

FINANCING OF ORGANISED CRIME

HUMAN TRAFFICKING IN FOCUS



**CENTER FOR
THE STUDY OF
DEMOCRACY**

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The report *Financing of Organised Crime: Human Trafficking in Focus* contributes to a better understanding of the financial aspects of this infamous phenomenon. The analysis explores the sources and mechanisms of the financing of trafficking in human beings, settlement of payments, access to financing in critical moments, costs of business, and the management of profits. The report draws on the findings of nine in-depth country case studies in Belgium, Bulgaria, Italy, France, Germany, the Netherlands, Romania, Spain, and the United Kingdom. Based on the results of the analysis and the examination of the current practices with regards to financial investigations, the report also suggests recommendations for tackling this crime.

The report has been produced with the joint efforts of the Center for the Study of Democracy (CSD), the University of Trento, and Ghent University and in close collaboration with the French National Institute for Advanced Studies in Security and Justice. The study has also been supported by the General Directorate Combatting Organised Crime in Bulgaria, the Federal Police in Belgium, and the Central Office for Fighting Trafficking in Human Beings in France.

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LIST OF ABBREVIATIONS

| | |
|--------------|---|
| CSD | Center for the Study of Democracy |
| EU | European Union |
| ICT | information and communication technologies |
| ILO | International Labour Organisation |
| JIT | Joint Investigation Team |
| LEA | law enforcement agency |
| NGO | non-governmental organisation |
| OCG | organised crime group |
| SOCTA | Serious and Organised Crime Threat Assessment |
| THB | trafficking in human beings |

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INTRODUCTION

Trafficking in human beings (THB) is considered one of the heinous forms of crime in the EU and targeted by a number of legal acts and policy documents. Among the most recent ones are the EU Anti-trafficking Directive,¹ the EU Strategy 2012 – 2016² and the 2017 Communication³ stepping up EU action on that gruesome issue. The 2017 SOCTA report of Europol also lists human trafficking among the top five priority crime threats for EU. It is widely acknowledged that trafficking in human beings, like all organised (and some non-organised) crime activities, is profit-driven (Europol, 2015; FATF, 2011; OSCE, 2010; UNODC, 2016). Therefore, it can be best understood and addressed when criminal finances are being placed in the very centre of its analysis and investigation. Nonetheless, according to the mid-term report on the implementation of the EU anti-trafficking strategy⁴ “financial (including asset-tracing) investigations are conducted in several member states on a case-by-case basis when a case of THB is encountered.” Europol (2015) also admits that “there is a significant intelligence gap amongst LEAs regarding the financial aspects of THB.” The agency reports that this partial knowledge is a result of the limited number of financial investigations into the proceeds generated by THB and in turn contributes to difficulties in identification and prosecution of traffickers.

A previous report on the subject of organised crime finances (CSD, 2015) has come to similar conclusions about the investigations of organised crime in general: law enforcement institutions have traditionally been focused on predicate crimes with the aim to imprison perpetrators and seize illicit goods. Information on the financial aspects of organised crime has been regarded as irrelevant and no deliberate efforts to collect and analyse such data have been made. Hence, the quality of the financial information collected (if at all) is fragmented and compromised because law enforcement agents operating at the local level lack knowledge and experience in financial matters. The report focused on three main illicit criminal markets in the EU: cocaine trafficking; illicit tobacco trade, and organised VAT fraud and explored the sources and mechanisms for financing organised crime, settlement of payments, access to financing in critical moments, costs of business and the management of profits.

¹ Directive 2011/36/EU of the European Parliament and of the Council of 5 April 2011 on preventing and combating trafficking in human beings and protecting its victims, and replacing Council Framework Decision 2002/629/JHA, OJ L 101, 15.4.2011.

² *The EU Strategy towards the Eradication of Trafficking in Human Beings 2012 – 2016*, Communication from the Commission to the European Parliament and the Council, COM/2012/0286 final.

³ *Reporting on the Follow-up to the EU Strategy towards the Eradication of Trafficking in Human Beings and Identifying Further Concrete Actions*, Communication from the Commission to the European Parliament and the Council, Brussels, 4.12.2017. COM (2017) 728 final.

⁴ *Mid-Term Report on the Implementation of the EU Strategy Towards the Eradication of Trafficking in Human Beings*, Commission staff working document, 17.10.2014, COM (2014) 635 final.

Although this report did not focus particularly on trafficking in human beings, it offered several important insights for better understanding of the financial underpinnings of illegal markets and specifically about the sources of financing that criminal entrepreneurs rely on. The analysis clearly demonstrated that the need for financing applies to entry at every level of illicit markets: from the low/retail level to the high level, even though the scale of investment was likely to differ (CSD, 2015). One of the main conclusions of the study, in line with the social embeddedness perspective, is that the social capital of criminal entrepreneurs – their trusted connections and reputation – is of bigger importance than the financial capital for entering, operating and succeeding in a given criminal market contrary to the expectation that capital will be readily available when the potential for profit is high and the perceived risk is low. Moreover, the higher the levels of risk associated with a given criminal activity, the greater the role of social capital in comparison with financial capital for entering the market. Likewise, upward mobility in criminal markets is not merely a matter of accumulating financial capital, but also building social capital in terms of developing a customer base of trusted clients and establishing trusted relationships with suppliers from upper levels (CSD, 2015).

The analysis identified three main sources of financing – reinvestment of criminal proceeds, borrowing capital and use of legitimate sources. Reinvestment of criminal proceeds is reported as the main form for financing of the criminal operations with shared investment schemes widely spread for all supply chain levels and across different markets. Shared investments apparently not only allow criminal entrepreneurs to kick-start a given project, when they cannot raise the necessary financial resources on their own, but more importantly it is a tool for sharing business risks. Borrowing capital from other criminal entrepreneurs appears to be the least practiced form of financing, usually used in critical moments. Such illicit lending was rather obtained by other well-established, career criminals in their wider network in virtue of established trusted relationships or through a trusted surety and less likely from loan sharks. The data collected within the study did not find evidence for existence of specialised “underground bankers” who finance criminal projects. The analysis also showed that legitimate money is often invested in criminal markets. At the retail or wholesale level of drug and illicit tobacco markets, these legitimate funds might come from variety of sources: personal savings, revenues from a legal business of the criminal entrepreneur, loans from family or friends, payday loans, and small bank credits. At higher levels of drug trafficking or illicit tobacco markets, as well as with large scale VAT frauds, such legitimate funds may originate from legal business revenues, EU or national subsidies, and bank loans (CSD, 2015).

Despite the insights presented in CSD’s 2015 *Financing of Organised Crime* report, the financial mechanisms behind a number of important markets generating substantial revenues remain under-researched, of which trafficking in human beings is one prominent example. The current analysis fills this gap by applying the same approach that has been already developed within the 2015 report and by providing a detailed

account on the business models of traffickers in human beings. The analysis discusses the financial underpinnings of trafficking in human beings focusing on two major forms of exploitation, namely sexual exploitation and labour exploitation.

The current report is organised in five chapters and a conclusion. The first chapter presents the current state of research on criminal money management in the context of trafficking in human beings and briefly discusses the methodology applied in the study. The second chapter covers the contemporary trends and developments in the market structure and social organisation of THB in selected EU countries. The third chapter focuses on financial aspects of THB, whereas the fourth covers the role and implications of ICT on human trafficking. The last chapter provides an overview of the role of money laundering investigations in tackling this criminal activity. Finally, the conclusion summarises the main findings and policy recommendations for prevention and combatting THB.

1. ANALYSING THE FINANCES OF TRAFFICKING IN HUMAN BEINGS

Research on organised crime and especially its financial underpinnings is an indispensable component of more effective and smarter approaches to prevention and investigation (see Antonopoulos et al., 2015). It is particularly important to enhance understanding of the financing mechanisms behind crimes which pay well and are at the same time considered to pose low risk for offenders. Trafficking in human beings is a prominent example, representing a very lucrative form also of organised crime groups (Belsler, 2005; Government of the Netherlands, 2016; Wheaton et al., 2010), which is expected to surpass key forms of organised crime (e.g. drug and arms trafficking) in terms of generated profits, while at the same time being associated with relatively low risks and costs for perpetrators (Akee et al., 2014; Fahey, 2009; Wheaton et al., 2010). Despite the lucrativeness of THB, however, most of the research predominantly focuses on the crime of trafficking and less on the financial aspects such as utilisation of profits and investments (OSCE, 2014). Deepening the understanding of the financial mechanisms of this market will aid in the development of more effective counteraction strategies with the ultimate aim to make trafficking a much less lucrative illicit enterprise.

This chapter examines the current state of research on financing of organised crime more generally and trafficking in human beings specifically. Subject of analysis is the definition of the crime, followed by the main theoretical perspectives in the analysis of financial underpinnings of organised crime and THB, as well as existing knowledge on the concrete mechanisms, actors, and strategies used by criminal groups more generally and human traffickers specifically. **The methodology and the data sources on which the current study is based** are also discussed.

1.1. DEFINING TRAFFICKING IN HUMAN BEINGS

The definition of human trafficking applied in this report closely follows the one provided in the UN Convention Against Transnational Organised Crime and its Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children (the Palermo Protocol). The convention and its protocol are the first global attempt in modern times to define and counter trafficking, which set out the first **widely accepted definition of human trafficking** (Di Nicola, 2014; Bressan, 2012; Shelley, 2010). In Article 3, paragraph (a) it states that “[...] ‘trafficking in persons’ shall mean 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". The same article further defines exploitation, stating it "shall include, at a minimum, the exploitation of 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."

State parties are committed to criminalise the forms of conducts under the aforementioned definition, and the description of modes and means of coercion is intentionally left broad as to include a vast range of conducts. Article 3, paragraph (b) also sets out the irrelevance of the consent given at any time by the victims under all circumstances, where one of the means identified in subparagraph (a) is used. Furthermore, the "recruitment, transportation, transfer, harbouring or receipt of a child for the purpose of exploitation shall be considered 'trafficking in persons' even if this does not involve any of the means set forth in the definition" (Aronowitz, 2001, p. 165). The Palermo Protocol entered into force on 25 December 2003 and as of November 2018 had been signed by 117 countries and ratified by 112. The Protocol aims to counter trafficking through judicial and law enforcement means. Its definition provides the common basis for the international community to prevent, combat and punish trafficking, and to identify, protect, and assist victims. Indeed, 15 years after the issue of the Protocol, an increasing number of states have deployed efforts to prosecute traffickers, implemented measures and interventions for the protection and assistance of trafficked people, and to prevent THB (Di Nicola, 2014; Aronowitz, 2001; Antonopoulos & Papanicolaou, 2018).

The EU has also pointed out the urgency of addressing the issue of trafficking in human beings. At the European level, action against trafficking of migrants was undertaken with the adoption of a common framework in 2002.⁵ More recently, the Directive of the European Parliament and of the Council of 5 April 2011 on Preventing and Combating Trafficking in Human Beings and Protecting its Victims (Directive 2011/36/EU), has replaced the Council decision, adopting a broader definition of THB aligned to the one set out in the UN anti-trafficking Protocol,⁶ while including additional forms of exploitation. In the preliminary remarks (No. 11), Directive 2011/36/EU states that "forced begging should be understood as a form of forced labour or services" and that "the expression 'exploitation of criminal activities' should be understood as the exploitation of a person to commit, inter alia, pick-pocketing, shop-lifting, drug trafficking and other similar activities which are subject to penalties and imply financial gain."

⁵ Council Framework Decision 2002/629/JHA of 19 July 2002 on combating trafficking in human beings, OJ L 203, 1.8.2002.

⁶ Article 2 of Directive 2011/36/EU defines the offences concerning THB as follows "the recruitment, transportation, transfer, harbouring or reception of persons, including the exchange or transfer of control over those 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."

One of the biggest challenges in analysing the finances of THB was how to disentangle **the conflation between trafficking for sexual exploitation and prostitution**. The THB for sexual exploitation is deeply interwoven with the domestic and foreign prostitution markets and it is almost impossible to distinguish between these two phenomena since the empirical boundaries between the two are often blurred. Moreover, the legality of prostitution in EU countries varies widely from licensing and regulation of sex work (e.g. the Netherlands, Germany, Austria, Hungary, Latvia), to criminalisation of procurement and operation of brothels (most EU countries) and criminalisation of the purchase of sex (Sweden, France, Ireland), which has direct implications on the legal status of the victims of THB in the different countries. The convergence between prostitution and sex trafficking cannot be ignored and it is essential to understand that this intertwining is not only conceptual, but perhaps even more acute in practice, where the markets of sex work and trafficking often share spaces, operative structures, and actors. Hence, in the economic terms of the “business approach” to organised crime, traffickers adjust their operational strategies to the dominant “business conditions” of the sex markets in order to maximise profits and minimise the risks (OSCE, 2010).

In this regard, looking into the sex work market, its operational structure, and the financial aspects associated with sex trade (whether legal or illegal) is not only unavoidable when trying to determine the financial operations of THB, but rather useful or even necessary, as the exploitation of THB victims in the post arrival phase merges with the broader sex work supply. Taking into account all this in the report, where appropriate both qualitative and quantitative data related to prostitution are used as a proxy for achieving a better understanding of the financial aspects associated with sex trafficking.

