guard Agency
GAIN	Government Agency Intelligence Network
GLAA	Gangmasters and Labour Abuse Authority (formerly Gangmasters Licensing Authority)
HMRC	Her Majesty's Revenue and Customs
JARD	Joint Asset Recovery Database
MPS	Metropolitan Police Service
MSHTU	Modern Slavery Human Trafficking Unit
NCA	National Crime Agency
NERSOU	North East Regional Special Operations Unit
NGO	Non-Governmental Organisation
NPIA	National Policing Improvement Agency
NRM	National Referral Mechanism
OCGs	Organised Crime Groups
OECD	Organisation for Economic Co-operation and Development
POCA	Proceeds of Crime Act
POCC	Proceeds of Crime Centre
RART	Regional Asset Recovery Team
ROCU	Regional Organised Crime Unit
SARs	Suspicious Activity Reports
SCDEA	Scottish Crime and Drug Enforcement Agency
SOCA	Serious and Organised Crime Agency
SPOC	Single Point of Contact
UK	United Kingdom
UKBA	United Kingdom Border Agency
UKFIU	UK Financial Intelligence Unit
UKHTC	United Kingdom Human Trafficking Centre
UNTOC	United Nations Convention against Transnational Organised Crime

LIST OF INTERVIEWEES

Name	Position/department	Institution/role
UK-E1	Academic researching organised crime	UK University
UK-E2	Academic researching organised crime	UK University
UK-E3	Academic researching human trafficking	UK University
UK-E4	Member of NGO	Barnardo's
UK-E5	Senior Police officer – Organised Crime Unit Lead	British Police
UK-E6	Police and Crime Commissioner	British Police
UK-E7	Police and Crime Commissioner	British Police
UK-E8	UKHTC/NCA representative	National Crime Agency
UK-E9	Senior Police officer/Organised Crime Unit	British Police
UK-E10	GLAA representative	Gangmasters and Labour Abuse Authority
UK-E11	Police interpreter [working with Romanian migrants]	British Police
UK-E12	Investigative officer	HM Revenue and Customs
UK-E13	Manager	Residential Child Care/Social Services
UK-E14	Official	Strategic Centre for Organised Crime, Home Office
UK-E15	Detective/Organised Crime Unit	British Police
UK-E16	Head of Forensic Accountancy	British Police
UK-E17	Member of NGO	ECPAT (Every Child Protected Against Trafficking) UK
UK-E18	Head of local Cyber Crime Team	British Police
UK-E19	Coordinator	Regional Special Operations Unit/GAIN
UK-E20	Criminal and Financial Investigation Officer	Immigration Crime Team, Home Office
UK-V1		Rescued trafficking victim ¹⁹

¹⁹ The author is indebted to Iris Mordue for the interview with the rescued trafficking victim.

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