1.2. FINANCIAL AND SOCIO-ECONOMIC DIMENSIONS OF ORGANISED CRIME

The **spectrum of actors engaging in THB** spans from independent traffickers to more or less structured criminal networks and groups (UNODC, 2010a). Some researchers contend that there is “little evidence of highly structured, hierarchical organised crime enterprises involved in human trafficking” as opposed to “more loosely, organised, entrepreneurial organised crime networks” (Aronowitz, 2009, p. 66). However, some degree of organisation and cooperation between individuals is widely acknowledged as an important feature of many criminal actors engaged in human trafficking (FATF, 2011; UNODC, 2016; Europol, 2016). Therefore, an examination of current understanding of the financial underpinnings of other markets dominated by organised crime is valuable in informing research on THB.

Financial aspects of organised crime and specifically financing of organised crime generally have been conceptualised along **two schools of thought** –

the illegal enterprise model and the social embeddedness approach. Becker (1968) pioneered the study of crime as an economic activity, which is the result of a potential offender's rational calculations:

“The individual calculates (1) all his practical opportunities of earning legitimate income, (2) the amounts of income offered by these opportunities, (3) the amounts of income offered by various illegal methods, (4) the probability of being arrested if he acts illegally and (5) the probable punishment should he be caught. After making these calculations, he chooses the act or occupation with the highest discounted return” (Becker, 1968).

The rational choice assumption has been further developed and incorporated in studies on organised crime. The **illegal enterprise model** treats criminal entrepreneurs as rational actors seeking profit maximisation (Reuter, 1983). The central idea of the illegal enterprise approach has been initially formulated by Smith (1980) in his spectrum-based theory, which contends that illegal entrepreneurship should be considered as part of a wider spectrum of economic activities in a given market that could be ranked on a scale that reflects levels of legitimacy in a given marketplace. He describes illegal enterprises as an extension of legitimate market activities into areas prohibited by law, where they pursue profit via meeting latent illicit demand. Other scholars studying organised crime based on these assumptions thus see illegal enterprises as similar to legal businesses, which allows for their analysis through the application of theories used to explain formal legal organisations and markets (Gottschalk, 2010; Haller, 1990; Schloenhardt, 1999).

Peter Reuter (1983) has been among the first scholars to apply the illegal enterprise approach to conceptualise the financial underpinnings of organised crime. His analysis of the consequences of product illegality posits that unlike licit entrepreneurs, criminal entrepreneurs face numerous constraints to access external credit. The main obstacles are related to:

- lack of separation between the ownership and management in the illicit enterprise;
- lack of standardised and detailed record keeping that provides lenders with sufficient evidence about the assets and financial flows of the borrower;
- lack of legal institutions and mechanisms for dispute settlement and recovering the claim of the lenders in case borrowers fail to meet their contractual obligations.

These constraints for access to external credit prompt criminal entrepreneurs to rely exclusively on reinvestment of the profits from illicit activity in order to grow (Reuter, 1983). Furthermore, the constant threats of law enforcement investigation, arrest and seizure of assets compels criminal entrepreneurs either to pay higher rates to employees to ensure their loyalty or to ultimately limit the number of these employees in order to curb potentially dangerous information leaks as well as operational costs. In addition, very often product illegality also prohibits advertising of the product and thus also naturally limits the market for the illicit

goods. All these factors presuppose that illicit enterprises remain small in size and turnover, ephemeral and with limited geographical scope and range of activity (Reuter, 1983). The constraints that illegal entrepreneurs face can largely be explained by the fact that they operate outside and against the state (Paoli, 2002). These constraints force illegal actors to organise their activity in such a way, so that they minimise the risk of police apprehension. Thus their opportunities for vertical and horizontal integration are practically limited and there are few incentives for consolidation of large-scale, modern bureaucracies. The exception of this tendency are mafia-type associations, terrorist organisations and gangs, which apparently function as something different than simple economic subjects (Paoli, 2002).

The illicit enterprise paradigm has been criticised for failing to account for the fact that organised crime does not occur in a social vacuum. The fundamental argument is that social relations and life events shape involvement in organised crime and developments in criminal careers. In addition, the criminal markets studied by Reuter are exclusively local and the assumptions based on their analysis could not be extrapolated to all criminal businesses, such as drug trafficking (Kleemans, 2013). Building on research into criminal careers of organised crime offenders, scholars argue that understanding about the limits between legality and illegality should be reconsidered, since the career of these offenders start precisely because they have acquired the needed contacts and opportunities from their legitimate business or occupation (Kleemans & de Poot, 2008). The financial stakes and the illegality of the products and/or services supplied in the criminal markets make building trust and curbing distrust a recurring and even more pressing problem compared with legal markets. Furthermore, criminal entrepreneurs operate in insecure and potentially hostile environment where formal mechanisms to secure investments, contracts and goods are absent. However, these business risks are mitigated through the essential role of social relations in the economy – personal reputation and social capital open up new opportunities for pooling and sharing resources including financial resources (Kleemans, 2013).

The **concept of social embeddedness** and the role of social networks in organised crime is widely applied in the mainstream research on organised crime (Bruinsma & Bernasco, 2004; E. R. Kleemans, 2013; Morselli, 2005; van de Bunt et al., 2013). Previous empirical studies have established that social connections and opportunities are vital for the genesis and sustained functioning of organised criminal groups. Social ties and networks are used to motivate and enable criminal entrepreneurship and forge criminal partnerships (Kleemans & de Poot, 2008; Leukfeldt, 2015). Indeed, except for some elite fraudsters, few criminals suddenly engage in major crimes without spending some time in criminal (and sometimes non-criminal) networks (Kleemans & de Poot, 2008; van Koppen et al., 2010) that generate for them a reputation of a varying degree of reliability (Levi, 2015). Social connections provide and facilitate access to criminal opportunities, whereas the criminal social network enables multi-criminality, expansion and sustainability (Leukfeldt, 2015; Kleemans & de Poot, 2008; Edwards & Levi, 2008; Bouchard & Morselli,

2014), including through playing a crucial role in criminal recruitment. In certain contexts, stronger social interactions allow individuals involved in criminal activities to more easily exchange information and know-how that diminish the costs of crime (Lederman et al., 2002). Furthermore, these social interactions may facilitate the influence of criminals on other community members to develop a propensity for crime and violence (Lederman et al., 2002).

In terms of the access to and accumulation of social capital in organised criminal groups, there has been mounting empirical evidence in recent years in support of the argument that cross-border criminal partnerships are in fact less structured, less resilient, and more flexible than previously thought in the traditional models of organised criminality (Kleemans et al., 1998; Kleemans et al., 2002; van de Bunt & Kleemans, 2007; Kruisbergen et al., 2012; Leukfeldt, 2015). Although strict hierarchical lines seem to be lacking in such circumstances, studies nevertheless point to dependency relationships, wherein some actors exert more power and influence than others within the same network. Moreover, such criminals act as nodes that facilitate communication and cooperation with other criminal networks, where they may play a similar role. The persons occupying these roles have been identified to possess and/or control resource that others in the network rely on, such as finances, know-how and connections, i.e. social capital (van der Hulst, 2008). Another important role in the criminal social network is the broker who facilitates connections, communication and cooperation with social structures outside the criminal network, for example in bringing together different social strata, distant geographies, ethnic groups, or in providing links with the licit reality (Leukfeldt, 2015, p. 95).

In addition to examining the mechanisms illicit entrepreneurs use to mitigate the risks they face and to initiate, sustain, and expand their businesses, research has also focused on the **handling of the proceeds of crime** and money laundering – how offenders actually spend their money and try to conceal its criminal background. Normally, offenders do not use their profits to invest but rather spend their money on an extravagant lifestyle, thereby enhancing their prestige among peers (Naylor, 2002). However, conspicuous spending does not preclude the possibility of investment. In various cases, spending money on luxury items (e.g. cars and jewellery) is combined with investments in real estate and legal firms. In those cases, criminal earnings simply are large enough to facilitate both (Kleemans et al. 2002, p. 131).

Usually, when they invest proceeds offenders tend to stay close to home (Kruisbergen et al., 2015). Considerations of proximity and availability seem to be more prominent in driving investment behaviour in comparison to profitability (the standard economic approach: criminal entrepreneurs make cost/benefit efficient investments in a globalised economy) or power (the criminal infiltration approach: organised crime offenders gain power and influence by investing in the legal economy). The distance between the offender and his assets is often unsubstantial, comprising both physical and social distance. They predominantly invest in their country of origin or the country of residence, and their investments

consist of tangible, familiar assets such as residences and other real estate and (small) companies in well-known sectors, whereas purely financial assets, e.g. bonds and stocks in companies in which offenders are not personally involved, are far less common.

However, the processes, actors, and mechanisms involved in financing criminal markets remain under-researched. This gap is significant, considering that accessing capital is an important constraint for some criminals when they seek to become important actors in illicit markets for goods and services (Dean et al., 2010). There is general information available regarding the level of financing required for a criminal group's operations in specific illicit markets, e.g. the illicit drugs market. For example, previous research has shown that financiers are often behind the financing of large-scale trafficking of commodities such as cigarettes or drugs (von Lampe, 2005; Caulkins et al., 2009; CSD, 2012; Rusev et al., 2013; Antonopoulos & Hall, 2016; Di Nicola & Terenghi, 2016). Yet despite the influence of these financiers, they remain outside the scope of analysis of organised crime at EU level, where such information is largely omitted. Even less is known about a number of other illicit markets such as smuggling and trafficking in human beings, counterfeiting of goods and money (cf. Antonopoulos et al., 2018), payment card fraud, trafficking in stolen vehicles, and so on (Antonopoulos et al., 2015). Similarly, the extent to which criminal entrepreneurs also engage in a process that has been defined as "reverse money laundering" where funds from legitimated sources are used illegal for purposes is poorly understood (Antonopoulos et al., 2015). All these issues have been addressed and thoroughly examined within the *Financing of Organised Crime* report, which explored the financial underpinnings of three major organised crime activities – drug trafficking, illicit tobacco trade and organised VAT frauds (CSD, 2015).

1.3. THE FINANCIAL MANAGEMENT OF HUMAN TRAFFICKING

As with other illegal activities, the financial management process of human trafficking is still not sufficiently understood. Nevertheless, some studies have explored the financial mechanisms of THB, as well as the illegal markets for sex services. Since the prostitution market in many countries is inextricably linked with trafficking for sexual exploitation, studies which focus on the financial aspects of pimping should also be considered as part of the larger body of literature dealing with criminal money management in the illegal markets for sex services (Dank et al., 2014; Englund et al., 2008; Leman & Janssens, 2008; Petrunov, 2011; Schloenhardt, 1999). The growing body of research that has focused on this criminal activity explores both the factors which make THB a profitable activity, as well as the costs, accounting practices, profits and profit sharing, access to capital, money laundering, and investment.

There are a number of **macro factors that make human trafficking a profitable criminal activity** (Jakobsson & Kotsadam, 2015; Schloenhardt, 1999; Wheaton et al., 2010). Globalisation has eroded borders, facilitating

THB in all stages of this activity – from recruitment through transportation to exploitation (Kara, 2009). Human traffickers take advantage of the difference between the low wages and the lack of employment opportunities in one region and the inverse in another (Wheaton et al., 2010). The desire to migrate has meant that many people have become vulnerable to exploitation (Europol, 2016; Hepburn & Simon, 2013). Similarly, research has been directed towards establishing factors which make certain countries preferred destinations and other key source countries. Legislation with regards to migration and prostitution, size of markets (sex/labour demand), income levels, and purchasing power have been suggested as pull factors, whereas poverty, unemployment, inequality, limited immigration possibilities and the social and economic marginalisation have been suggested as push factors (Jakobsson & Kotsadam, 2015; Schloenhardt, 1999; Wheaton et al., 2010).

Similar to activities in other licit and illicit markets, the objective of THB is the maximisation of profits. The supply of human trafficking victims for sexual and labour exploitation seeks to satisfy the demand for cheap labour (Kara, 2009; Wheaton et al., 2010). Nevertheless, as with other organised criminal activities, research has shown that the role of **social capital and opportunities** – family links, neighbourhood/community exposure (e.g. gang involvement, etc.), recruitment/mentorship by pimp or sex worker, etc. – is important in THB. Cross-border trafficking of human beings involves complex processes of coordination, whereby finding suitable co-offenders requires building of sufficient trust. To become involved in this type of organised crime, offenders have to either join an existing crime group, or start off criminal activities with others and set up a new crime group. Mutual reliance and trust in each other's capacities is essential for successful cooperation. Therefore, organised crime offenders in human trafficking use social ties and networks to establish trust before any cooperation and collusion takes place (von Lampe & Johansen, 2004; van Koppen, 2013). Social relations and network dynamics ensure that the recruitment of new offenders and the creation of new partnerships are not the same as traditional models claim. Family, friends, and acquaintances work together and introduce each other to others and are the base of criminal entrepreneurship and expansion (Kleemans et al. 1998). The concrete financial mechanisms behind THB operations have also been explored.

1.3.1. Access to funding and settlement of payments

Use and access to credit do not seem to play an important role in human trafficking business, at least according to the scant empirical evidence available. Thus, compared to other criminal markets such as the drug market for example, entry into a prostitution market is not dependent on access to credit facilities (Korsell et al., 2011). Drug traffickers, especially on importation and wholesale levels, periodically need large sums in order to buy merchandise in bulk, so credits are common in this market and access to credit is very important to criminal entrepreneurs. On the other hand, human trafficking is characterised by low need for external financing, as the main costs are related to covering the transportation of

the potential victims, which in most cases is comparatively cheap (Korsell et al., 2011). Generally, traffickers encounter few or no barriers to entry in the THB market (Wheaton et al., 2010), and there are few or no costs related to **market entry** (Leman & Janssens, 2008).

The existing evidence unequivocally shows that cash is the predominant **form of payment** in the human trafficking business (Englund et al., 2008; ILO, 1998; Korsell et al., 2011; Petrunov, 2011). A fine example provides empirical data on the prostitution markets in several cities in the United States (Dank et al., 2014). Most of the interviewed offenders (67% of the respondents) reported that cash was the main form of payment they accepted from clients. However, card payments were also accepted by 10% of the respondents, whereas about 7% reported accepting in-kind payments in the form of drugs or other merchandise – various gifts such as expensive clothes or jewellery. Offenders who reported acceptance of card payments usually maintained a legitimately registered bogus company, which was used as a front such as house cleaning (Dank et al., 2014).

1.3.2. Costs for doing business

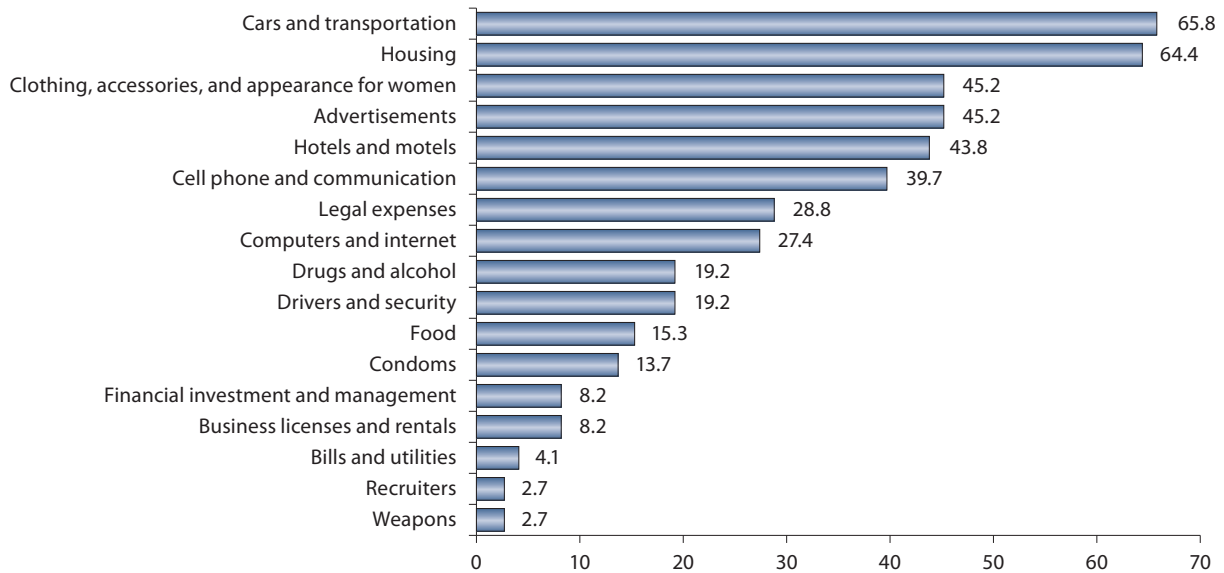
Since traffickers aim to limit costs and maximise profits, it is important to map the applicable costs for engaging in this illicit market (Europol, 2015). Several **types of operational costs** associated with the trafficking operations can be outlined – recruitment fees paid to other sex workers, other traffickers or brothel owners in the country of origin, costs for travel of the trafficked victim (including fees for travel agencies), payments for visas and travel documents, bribes to consulate/border officials, expenses for advertising, rental costs for accommodation and workplace, fees to other facilitators such as hotel employees, taxi drivers, etc. (Englund et al., 2008). Other costs related to trafficking could include corruption payments and payments to facilitators such as bellmen, hotel clerks, bartenders, and cab drivers, as well as for protection to gangs and other entities that provided needed security (Leman & Janssens, 2008; Raphael & Myers-Powell, 2010).

A good illustration of the **costs for maintaining a prostitution business** comes from a comprehensive study of the prostitution market in eight cities in the United States (Dank et al., 2014), based on interviews with 142 convicted offenders. The majority of the exploited sex workers were nationals of the country and were less often trafficked from abroad. Several types of operational costs linked to running prostitution business have been reported:

- Transportation costs – depending on the modus operandi (providing services to client's address vs providing services at a particular venue) some entrepreneurs use personal cars and cover expenditures on fuel or other transportation costs such as car rentals.
- Hotels and motels – when sex workers service their clients in a commercial establishment, their manager covers the costs on renting hotel rooms or maintaining spaces for customer appointments.

- Housing – operational expenditures on apartments and homes for sex workers.
- Appearance – covering some or all of the costs for clothing, makeup, hair, nails, and accessories for the sex workers.
- Advertising – expenses directly related to producing and disseminating advertisements, which can include producing professional photographs and the cost of posting the advertisements on a website or in a print source. Although online expenses were deemed lower, advertisements need to be re-posted, sometimes multiple times a day in order to remain at the top of the websites.
- Communication expenses – business-related charges for cell phones and mobile plans. Many of the interviewed respondents chose to use prepaid phones, which allowed pimps to regulate the number of minutes available and the money invested into each phone. The additional benefit of using prepaid phones is that they could easily be replaced, and thus the risk to be traced by law enforcement is minimised.
- Legal fees – lawyer fees resulting from arrests of employees or the pimps.
- Additional costs – payment for other employees such as drivers, bodyguards, recruiters, traffickers.

FIGURE 1. BUSINESS-RELATED EXPENSES, %



Source: Dank et al., (2014), p. 205.

Costs associated with trafficking in human beings can be generally categorised according to the stages of the trafficking process – recruitment, transportation, and exploitation. In other criminal markets, the sale of an illicit product (arms or drugs) is usually preceded by incurring the cost of production or purchase. On the other hand, in THB victims are

often lured into the trafficking network by deception, violence or the exploitation of a relationship of trust. Due to the large pool of potential victims in search of a better life, the recruitment costs are very low (Kara, 2009). Nevertheless, some recruitment costs are incurred. Some traffickers employ (fake) employment agencies, newspaper advertisements, distribution of business cards in shops and restaurants, as well as the placing of online ads to find victims.

The existing empirical evidence suggests that the **main costs of human trafficking** are incurred for transportation to the destination (Balarezo, 2013). These expenses can include buying the means of transport or payment to someone to escort victims to the destination. Alternatively, the price of a plane or bus ticket or fuel costs are needed. More violent and profit driven criminal groups might attempt to lower the costs of transportation to a point where the victims' lives are threatened – victims getting sick while being transported might not be provided with any medical care (Shelley, 2010).

A substantial cost related to transportation is the securing of counterfeit or forged documents (Wheaton et al., 2010). Corruption is an often used mechanism to facilitate travel, especially from countries of origin with more barriers for legal migration to the desired destination. It is an important cost for traffickers (Council of Europe, 2002; Kemp & Raijman, 2014; Shelley, 2010) both in terms of facilitating transportation and subsequent exploitation. Government officials in the countries of origin and the recipient countries – e.g. border guards, customs officials, consular officers and other diplomatic personnel – are bribed or extorted. A corrupt official might be actively involved, for example, by informing traffickers on controls and thus facilitating passage, or alternatively the service might be passive such as when officials fail to react by turning a blind eye (Aronowitz, 2009; Kemp & Raijman, 2014; Shelley, 2010). Traffickers might secure multiple work permits or visas, which serve to strengthen control over the victims by using the threat of being sent back due to the withdrawal of the residence permit (Kemp & Raijman, 2014).

Depending on the structure of the criminal group or network, salaries or ad-hoc payments to participants, associates or intermediaries are another important expense. Traffickers who are steady part of a criminal group might receive a salary, while others are only loosely associated and are paid on a freelance basis (Leman & Janssens, 2008). Depending on the size of the group or network tasks might be outsourced or taken care of in-house. The former approach generally includes legal consultations or other specialised services such as the production of counterfeit or forged documents (Leman & Janssens, 2008).

1.3.3. Pricing, profit and profit sharing, accounting practices

Generally, the profits of traffickers can be categorised as profits generated through the sale of trafficked persons to exploiters and profits of the exploitation itself (Kara, 2009). As many trafficked persons are

lured, seduced or actively looking for help with finding a job and accommodation in a wealthier country, they (or their family) are paying for this service. Normally this payment is made prior to the departure (Kane, 2013; Salt & Stein, 1997). In arrangements where the victims of trafficking are sold or re-sold, the price will vary strongly depending on the region of destination (Wheaton et al., 2010).

Sex workers are often considered as generating most profit out of all the trafficked persons (Kara, 2009) and they are often forced to hand their wages over to the traffickers (Aronowitz, 2009; Europol, 2015). Not surprisingly, **pricing** of sex services varies significantly. Price ranges for various parts of the world have been reported, including Europe (Englund et al., 2008; Korsell et al., 2011; Mancuso, 2014; Petrunov, 2011), North America (Cunningham & Kendall, 2014; Dank et al., 2014; Horning & Sriken, 2017; Levitt & Venkatesh, 2007; Raphael & Myers-Powell, 2010; Rosen & Venkatesh, 2008), Latin America (Blanchette & Da Silva, 2017; Zhang, 2011), and Asia (ILO, 1998; Li, 2014). The amount paid for the sexual services depends on the economy of the country. The estimated prices for sexual intercourse varies from US\$15 in Asia and Sub-Saharan Africa up till US\$100 in more industrialised countries (Belser, 2005). The total profit will depend on the amount of hours worked by the victim (trafficked person). Most often rates are charged by time increment or by sex act and sometimes by date (Dank et al., 2014).

Prices are reported to change over time due to various factors. For example, crack cocaine epidemic in the 1990s and 2000s in the United States brought many young women on the streets and the prices fell due to tighter competition (Dank et al., 2014). Internet played somewhat similar role, since it facilitated further expansion of the sex market, provided for easier market entry and increased competition, putting downward pressure on price levels. On the other hand, the internet also broadened the client base, which to some extent neutralised the effects of the increased competition (Dank et al., 2014; Marcus et al., 2016). Prices also differ with regards of the type of sex services provided and the market segment where the sex workers operate – e.g. escort services, sex services in brothels or other in-door venues, street prostitution (Dank et al., 2014; Englund et al., 2008; Petrunov, 2011). The use of condoms is also reported to affect the price of sex services (Finn & Stalans, 2017; Levitt & Venkatesh, 2007). Another factor that influences price difference is the type of customer – e.g. new customers pay more than regular customers. Price ranges may also differ depending on the racial background of customers and price peaks around major events or holidays (Levitt & Venkatesh, 2007).

The involvement in the sex market arguably also bears some opportunity cost for the sex workers and it can be used to explain the pricing of sex services. Thus, some authors have tested and provided evidence for the theory that sex workers (specifically in the high-end, escort prostitution) charge higher fees to compensate for the lost opportunity to participate in the “marriage market” (Edlund et al., 2009). An alternative theory emphasises on labour market as opportunity cost, since sex workers in

high-end prostitution market generally earn more than twice the typical earnings of non-manual workers and more than three times that of manual workers (Moffatt & Peters, 2004; Levitt & Venkatesh, 2007).

The management of the criminal finances in human trafficking/prostitution businesses appears to be deeply entangled with control over sex workers. This is exemplified by the ratio of earnings kept by the sex worker and the pimp/collected by the trafficker, the accounting practices of traffickers and the imposition of daily quotas to the sex workers. In more exploitative trafficking arrangements, payments to victims of human trafficking are low and in some cases non-existent. Often (sex) workers work long hours for a low salary, sustenance is subtracted from their wages, and health conditions are poor (Europol, 2016).

A number of strategies are used to keep victims in an exploitative situation. Debt bondage is one of the key mechanisms to establish and exert control over the victims (Englund et al., 2008; Korsell et al., 2011; Petrunov, 2011) and results in the victims keeping a small proportion of the money they earn (Europol, 2016). In most cases the sex workers are expected first to repay the costs for their recruitment and transportations to the destination country often with highly inflated rate of interest (Korsell et al., 2011; Schloenhardt, 1999; Wheaton et al., 2010). Victims end up in an exploitative situation where they have to pay off the debt through working, often in industrial sweatshops, as sex workers, drug carriers or as virtual prisoners (Aronowitz, 2009; Belser, 2005; Europol, 2016; GLA, 2015; Kane, 2013; Salt & Stein, 1997; A. Schloenhardt, 1999; Wheaton et al., 2010). Often the freedom of the trafficked person is restricted, as he/she is not allowed to leave until the heavy debt is paid off. Even after the initial debts have been repaid, some victims continue to work for traffickers throughout their lives (Aronowitz, 2009). In many cases, victims are expected to cover all their living expenses and the operational costs of the business from their share. In labour trafficking, some employers keep part of the wages due to lack of skills of the workers, as money presumably used for the “training” the victims (Bressán & Arcos, 2017).

However, arrangements where victims retain more of the revenue have also been reported. For victims of trafficking who are paid, there are differing estimates of the money they are allowed to keep for themselves. Some studies have reported that victims receive around 30-40% of the total turnover (Belser, 2005; Bressán & Arcos, 2017). Even then, however, sex workers seem also to be regularly fined by the traffickers for numerous reasons such as not meeting their daily quota of earnings, tardiness, improper clothing, attempts to escape, etc. Therefore they often receive not more than 10% of their earnings (Dank et al., 2014; Englund et al., 2008; Leman & Janssens, 2008; Petrunov, 2011) or sometimes even 2-3% of the price paid by the customer (Bressán & Arcos, 2017).

Human traffickers and pimps employ basic **accounting and bookkeeping practices** in order to assure proper management of their finances and track record of the earnings and costs associated with the business. Usually the sex workers are obliged to keep a record of the payments,

although traffickers also use variety of techniques to cross-check the declared amounts such as supervisors, secret clients, etc. (Dank et al., 2014; Korsell et al., 2011; Petrunov, 2011). This also allows them to closely monitor the sex workers and control their earnings (Petrunov, 2011). Among other financial aspects of human trafficking many researchers reported the impositions of daily quotas to be reached by the sex workers or providing performance incentives in order to encourage maximum earnings. The quotas may vary depending on the time of week and anticipated demand (Dank et al., 2014; Englund et al., 2008). Since the traffickers/pimps expect certain revenues from the sex workers they not only facilitate contacts with clients but also use variety of methods to ensure that the managed sex workers will make more money (Englund et al., 2008; Levitt & Venkatesh, 2007; Petrunov, 2011).

1.3.4. Handling of proceeds

Much of the revenue generated from the sex work is used for immediate consumption by both the sex workers and the traffickers, **money laundering** appears to be used rarely. However, both sex workers and traffickers do tend to send part of their profits to their countries of origin (Englund et al., 2008; Leman & Janssens, 2008; Petrunov, 2011). Various techniques are used – smuggling of the cash across borders, use of money transfer services such as Western Union and Money Gram, informal value transfer services such as hawala, purchasing of goods – i.e. trade-based money laundering (FATF, 2011; Petrunov, 2011). In cases related to labour trafficking, shell companies, which are specifically set up to employ trafficked persons play an important role. Eventually the accounts of these companies are credited through payment of invoices for services and thus traffickers are able to monetise their illicit services (FATF, 2011).

The process of money laundering usually starts with stockpiling the generated revenues in cash and then transferring it in small amounts to the country of origin. In cases related to sex trafficking, the cash smuggling is done either by the sex workers themselves or by associates of the traffickers who act as cash couriers. Another common method is the use of money remittance companies. However, traffickers try to obfuscate the money trail and conceal the actual intended recipient, so usually the sex worker transfers the amounts to family members or close relatives or designated persons with false IDs. The third technique used is import/export companies to buy goods, which are subsequently sold in the country of origin. Such goods are reported to include new and used cars, caravans, yachts, heavy-duty machinery, construction equipment, furniture, clothes, shoes, leather goods, jewellery, watches, perfumery, etc. In many cases traffickers establish companies in their countries of origin, which then sell these goods (FATF, 2011; Petrunov, 2011). In cases where the money is to be invested in property or some legitimate business, traffickers take certain steps to conceal the origin of the funds. They use a variety of techniques for this purpose such as declaring loans or donations received from physical and legal persons, fictitious gambling and lottery game wins, mortgaging real estate property, etc. (FATF, 2011;

Petrunov, 2011). Part of the money that was laundered and sent to the country of origin will be returned to the country of exploitation to address some of the costs of the ongoing trafficking business. This can be in the form of money to pay for rent and food, but also in the form of real estate, bought to facilitate subsequent exploitation (e.g. a shop or a bar) (Europol, 2015).

Most evidence suggests that in the human trafficking **business investments in the legitimate economy** rarely take place and traffickers generally use simple money laundering methods. Moreover, even these are rarely used, since most of the earnings are used for immediate consumption (Eglund et al., 2008; Petrunov, 2011). Existing empirical evidence suggests that about 8% of the traffickers eventually invest in legal businesses (Dank et al., 2014). However, when traffickers decide to invest – they usually follow two approaches. The first is to invest in property or business that will facilitate their criminal business such as apartments or nightlife venues either in the destination or country of origin. Thus, as property owners they are able to eliminate the need to pay rent for business facilities, which is a substantial expenditure. Nightlife economy venues could be used either to procure sex services or to recruit new “employees” (Petrunov, 2011). The second approach is to invest the proceeds in legitimate business that will allow them to step out of the criminal business, when they are ready to retire. Investments in a variety of sectors of the legitimate economy were reported – agriculture, construction and real estate, logging, transport, retail and tourism, retail stores, hotels, coffee bars, restaurants, dance clubs, casinos, auto body shops, etc. (Dank et al., 2014; FATE, 2011; Leman & Janssens, 2008; Petrunov, 2011). Apart from investments in the legitimate industry, traffickers might **invest part of their profits into other criminal businesses** such as loan sharking, illegal gambling, and other betting games (Petrunov, 2011).

1.4. METHODS AND DATA

The current study explores how criminal actors involved in this illegal activity manage their criminal finances: how they access and raise capital for launching new or running their established criminal business, how they manage financial flows into and out of their criminal enterprises, how they settle payments, how and where they invest their profits. The study focuses on two forms of THB, namely trafficking for sexual and labour exploitation.

The study relied on in-depth country case studies for the primary data collection. The country case studies have been conducted in nine EU member states (Belgium, Bulgaria, Italy, France, Germany, the Netherlands, Romania, Spain, and the United Kingdom) with the collaboration of country researchers with a good track-record in conducting field research and well-established contacts with relevant national authorities. The countries have been selected in a way that allows covering both major countries of origin and major end destinations. The selection of the

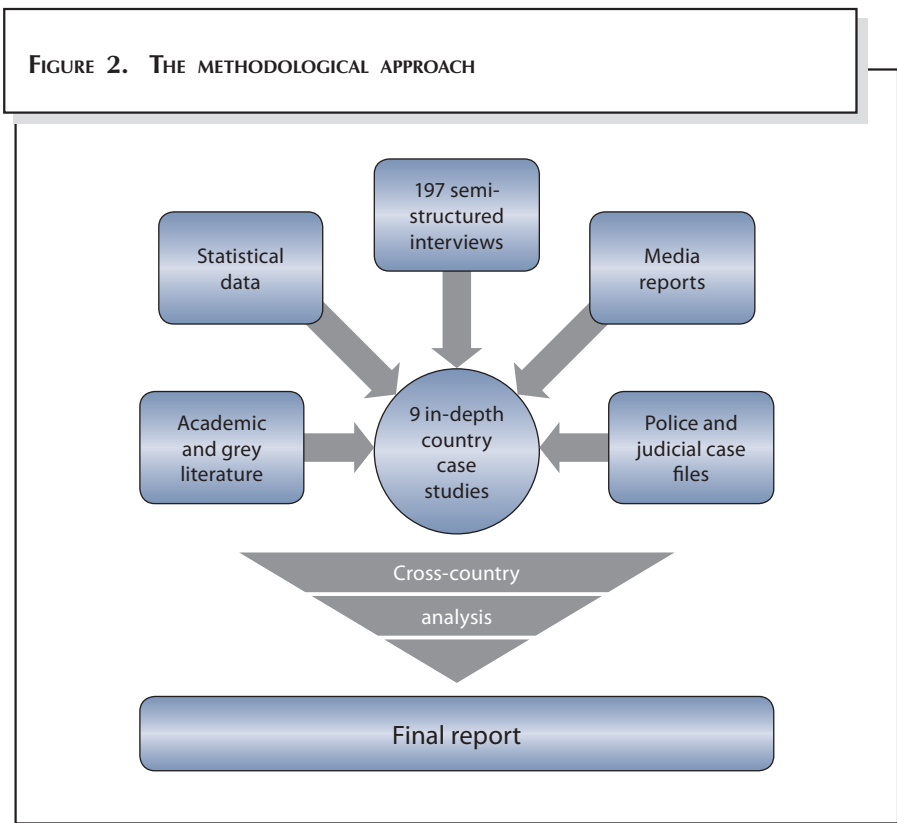
countries also responded to the need to assure both proper geographical coverage and inclusion of countries with diverse legal regimes of the sex markets – e.g. penalisation of sex buyers (France), legalisation and regulation of prostitution (Germany and the Netherlands) or criminalising only the organisation of prostitution (Belgium, Bulgaria, Italy, Romania, Spain, and the United Kingdom).

Each of the country case studies was based on the data gathered from the following sources:

- **Academic and grey literature** on financing of organised crime generally and human trafficking specifically – the review included academic articles and reports by research institutes, reports by governments, national and international law enforcement (Europol, national crime agencies, etc.), international organisations (ILO, UNODC, FATF). The available literature reviewed was in a variety of languages such as English, Bulgarian, Romanian, Italian, Dutch, French, German, and Spanish.
- **Statistical data** – figures on human trafficking were gathered from sources at the international and national level. Wherever possible, data was collected from sources using a standardised methodology in order to ensure comparability.
- **Semi-structured interviews** with a variety of stakeholders related to human trafficking – experts (police officers, investigators, officials from national rapporteurs, prosecutors, lawyers, criminologists), victims of trafficking and perpetrators. A total of 197 interviews were carried out in the nine countries.
- Police and **judicial case files (Bulgaria, France, Italy, the Netherlands, Spain, and the United Kingdom)** and/or **media** reports (all countries).

The in-depth interviews were conducted implementing a common protocol, which was designed to facilitate consistency of data collection and subsequent analysis of the different aspects of criminal money management. The interview protocol was designed in 2 versions – one for law enforcement and judicial experts and one for criminal entrepreneurs. Both versions covered the same topics, including: initial capital for financing of THB activities (market entry thresholds, sources of capital, access to external capital), criminal money management (type and structure of costs, forms and settlement of payments, handling of profits), role of the internet and new ICT and their impact on criminal money management.

The respondents for the interviews were identified in three main ways. Most of the interviewed experts identified through official correspondence with government, judiciary, and law enforcement bodies, as well as non-governmental organisations. Similarly, in order to conduct interviews with offenders in prison, official request to prison administrations were submitted and subsequently an informed consent from the prison inmates was obtained. Due to the long and burdensome procedures, country researchers in only half of the countries (Belgium, Bulgaria, Romania, and Spain) managed to arrange for such interviews. Secondly, respondents were usually asked to recommend other relevant experts and thus through



a snowball sampling new interviewees were identified. The third method used was to approach participants in previous work in the field of organised crime and also through their recommendations to enlarge the sample of respondents. In many cases, the conducted interviews were supplemented and augmented through follow-up meetings and additional information acquired via phone or email correspondence.

The country researchers also consulted public court case files. Some country researchers requested and were granted access to confidential police or prosecution files on THB cases (France, the Netherlands, and the United Kingdom). Unlike court decisions that usually

provide scarce information on the financial aspects of the crime, police files and indictments contain much more information, which during trials is often disregarded as irrelevant. This is why access to such documents proved quite valuable sources of information.

Data collection in each country followed the common **ethical standards** for studies of similar kind such as obtaining informed consent from each interviewee and protecting their anonymity. Human rights, dignity and fundamental freedoms of all respondents were respected and all personal data was handled according to national and the EU data-protection legal framework. The analytical outputs also do not contain any personal data. The data collected within the current study has informed two levels of analysis presented in this report – a general overview of the financing of human trafficking for sexual and labour exploitation and national-level analyses of THB for each of the covered nine EU countries.

The selected methods and data sources are not without **constraints**. Data retrieved through interviews with representatives of the official authorities (police officers and prosecutors) is often prone to limitations such as the level of competency and experience of the respondents, institutional priorities and broader political agendas. Another shortcoming of such official accounts reportedly is the stereotyping of “organised criminals,” which eventually disregards the broader social and cultural context in which they operate (Hobbs & Antonopoulos, 2014). Similarly, interviews with criminal offenders are often burdened with issues such as accountability and validity of the information shared, as well as selection bias due to impossibility to assure representativeness of the interview sample thus usually limiting the focus to criminal actors operating on

small scale (e.g. Zhang & Chin, 2004; Zhang, 2014). Media sources are also susceptible to various biases – they usually cover cases which have been brought out to the public by the official authorities and therefore only portray success stories, not to mention the sensationalism and moralistic way of conveying the information. These characteristics substantially decrease the empirical value of media sources for analytical purposes (Antonopoulos & Hall, 2015). The efforts to overcome these limitations included cross-checking and triangulation of data through different sources. This allowed most dubious accounts to be eliminated and a certain level of data quality and robustness to be achieved.

2. MARKET STRUCTURE AND SOCIAL ORGANISATION OF TRAFFICKING IN HUMAN BEINGS IN THE EU

Trafficking in human beings represents a serious crime and an abuse of the fundamental rights and dignity of individuals. Victims of trafficking, also defined as “modern day slaves” (OSCE, 2005), are children, women, men that suffer different forms of exploitation and are forced to work in prostitution, strip clubs, sweatshops, agricultural businesses, service industries. Specific factors point to the increase of trafficking in human beings. First, the high number of persons that make use of the services of traffickers due to poverty and lack of opportunities to improve their life conditions. Second, the presence of porous borders (such as the ones of the former Soviet Union); or, conversely, tighter controls, less chances for legal migration that force migrants to use illegal services (Salt, 2000; Di Nicola, 2014; Shelley, 2001; Aronowitz, 2001). Third, globalisation and advanced communication technologies. More recently, the consolidation of criminal networks and their increased sophistication of the methods used for trafficking (Aronowitz, 2001; 2009; Zhang, 2007; Di Nicola, 2014). But what is trafficking in human beings? And what is its extent and nature? Furthermore, who are the criminal entrepreneurs involved in this criminal market and what are their social organisation and business models of exploitation in the EU?

Drawing from the extant literature and the country case studies developed during a research on financing of trafficking in human beings carried out in 2017 – 2018 in the nine EU countries, the present chapter deals with:

- the definition of trafficking in human beings at the international and European levels and with reference to two main forms (i.e., sexual and labour exploitation);
- the extent of trafficking also highlighting the challenges related to estimations;
- the organisation and structure of the actors involved in this criminal market;
- the business models of trafficking and exploitation in the countries of destination of the victims.

2.1. EXTENT OF TRAFFICKING IN HUMAN BEINGS WITHIN THE EU

Starting from the year 2000, the number of publications on THB has increased rapidly in light of the political interest following the introduction of the UN Palermo Protocol, and of the growing national and international attention also reflected in the rise of the number of programmes to prevent and counter trafficking (Laczko, 2007). Data

on the extent (numbers of victims and/or traffickers) of trafficking of human beings are collected at the EU level by various governmental and inter-governmental bodies, law enforcement agencies (LEAs) and non-governmental organisations (NGOs), as also reflected by the country case studies (Table 1). Eurostat has compiled the first two working papers with statistics on trafficking in human beings in all 28 EU member states, while at the EU level there is an EU anti-trafficking coordinator and a network of appointed national rapporteurs that are supposed to collect data at the national level (European Commission, 2015).

TABLE 1. INSTITUTIONAL SOURCES OF DATA ON TRAFFICKING IN HUMAN BEINGS IN NINE EU COUNTRIES

| Country | Source of data |
|-----------------|---|
| The Netherlands | Coordination Centre for Human Trafficking (CoMensha) |
| UK | National Referral Mechanism (NRM), Modern Slavery Human Trafficking Unit (MSHTU) |
| Belgium | Interdepartmental Coordination Cell (including all the actors involved in the fight against trafficking in human beings), private authorities (e.g., Myria) |
| France | Central Office for Combating Human Trafficking (OCRTEH) |
| Italy | Department of Equal Opportunities, NGOs, International Organisation for Migration |
| Spain | Central Unit for Illegal Immigration and Document Falsification Networks (UCRIF), Foreign Nationals Unit of the State Prosecution Office |
| Germany | German Federal Office of Criminal Investigation (BKA) |
| Romania | National Agency against Trafficking in persons (ANITP), Directorate for Countering Organised Criminality (anti-organised crime prosecution office – DIICOT) |
| Bulgaria | National Commission for Combatting Trafficking in Human Beings |

Source: Authors' elaboration on data of country case studies.

Despite this, the scale of trafficking in human beings within the EU is difficult to estimate due to several reasons. As stated by Europol (2016, p. 9), “human exploitation can be hidden behind other criminal offences, such as prostitution, irregular migration, property crime or even labour disputes. Victims are often exploited in multiple ways or may be involved in other illicit activities, resulting in cases of THB not being investigated or recorded as human trafficking. Moreover, differences in national legal definitions of THB hinder the comparison and assessment of common trends and patterns across the EU”. Other factors, as underlined by some scholars (Di Nicola, 2007; Aromaa, 2007; ILO, 2012; Goździak, 2015; Laczko, 2007; OSCE, 2005; Zhang, 2009; Tyldum 2010) and by all the country cases studies, are responsible not only for the lack of

precise estimations on THB but also for the almost impossibility to compare the collected data among regions. First, the clandestine nature of trafficking, which allows to measure only the tip of the iceberg, and the fact that data may reflect law enforcement agencies, prosecution, and non-profit organisations' activities. Second, the lack of awareness and understanding of the signs of trafficking by institutions and police forces. Third, the weak legal status of victims in the legislations of most countries or the fear of intimidation and retaliation on the side of traffickers/exploiters, which prevent them from reporting or collaborating with the police. In the case of labour exploitation, in particular, victims may not even perceive themselves as such (Nicolae, 2018). Finally, the difficulty for researchers to access police databases both in the EU and in non-EU countries. As reported in the country case study of Belgium, also confirmed by the other studies, "seeing that [trafficking in human beings] is a gravely underreported phenomenon any claims regarding [its] incidence cannot be substantiated" (Raets & Janssens, 2018). Consistently, limits in collected qualitative information have been underlined with reference to sampling and representativeness of results, data collection techniques (i.e. questionnaires, interviews) and source of data (i.e. victims, stakeholders, etc.) (Di Nicola, 2014). As a consequence, the data presented are indicative.

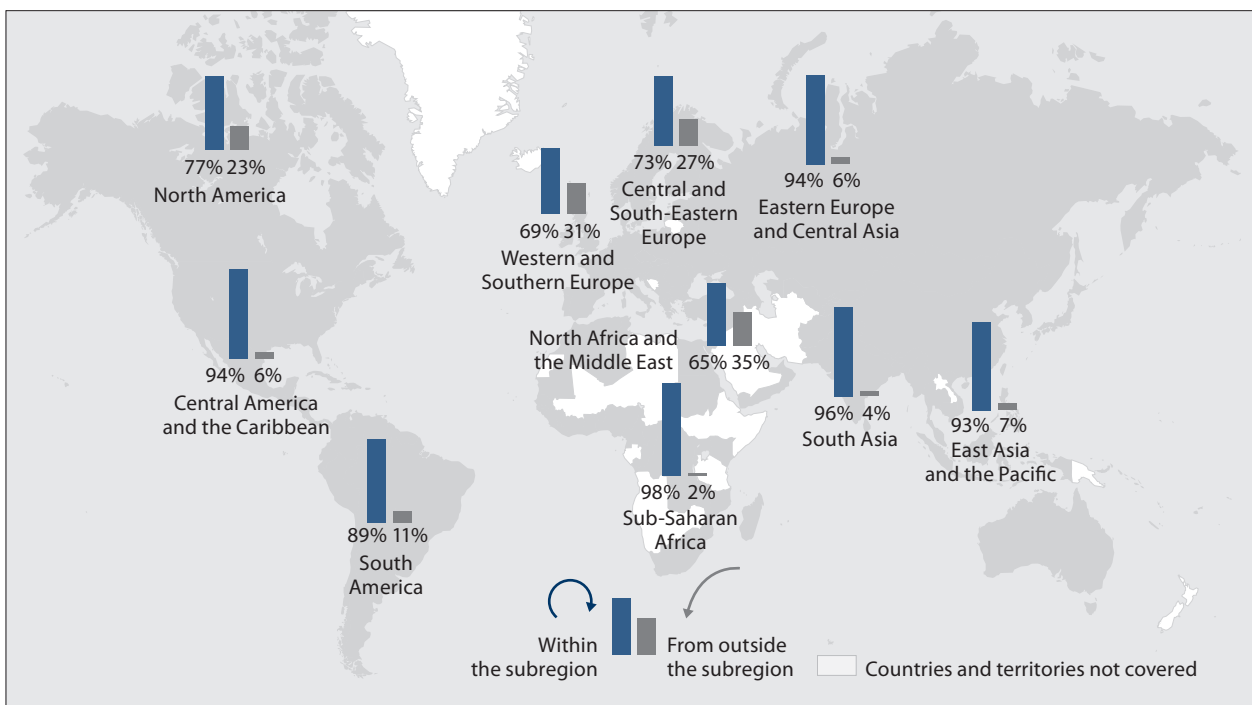
The last data available at the EU level for the period 2013 – 2014 (European Commission, 2016), report a total of 15,846 (identified and presumed) registered victims per 100,000 inhabitants (EU-28), with 65% of the registered victims being EU citizens, 76% women and 15% children. Consistently, in 2012 the majority of detected victims were females, 75% of whom in 24 member states (Eurostat, 2015), although the trend worldwide during the period 2004 – 2014 was of an overall decrease in the share of detected female victims and an increase in the share of detected male victims (more than 1 in 5 detected trafficking victims) (UNODC, 2016). In particular, the increase in the share of detected men has been registered mostly in Europe, Central Asia, and South America (25 countries). As for children victims of THB, data suggest that they are detected more often in Sub-Saharan Africa, Central America, and the Caribbean, and less in wealthier countries of North America, Europe, and the Middle East (UNODC, 2016). In the period 2013 – 2014, trafficking for sexual exploitation appears the most widespread form (67% of registered victims), while labour exploitation accounts for 21% and 12% for other forms of exploitation. The majority of victims trafficked for sexual exploitation were women (96%) and, conversely, the majority of trafficked victims for labour exploitation were men (74%). As for the nationalities of victims, the top five within the EU were Romanian, Bulgarian, Dutch, Hungarian, and Polish. The most represented non-EU nationalities were Nigerian, Chinese, Albanian, Vietnamese, and Moroccan.⁷ Similar

⁷ Information about victims has been collected from various sources: police (as the main source), NGOs, immigration services, border guards and labour inspectors. In line with Directive 2011/36/EU, "identified victims" are individuals formally identified by the relevant authorities as victims of THB. "Presumed victims" are trafficking victims that have met the criteria of the Directive but have not been formally identified by the relevant authorities or who have declined to be formally or legally identified as victims of THB. Data referring to "registered victims" include both types (Eurostat, 2015).

estimations of the number of trafficked victims identified in Europe are provided by the US Department of State (2016) which reports a total of about: 11,905 victims in 2012; 10,374 in 2013; 11,910 in 2014, and 11,112 in 2015.

According to UNODC (2016), the majority of victims (57%) were trafficked transnationally (i.e. crossing at least one international border); the remaining were trafficked within national borders in the period 2012 – 2014. As for the repatriated victims of trafficking, about 77% were trafficked to countries of the same region. The remaining 23% were trafficked to other regions, the countries of Western and Southern Europe and the Middle East being the most prominent destinations areas (UNODC, 2016). Victims coming from Europe, South America and West Africa are usually trafficked to Western and Southern Europe; while victims from Asia and East Africa are generally trafficked to the Middle East (Figure 3).

FIGURE 3. MAIN DESTINATIONS OF TRANS-REGIONAL FLOWS AND THEIR SIGNIFICANT ORIGINS, 2012 – 2014



Source: UNODC (2016).

Western and southern regions of Europe are destinations for trafficking flows originating in many other regions. According to UNODC (2016, p. 75), “137 different citizenships from all regions were detected in or repatriated” from these areas and much of the trafficking flows were of domestic type. During the period 2012 – 2014, EU countries represented the main origin of trafficking and about 47% of the detected victims in Western and Southern Europe were trafficked from Central and South-

Eastern Europe.⁸ Victims from Central Europe were found in France, Germany, the Netherlands, and the United Kingdom (Figure 4).

FIGURE 4. ORIGINS OF DETECTED TRAFFICKING VICTIMS IN WESTERN AND SOUTHERN EUROPE, BY SUB-REGION



In particular, main trafficking flows to Western and Southern Europe originate from: a) Central and South-Eastern Europe, with a significant number of Bulgarian and Romanian victims; b) West Africa, with Nigerian victims detected in Scandinavia, France, Germany, Ireland, the Netherlands, the United Kingdom, and Southern Europe; c) East Asia, with victims from China, Indonesia, the Philippines, Thailand, and Vietnam. The trend in the trafficking flows of the last decade shows a decrease in the number of victims from Eastern Europe and Central Asia. More recently, also flows from West Africa have decreased in parallel with an increase of the flows of trafficking from East Africa. “If current trends continue over the next years, trafficking into Western and Southern Europe will become even more regional and local. Most trans-regional flows appear to be decreasing, while intraregional flows are growing. This is particularly true for the flows from Central and South-Eastern Europe” (UNODC, 2016, p. 77).

Within Europe, Italy represents one of the main entry points for trafficked victims – especially from Africa due to the key role of the Central

⁸ The countries in Western and Southern Europe are: Andorra, Austria, Belgium, the Netherlands, the United Kingdom, Ireland, Denmark, Norway, Sweden, Finland, Switzerland, Germany, France, Spain, Portugal, Italy, Greece, Malta, and Turkey. The countries in Central and South-Eastern Europe are: the Czech Republic, Estonia, Hungary, Latvia, Poland, and Slovakia (Central Europe); Albania, Bulgaria, Montenegro, Romania, Serbia, Slovenia, and the former Yugoslav Republic of Macedonia (South-Eastern Europe) (UNODC, 2016).

Mediterranean route (Terenghi & Di Nicola, 2018) – who are either exploited in the country or further trafficked to other EU countries.

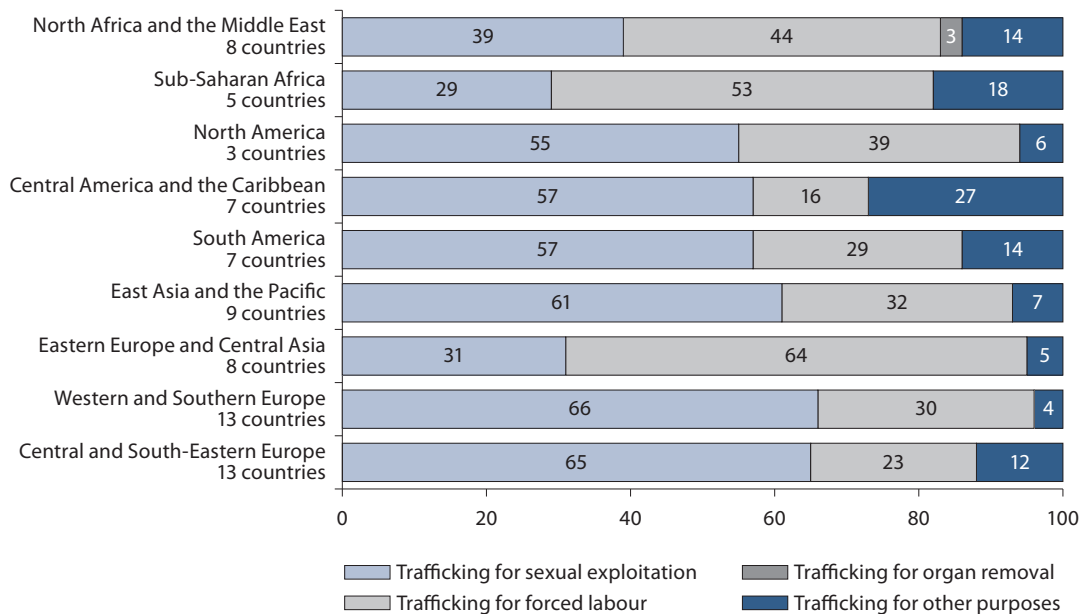
Data from Frontex (2017, p. 8) underline that since 2014 the number of detections of illegal migrants crossing the Central Mediterranean Sea has exceeded 100,000. This increase is driven by the pressure of migrants who arrive in Libya (the main point of gathering) and subsequently try to enter into Europe (both trafficked and illegal migrants). Even if the routes of migration change over time and quickly, also due to LEAs counteraction and/or political agreements among EU/third countries, at present three routes are used from Sub-Saharan Africa to Italy and then other European countries: a) the Western route where the main source countries are Mali, The Gambia, and Senegal; b) the Central route starting from Nigeria, and passing through Agadez in Niger or Chad and converging in Libya; c) the Eastern route for which source countries are mainly Somalia, Eritrea, and Sudan and which usually cuts north through Sudan and Egypt and then along the coast of Africa (Terenghi & Di Nicola, 2018). Similarly, Spain is another country used by traffickers as an entry point to Europe from Sub-Saharan Africa passing through Morocco (Meneses-Falcón et al., 2018).

2.1.1. Sexual and labour exploitation: main definitions and trends at the EU level

Trafficking for sexual exploitation includes the exploitation of persons into prostitution and similar markets, such as pornography (UNODC, 2016; Hodge & Lietz, 2007). Forced labour is defined in Article 2 of the ILO Forced Labour Convention, 1930 (No. 39) as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.” It is estimated that in most regions worldwide, detected victims of sexual exploitation are mainly females (about 23,000 between 2012 and 2014), a trend which is decreasing compared to previous years and in line with estimations at the EU level (22 member states), where for the period 2010 – 2012, 95% victims were females, and 4% males (% of total number of registered victims). In this regard, the female victims exploited in the sex market are increasingly minors (see also Oude Breuil et al., 2018; Antonopoulos, 2018; Lalam, 2018; Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018; Sireloudi, 2018; Nicolae, 2018). Trafficking for sexual exploitation is reported mostly in Western and Southern Europe (where also the few males were detected) and Central and South-Eastern Europe. In the sub-regions of the latter, victims trafficked for forced labour range around 20-30% of the total number of detected victims (UNODC 2016; Eurostat, 2015) (Figure 5).

As underlined in the literature (Europol, 2016; US Department of State, 2016; Smit, 2011; ILO, 2012) and the country case studies, labour exploitation within the EU is a current and increasing form of exploitation due to the high demand for services at low cost by producers and consumers. It seems, however, to remain under-recorded compared to sexual exploitation for reasons such as different priorities of the police

FIGURE 5. SHARES OF EXPLOITATION TYPES AMONG DETECTED TRAFFICKING VICTIMS, BY REGION OF DETECTION, %



Source: UNODC (2016).

and the prosecution, lack of specific national laws, isolation of victims and their lack of awareness of being exploited or even reluctance to admit this condition. Thus, Romanian victims (especially men) hardly accept to consider themselves victims of trafficking (Nicolae, 2018). This type of abuse displays in different ways, where the common element is the violation of workers’ rights in terms of dignity and working conditions (e.g. intimidations and physical violence, extremely long hours of work, unhealthy conditions), done in order to maximise profits. Victims of labour exploitation are usually employed in less regulated industries which in many cases “require cheap and temporary manual labour [force]” (Meneses-Falcón et al., 2018). As underlined in the Belgian country case study, “the posting of workers from low-wage in high-wage countries lends itself well to [this] purpose, as it enables the entrepreneur to employ workers in the country of destination under the conditions of the country of origin. These type of secondment schemes or social dumping practices are frequently accompanied by bogus self-employment ploys. By falsely declaring workers as self-employed, the enterprise is no longer bound by regular terms of employment” (Raets & Janssens, 2018).

The main economic sectors of employment, across Europe, are the following: agriculture, forestry, catering industry, construction and textile industries, manufacture, housework, logistics (transportation), wholesale and retail distribution, hospitality industry, service establishments (e.g., nails salon, car washes, garages, cleaning services, tanning salons, service stations), and restaurants. In Italy, for example, agriculture is one of the main sectors of labour exploitation both of nationals, trafficked victims

and irregular migrants. This is due mainly to the need for farmers to have a flexible labour force in the very last minute and to cut harvesting and production costs in line with the very low prices at which major multinational corporations purchase agricultural products (Terenghi & Di Nicola, 2018). In minor cases, other forms of labour exploitation have been reported as well (Raets & Janssens, 2018; Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018; Nicolae, 2018; Rusev et al., 2018), such as forced begging or pickpocketing, forced criminality (for example drug dealing, theft), sham marriage.

As for the nationalities of trafficked victims within the EU, according to some country case studies (Table 2 and Table 3) sexual exploitation involves women and girls mainly from Bulgaria, Hungary, Romania, Slovakia, and more recently Lithuania (years 2013 – 2014) (Europol, 2016; Siegel and de Blank, 2010; UNODC, 2010b; Becucci, 2008). In the period 2010 – 2012, Dutch and Polish victims were also registered. Flows are from Central and Eastern Europe to Western Europe (to countries such as Austria, Belgium, France, Germany, Greece, Italy, Spain, the Netherlands, and the United Kingdom), although victims may be nationals exploited in their countries of origin as pointed out by some country case studies (Oude Breuil et al., 2018; Sireludi, 2018; Nicolae, 2018; Rusev et al., 2018). A significant number of victims have a non-EU nationality as well,

TABLE 2. MAIN NATIONALITIES OF TRAFFICKED VICTIMS FOR SEXUAL AND LABOUR EXPLOITATION IN SOME EU COUNTRIES

| Country | Sexual exploitation |
|-----------------|---|
| The Netherlands | Local (Dutch); East Europeans (Hungary, Bulgaria, Romania); Greek; West Africans |
| UK | Local (English); East Europeans (Albania, Romania); Vietnamese |
| France | Local (French); East Europeans (Romania, Bulgaria, Hungary); Chinese; Africans (Nigeria, Cameroon); South Americans (Ecuador, Brazil) |
| Italy | East Europeans (Albania, Romania, Bulgaria); West Africans (Nigeria, Ghana, Senegal); Asian (Chinese) |
| Spain | East Europeans (Romania, Bulgaria); Sub-Saharan Africans; Chinese; Latin Americans |
| Germany | Local (German); East Europeans (Bulgaria, Romania, Hungary); Africans; Asian |
| Country | Labour exploitation |
| The Netherlands | East Europeans; Asian; Turkish |
| UK | Local (British); East Europeans (Albania, Romania); Vietnamese |
| Italy | East Europeans (Albania, Poland, Ukraine, Bulgaria, Romania, Slovakia); Sub-Saharan Africans; Asian |
| Germany | East Europeans (Ukraine, Poland, Bulgaria) |

Source: Authors' elaboration on data of national country case studies.

and they come mainly from Albania, Brazil, China, Nigeria (one of the most persistent trafficking flow), and Vietnam. Member states located at the borders of the EU (such as Italy, Portugal, Spain, and the United Kingdom) are main entry point for this type of victims; whereas within the EU, Austria is increasingly becoming a transit point for victims coming from Central and Eastern Europe.

The Asia-Pacific region (11.7 million) and Africa (3.7 million) account for the highest numbers of victims of forced labour, whereas in the developed economies and the European Union, the total number of victims is 1.5 million, corresponding to 7%.⁹ As ILO (2012) has underlined, the major proportion of trafficking for forced labour occurs in the same region. According to Europol (2016), the majority of trafficked victims in 2013 and 2014, are citizens of EU member states, originating in particular from Bulgaria, Poland, and Romania, followed by Slovakia, the Czech Republic, and Estonia. Fewer victims are detected from countries at the border of the EU (Albania, Moldova, Morocco, Russia, Turkey, and Ukraine), and victims coming from Asia, China, India, Sri Lanka, Pakistan, the Philippines, and Vietnam. These trafficking flows within the EU are mainly directed to Austria, France, the United Kingdom, the Netherlands, Switzerland, Italy, Greece, Spain, and Portugal.

2.2. PROFILES OF TRAFFICKERS: FROM INDIVIDUAL ENTREPRENEURS TO LOOSE CRIMINAL NETWORKS

According to some of the country case studies (Raets & Janssens, 2018; Lalam, 2018; Meneses-Falcón et al., 2018), the majority of offenders convicted for THB are male, while the offending rate of females is higher when compared to other crimes. This is probably due to decisions by women over time to become procurers as a mean to escape from the exploitative situation, or to the limited employment options available to previously trafficked women. The prevalence of female traffickers and/or exploiters characterises Nigerian and Chinese criminal networks, where the victims especially in the former case, manage “to move up the ranks and assume the position of madam” (Raets & Janssens, 2018). At the EU level, as pointed out by the extant literature and the majority of the country case studies, exploitation of victims is organised and managed by resident Nigerian women, referred to as “madams,” holding in some cases an independent entrepreneurship role (Mancuso, 2013; Siegel & de Blank, 2010; UNODC, 2011). In Spain, for example, out of 616 persons prosecuted and detained for trafficking, 40% were women in 2015 (Meneses-Falcón et al., 2018). Consistently, many of these convicted women are former victims of sexual exploitation that collaborate with the criminal network as a means of earning profits. The variety of actors involved in human trafficking is wide, being a criminal activity that can be also managed by single individuals from recruitment to exploitation. As pointed out in the country studies, “trafficking may not always involve an

⁹ For regional groupings, see the Employment Trends Report (ILO, 2012).

organised crime group. [...]. Although in the UK policy, law enforcement and non-governmental organisation 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" (Antonopoulos, 2018).

2.2.1. Different trafficking models: organisation, structure and roles

The organisation and structure of traffickers involved in trafficking in human beings is diversified depending on the situation, scale of the operations, and country. THB may involve single individuals in charge of recruiting, transporting, and exploiting one or two victims in the same city or region to highly sophisticated organised crime groups moving large numbers of victims in different countries, and arranging from the recruitment to the production of false documents, transportation, and exploitation (UNODC, 2014; Shelley, 2007; Di Nicola, 2014; Aronowitz, 2001). "There is, however, little evidence of highly structured, hierarchical organised crime enterprises involved in human trafficking. Instead trafficking in human beings tends to be the domain of more loosely, organised, entrepreneurial organised crime networks" (Aronowitz, 2009, p. 66). This is also evident in all the country case studies.

TABLE 3. TYPOLOGY OF THE ORGANISATION OF TRAFFICKING IN HUMAN BEINGS

| Small local operations | Medium sub-regional operations | Large trans-regional operations |
|--|--|--|
| Domestic or short-distance trafficking flows | Trafficking flows within the sub-region or neighbourhood sub-regions | Long distance trafficking flows involving different regions |
| One or few traffickers | Small group of traffickers | Traffickers involved in organised crime |
| Small number of victims | More than one victim | Large number of victims |
| Intimate partner exploitation | Some investments and some profits depending on the number of victims | High investments and high profits |
| Limited investments and profits | Border crossing with or without travel documents | Border crossing (also in cases where documents are required) |
| No travel documents needed for border crossing | Some organisation needed depending on the border crossings and number of victims | Sophisticated organisation needed to move large number of victims on long distance |
| No or very limited organisation required | | Endurance of the operation |

Source: Authors' elaboration of UNODC (2014).

In trafficking in human beings, loose criminal networks are predominantly active, linked by ethnicity or kinship, with interchangeable roles among members, capable of adapting to mutating circumstances and exploiting new opportunities. These networks are likely to be organised in small groups that can operate independently or collaborate with other criminal groups. Cooperation usually occurs for the provision of specific services such as the recruitment of victims in certain countries or their transportation to the locations where they will be exploited (Europol, 2016; Antonopoulos, 2008; Di Nicola, 2014; Smit & van der Laan, 2014). “The level of the organisation in human trafficking operations varies widely. Human trafficking rings are largely part of a continuum ranging from single perpetrators over loose, self-supporting networks to complex, multinational conglomerates. [...] Human trafficking operations are generally more organised in terms of their activities than they are organised in terms of structure” (Raets & Janssens, 2018). UNODC (2014) has suggested three main typologies of the organisation of trafficking in human beings, identifying related structure and *modi operandi* of criminal groups (Table 3).

2.2.1.1. Individual traffickers/entrepreneurs

These criminal entrepreneurs are usually low-profile actors managing the entire trafficking operation, from recruitment to exploitation (mainly at the domestic level), and with different degrees of organisation and specialisation. In the UK, for example, a network analysis of the cases of trafficking in human beings known to the Manchester police indicates that most suspects are individuals, also called “lone wolves” involved in just one crime concerning the exploitation of one single victim (Antonopoulos, 2018). In some cases, these actors may provide specific services to victims (e.g. traffickers of women to countries of the EU) or may be independent traders or brokers who sell their expertise and services to more or less organised criminal groups. According to the country case studies, practices vary. There are pimps operating in the Netherlands who manage 1-3 girls at a time, with acquaintances or friends active in the sex market and who are not part of an organised ring or network. Usually, they have a relationship with the exploited girl, who in turn is forced to have sex with their friends and progressively (through a process of psychological dependence and coercion) with other clients outside the networks of friends and “eventually ends up in a window prostitution area upon becoming 18 years old” (Oude Breuil et al., 2018). Similarly, in Germany, perpetrators are single individuals or pairs (pimps) who know each other and may also exchange women and girls. The latter are often treated as property of the pimps and may be even sold to others for a lump sum (Sirseldoudi, 2018). In Bulgaria, couples (married or not) are active in the sex market, where the role of the woman is to solicit customers and provide sexual services, while the man provides protection and facilitation (Rusev et al., 2018). Similarly, in Romania, trafficking is justified “as a family matter between lovers or spouses [...]. Traffickers do not just sentimentally overwhelm a victim, they marry her or have children with her, which is why receiving money from the victim’s prostitution activity (legal in the destination countries) becomes justified as money for family daily expenses” (Nicolae, 2018).

There are also independent traffickers who manage 2-3 girls and keep the earnings for themselves but who in many cases have to pay fixed fees to other criminal organisations as to be allowed to work in particular locations (Rusev et al., 2018). In France, such single actors are mainly active in deprived neighbourhoods located in big urban cities (e.g., Paris, Marseille, Lyon, Lille), a trend which has started to spread to other provincial areas (e.g., Avignon, Cannes, Clermont-Ferrand). They are also involved in common criminality such as theft, extortion, drug dealing, and in regard to sexual exploitation manage the logistics and controls prostitutes. They usually work alone, and in some occasions with two or three accomplices who are from the same deprived locations (Lalam, 2018).

2.2.1.2. Small-to-medium (family-based) organised criminal groups

These criminal groups deal with small-to-medium scale operations within national borders or crossing borders among different countries along short distances, and may be formed on the basis of ethnic, familial, kinship bonds, as well as opportunistic and functional reasons. They have a certain level of organisation and range from small groups with a basic organisation or loose groups with a limited number of members (specialised, for example, in the transportation of victims across countries using tested routes); to criminal networks of well-organised transnational groups or gangs (medium size), with a large number of members, contacts and connections, and displaying high levels of expertise (Di Nicola, 2014). In some cases, these criminal networks comprise legal entrepreneurs and are involved in different criminal activities. East Europeans are usually family based criminal groups, that can cooperate together in the countries of destination of the victims (e.g., Albanians and Romanians in managing sexual exploitation and forced prostitution in Italy) and with the bosses residing in the countries of origin (Oude Breuil et al., 2018; Antonopoulos, 2018; Lalam, 2018; Terenghi & Di Nicola, 2018; Sirseloudi, 2018; Nicolae, 2018; Rusev et al., 2018).

In the Netherlands, for example, mainly women from Hungary, Bulgaria, and Romania are victimised by criminal groups of their ethnicity involved in cross-border sexual exploitation. These criminal entrepreneurs have a certain level of organisation and some hierarchy, being characterised by a family business model, with exploitation of women and girls in the local sex market. Usually, the head of the family manages the business from the source country, while high level of flexibility allows for quick adaptation – in the event of arrest of members another family member (e.g. son, brother, nephew, son-in-law) takes over. “It is often a family. Father and son, uncle and who-knows-whom. Or they come from the same village, are neighbours and the brother of the one is married to the sister of the other, that kind of cross-connections. Brothers in law, yes, family relations. [Sometimes the victim has been] the girlfriend of one of them and there is also a child” (Oude Breuil et al., 2018). Criminal entrepreneurs with a similar structure and organisation are found in Bulgaria and have Romanian nationality. The members are usually part of extended families, and their trafficking activity involves

women of the same ethnicity, family members or women bought from other criminal groups (Rusev et al., 2018). In Romania, most of the criminal entrepreneurs interviewed reported that the network in which they operated was composed of relatives and friends (Nicolae, 2018).

2.2.1.3. Large organised and loose criminal networks

These criminal entrepreneurs control the entire trafficking operations and provide services needed during the process (e.g. recruitment, provision of counterfeit documents, transportation, corruption of public officials, exploitation). They are organised in flexible, horizontal, and decentralised criminal networks made of a large number of affiliates divided into sub-units and run trafficking operations on a global scale, while their internal structure varies (Antonopoulos, 2018; Raets & Janssens, 2018; Lalam, 2018; Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018; Sirseloudi, 2018). There can be a certain internal hierarchy with a leader or coordinator and after some trafficking operations the criminal network may turn into a more hierarchical and rigid structure. A criminal activity, for example, may include various sub-activities carried out by a network of independent nodes in different regions, each supervised by a boss, with an overall coordinator supervising the entire operation. In general, their flexible nature allows for joint ventures with other criminal groups based on mutual trust and for quick adaptation to circumstances (e.g. changes in legislations and law enforcement activity) and new markets (i.e. diversification of criminal activities). When managing and facilitating the trafficking operations, these criminal entrepreneurs may turn to criminal specialists providing particular services (e.g., forged documents, counterfeit identities, cyber-money laundering), and increasingly recruited on the internet in the crime-as-a-service arena (Europol, 2016; Aronowitz, 2009; Di Nicola, 2014).

Usually, the members of these criminal networks are linked by ethnic ties and share the same cultural and social background. In most cases, they come from the same villages or towns in the countries of origin, and affiliates (as also to facilitate the trafficking operations) may reside in origin, transit, and destination countries providing specific services, such as transportation or safe accommodations for victims during the journey. "The abuse of traditional cultural practices at one's discretion is central to many international trafficking rings" (Raets & Janssens, 2018). At the European level, and with reference to the country case studies, the main ethnicities are East Europeans (from Romania, Albania, Bulgaria, and Hungary), Nigerians, Chinese, and Indians.

Chinese criminal networks are highly structured and based on several cells in charge of different trafficking stages (e.g. recruitment, arrangement of documents for victims, exploitation). Similarly, Nigerian OCGs are based on cellular structures, each operating independently, and using a large network of personal contacts within EU countries (Oude Breuil et al., 2018; Raets & Janssens, 2018; Lalam, 2018; Terenghi & Di Nicola, 2018; Sirseloudi, 2018). As reported by the country case study of France, Nigerian OCGs are continuing to develop on the territory of the EU. After having settled first in Spain and Italy, which are the two main

entry points into Western Europe, these networks have started to root in France, then in Germany and Austria, using Greece and Turkey as main routes to enter into the Schengen area. Other European countries such as Denmark, Sweden, and Finland have been targeted by these criminal networks as well. These developments have been facilitated by the growth of Nigerian shops, hotels, and apartments functioning as a cover-up for indoor prostitution managed mainly via the internet (Lalam, 2018). In Germany, for example, Nigerian OCGs operate at a highly organised level. They are characterised by a strict division of labour and specialisation, and they are able to react with flexibility to police counteractions. “The Europe-wide connections, which can be based either on family or business ties within ethnic communities in the countries [of destination] enable quick information flows” (Sirseldoudi, 2018). In Italy, these groups have been defined during some trials, like mafia-type associations since their members have been sentenced under art. 416 bis of the Italian Penal Code. Indeed, their behaviour has been ascertained as that of “Mafiosi” in relation to the type of control exercised within Italian territories mainly through racketeering against other nationals. As for sexual exploitation, the structure and organisation of Nigerian OCGs has been described in one judicial case as follows: “Members active in Nigeria are involved in all the necessary stages to bring potential victims to Europe, such as obtaining visa, hosting girls in accommodations while waiting for documents, managing voodoo rites (named *juju*) on girls to formalise the obligation to settle their debts, arranging travels. While the members active in Italy, cooperate to obtain and assure illegal entries of victims to Italy or Europe, to find ‘mamans’ that manage women and girls and their prostitution activity, to arrange accommodations, to gather profits and to intimidate victims” (Terenghi & Di Nicola, 2018). On the contrary, Bulgarian, Czech, Hungarian, Romanian, and Slovakian organised crime groups used to have a hierarchical structure in common that relies on a strict division of tasks, while operating with small and mobile groups of victims under the control of few members of the organisations (Zhang, 2007). These groups have gradually transformed into loose criminal networks, especially with the entering of some of these countries into the EU. In this regard, the evolution of Bulgarian OCGs especially with reference to two historical periods (before and after the entering of Bulgaria in the EU) exemplifies the characteristics of these type of criminal networks, the level and sophistication of involvement in trafficking in human beings (Rusev et al., 2018). The evolution in their *modi operandi* can be divided into three main stages:

- Mid 1990s, the first period of development in which the trafficking of women and girls for sexual exploitation was mainly of domestic type and represented a huge source of profiting for large criminal syndicates (the so called “violent insurers”) that detained control over the supply side, through the ownership of different prostitution venues (e.g., hotels, nightclubs, bars) in major cities and resorts.
- From 2001 up to 2008, when Bulgaria joined the UE, and especially since 2013 (with the access to the common EU labour market), an expansion of this business has occurred also due to the previous establishment of some of these criminal organisations in other European countries. “Initially it was the big criminal players – local units of

the so-called 'violent insurers' in Bulgarian cities – that made use of this opportunity. Later, some independent procurers and networks stepped in the cross-border trafficking as well" (Rusev et al., 2018). As a consequence, the country became the second biggest source country for trafficking and sexual exploitation.

- Since 2009, with the granting of full access to the EU labour market, the big criminal syndicates have been replaced by loose criminal networks in the trafficking and sexual exploitation, characterised by flexibility and frequent turnover of actors, together with more hierarchical organisations.

In contrast with the Italian context, where native OCGs are not involved in trafficking in human beings since considered to be riskier and less profitable compared to other criminal activities (e.g. drug trafficking), in other countries native criminal entrepreneurs with a high level of organisation are involved in this criminal market, managing all the trafficking process. These groups may exploit both nationals and/or foreign victims. In the Netherlands, for example, "Dutch perpetrators exhibit a larger degree of organisation and (more often) have an international component in the sense that [some of the victims] come from abroad. [...] The trafficker who has a Dutch nationality or a residence permit employs third parties to facilitate part of the work" (Oude Breuil et al., 2018). This means recruiting girls from Eastern Europe, arranging their transportation to the Netherlands, providing support to acquire a tax number, to inscribe at the Chamber of Commerce, or a housing corporation or renting a window, driving the girls to the prostitution areas/windows, and other small services (e.g., acquiring condoms).

Similar to legal enterprises, the organisation of criminal businesses is based on rational evaluations about minimising risks and maximizing profits (Raets & Janssens, 2018). For this reason, and in order to increase efficiency, criminal networks differentiate within their organisation the roles and duties individuals perform to provide specific services. Examples of roles include arrangers/investors, recruiters, scouts/informers, corrupt public officials, document vendors, guides and crew members, debt collectors or money launderers, etc. (Raets & Janssens, 2018; Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018; Zhang, 2007; Antonopoulos, 2008; Di Nicola, 2014; Aronowitz et al., 2010). The tasks performed within the process of human trafficking in general and supposedly within criminal networks involved in this criminal market are exemplified by the UK country case study (Antonopoulos, 2018) (Table 4).

The involvement of these OCGs in other criminal markets is still a matter of debate, as also underlined by some of the country case studies. In Italy, for example, Albanian and Nigerian criminal entrepreneurs are active in the drug trade and distribution at the national level as well, although from other evidence it seems that trafficking in human beings require a certain level of specialisation, is a time consuming activity and as a consequence there is little room for diversion (Raets & Janssens, 2018). As underlined in the UK country study (Antonopoulos, 2018) and in line with other evidence (e.g. other country studies, police investigations, institutional reports), it seems that the involvement

of traffickers in other criminal markets is related to the level of the trafficking operations (small vs. large schemes) and the structure and organisation of criminal groups.

TABLE 4. ACTORS INVOLVED IN THE PROCESS OF HUMAN TRAFFICKING

| Actors | Roles/tasks |
|--------------------------|---|
| Organisers | Persons in charge of planning the trafficking operations, establishing contacts with individuals, with a recruitment of actors into a collective. In small schemes, organisers manage all the aspects from recruitment and transportation to exploitation. |
| Recruiters | Persons who live permanently in the countries of origin of potential victims and have good knowledge of the language, peculiarities of each country and/or specific locale, or even know the victims personally. They may also be ex-sex workers or former employees of the exploiter in the case of labour exploitation. |
| Transporters/escorts | Persons who assist the movement of victims to the EU. |
| Enforcers | Persons who supervise the victims in the venues of exploitation. In some cases, they may even collect debts. |
| Corrupt public officials | Persons who provide assistance and support during the trafficking process through the payment of bribes (e.g. employees in embassies and consulates or employees of local authorities). |
| Legal business owners | Persons who own the places in which the exploitation occurs. |
| Enablers | Persons with various expertise (e.g. lawyers, accountants) assisting in the stages of the trafficking process as well as advising and defending traffickers, or professionals who are integral part of the management of the business. |
| Freelancers | Persons linked peripherally to the trafficking scheme and in charge of facilitating the process. They may vary, for example, from business receptionists to teenagers delivering cards for escort services to venues (e.g. pubs), to taxi drivers and general helpers. |

Source: Authors' elaboration on data of the UK country case study.

2.3. THE SOCIAL ORGANISATION OF TRAFFICKING IN HUMAN BEINGS IN THE EU

Trafficking and further sexual and labour exploitation of victims can be of domestic type (within the same countries or regions) or of cross-border type, when it occurs between one or more countries (in Europe or outside it). The latter appears to be more common, especially when structured and organised OCGs are involved. In this case, the extant literature (Shelley, 2011; Di Nicola, 2014; Europol, 2016; Cho, 2012; Jac-

Kucharski, 2012) in line with some country studies (Terenghi & Di Nicola, 2018; Sirseloudi, 2018; Nicolae, 2018) point to the main factors driving the decision of victims to leave their countries of origin which, in turn, facilitate traffickers, especially during the recruitment stage: a) income inequality, limited employment opportunities, gender discrimination against women in employment; b) lack of education; c) family problems such as violence, homelessness, parental illness, death of a parent; d) migration policies of countries of origin and destination; e) socio-economic and/or political unrest such as conflicts or wars, human rights violations; f) information about opportunities via media or informal contacts. The main pull factors include: a) employment opportunities and shortage of manpower; b) democratic systems of government; c) social and political stability and comprehensive social security.

Globalisation is considered to be another explanatory factor of THB, together with corruption (Zhang, 2007; Di Nicola, 2014; Shelley, 2011). Other contributing factors are: improvements in transportation, facilitating the international movement of persons in general and THB in particular; expansion of commerce globally and thus the awareness and perception of disparities in living standards and distribution of wealth, especially for those in developing countries; enhanced communications, such as internet, having major impact on trafficking activities (e.g. recruitment of victims, as well as sale of their services in case of sexual exploitation); the demand for cheap goods, services, labour, and sex. "Although the trade in human beings has existed on a global scale for centuries, globalisation has brought profound economic and demographic changes. With economic globalisation and growing international migration, human trafficking has become an increasingly important component of this larger movement of impoverished people" (Shelley, 2011, p. 135). In the case of labour exploitation, two factors have been particularly relevant: on the one hand, the high increase in world population, especially in poor nations that drives competition for work and low human work prices and, on the other, "rapid social and economic change in developing countries, which disrupts traditional ways of subsistence and social support system" (Zhang, 2012, p. 469). The role of corruption, which appears another facilitating factor for trafficking in human beings, is twofold. On one side, widespread corruption is detrimental to the economic and political well-being of countries (increases in poverty for the majority of individuals), undermines human security, and leave citizens more at risk of trafficking and exploitation. On the other, corruption facilitates the activities of THB. In different countries worldwide, custom or immigration officials, for example, overlook fraudulent documents in exchange of sexual services, or provide traffickers with fake or stolen documents, or are even clients of brothels where victims are exploited for sexual purposes (Antonopoulos, 2018; Terenghi & Di Nicola, 2018; Zhang, 2007; Siegel and de Blank, 2010; Aronowitz, 2009).

Trafficking in human beings is better understood as a process (i.e. consequential stages) instead of a single offence structured into three main stages (Antonopoulos, 2018; Sirseloudi, 2018; Aronowitz, 2009; Aronowitz et al., 2010). The first stage regards the recruitment of individuals, usually using deception, coercion; the second involves the transportation and

entry into another country (in the case of cross-border trafficking). The third stage concerns the exploitation of victims that is when they are forced into sexual exploitation or forced labour. A further stage may occur, which consists in the laundering of criminal profits, and the reinvestment in legal/illegal activities (Table 5).

TABLE 5. TRAFFICKING IN HUMAN BEINGS AS A PROCESS AND OTHER RELATED CRIMES

| Recruitment/ Entry | Transportation | Exploitation* | Victim disposal | Criminal proceeds |
|---|---|--|---|---|
| <ul style="list-style-type: none"> - Fraudulent promises - Kidnapping - Illegal adoption for purpose of exploiting - Corruption of government officials | <ul style="list-style-type: none"> - Assault - Illegal deprivation of liberty - Rape - Forced prostitution - Corruption of government officials - Document forgery - Abuse of immigration laws | <ul style="list-style-type: none"> - Unlawful coercion - Threat - Extortion - Sex and labour exploitation - Illegal deprivation of liberty - Theft of documents - Sexual assault - Aggravated assault (cruel and degrading treatment) - Forced participation in crimes (forced begging, transportation of drugs, organised theft) - Rape/murder - Removal of organs - Corruption of government officials | <ul style="list-style-type: none"> - Assault - Abandonment - Murder - Victim sold to another trafficker | <ul style="list-style-type: none"> - Money laundering - Tax evasion - Corruption of government officials |

* Includes all forms of exploitation: sexual exploitation, labour exploitation, organ removal, forced begging, and forced participation in other crimes.

Source: Aronowitz et al. (2010).

Aronowitz et al. (2010) have argued that, during the trafficking process, different crimes are committed, that can be instrumental and perpetrated “in direct furtherance of the trafficking activity [...] or secondary as a result of the trafficking activity. Examples [...] are falsification of documents, forced prostitution or other forms of sexual or labour exploitation, violence associated with maintaining the control over victims, and corruption of government officials” (Aronowitz et al. 2010, p. 18). Trafficking for sexual exploitation and forced labour share similar patterns when considering these aforementioned stages. A case in point is a Thai massage parlour in Belgium, where a criminal organisation was able, with the support of

an employee of the Thai embassy in Brussels, to acquire resident permits for all the exploited women and girls. Bribes to staff at the airport allowed for secure transportation of victims with fake documents by plane, while their accommodation “quite often backslides to rack-renting practices” (Raets & Janssens, 2018).

2.3.1. Recruitment stage

In most cases, individuals are recruited in their country of origin through the use of persuasion and deception by recruiters. Deception, in particular, is based on false promises of employment, good working conditions and salaries. The ethno-linguistic aspect is crucial for recruiting. Traffickers usually have links with the territories in which they are active and come from the same ethnic community or even hold familial ties with the victims as underlined by the extant literature (Brå, 2008; Hodge & Lietz, 2007; Europol, 2016; Aronowitz et al., 2010; UNODC, 2014) and the country case studies. Some authors (Siegel & Yesilgoz, 2003; Aronowitz, 2003) have pointed out that the recruitment of victims includes both voluntary and involuntary elements. With regard to trafficking for sexual exploitation, for example, the following two situations are possible: victims are completely unaware of the nature of the job they will perform; victims are aware of the nature of the work they are supposed to perform but unaware of the situation and level of control, intimidation, and exploitation. In both cases, victims accept to be recruited willingly and voluntarily, since believe traffickers to be agents, employers or organisers.

Although the methods used for recruitment may differ in respect to the countries of origin and the ethnicity of traffickers, according to the country studies and the extant literature (Hodge & Lietz, 2007; Brå, 2008; Europol, 2016; Antonopoulos, 2008; Di Nicola, 2014; Zhang, 2007; Hughes, 2014; Latonero et al., 2015), there are some that are most recurrent. The use of legitimate employment agencies, job announcements in newspapers, magazines that offer well-paid jobs, especially to women and girls as nannies, au pairs, waitresses, models or dancers that do not require specific skills, qualifications or previous experience. For example, a form of organised labour exploitation exists in companies where temporary employment agencies are often (but not necessarily) used for recruitment and that operate both in the countries of origin of workers and in the countries of destination. This type of labour exploitation usually involves multiple victims, mainly from East European countries, and in the case of the Netherlands also Turkish ones. The method of recruitment can be defined as an “all-inclusive” package through which victims are approached offering transportation to the national locations or countries of destination, employment contracts, and different provisions and support in daily practicalities (Oude Breuil et al., 2018; Antonopoulos, 2018; Terenghi & Di Nicola, 2018). “Most of the Romanian people who come to the North of England for work are promised, apart from work on contractual basis, help with the process of claiming benefits, and health care (such as the services of dentists)” (Antonopoulos, 2018).

The same job advertisements can be found on the internet as well as fictitious online travel agencies, although online methods of recruitment can also occur via social networks (e.g., private messaging services or fora).¹⁰ In this case, it is possible for single recruiters to approach victims not only with false promises of well-paid jobs but also through the lover-boy method, which is exemplified by the Dutch case study. This (online and offline) strategy consists in grooming and socially isolating the victim that falls in love and becomes emotionally bonded to the exploiter. In general, victims fall prey easily due their young age and the lack of essential skills and experience, particular life events, social backgrounds (e.g. impoverished neighbourhoods, childcare institutions, etc.). The pimps specifically target this type of girls making them believe in a requited love. This is the first step to further involve them, in a coercive manner, into forced prostitution (Oude Breuil et al., 2018). Consistently, procurers (pimps) that recruit through this method are found in Spain, mainly of Romanian and Bulgarian nationality. In Belgium, there has been one case in which teenage runaways from juvenile institutions were targeted intentionally, and in UK where one individual, identified by the local police as being at risk of trafficking, tried to join on a voluntary basis a service project for sexually exploited children as to have access to potential victims (Meneses-Falcón et al., 2018; Raets & Janssens, 2018; Antonopoulos, 2018).

Shared ethnicity but also family and acquaintance relations, especially in small towns or rural villages, facilitate the recruitment of potential victims through “word of mouth” (Antonopoulos, 2018; Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018; Sirseloudi, 2018; Nicolae, 2018; Rusev et al., 2018), (Europol, 2016). When trafficking and exploitation is organised by Nigerian OCGs, the role of women who have made their way in Europe is crucial. Usually the recruiter is a well-dressed and wealthy woman, known to the victims and their families, able to promise better life opportunities in a credible manner (Raets & Janssens, 2018; Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018). Similarly, the role of persons of spiritual authority is an effective means of recruitment both in Nigeria and among other ethnic communities. As reported by the UK country study in regard to a locality in the North of England where the majority of exploited victims is of Romanian origin, recruited “in the 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” (Antonopoulos, 2018).

A similar scheme of recruitment can be found within East European communities, where family members or partners push for migration,

¹⁰ The use of the internet, especially of social networks (Facebook, Instagram, Twitter) in trafficking in persons and smuggling of migrants has been also underlined by a recent EU funded research project Surf&Sound (HOME/2013/ISEC/AG/THB) coordinated by the research group eCrime – Department “Faculty of Law” of the University of Trento in Italy, and carried out in partnership with the Center of the Study of Democracy in Bulgaria and the University of Teesside in the UK. Traffickers advertise to individuals willing to emigrate to Europe complete travel packages including transportation (i.e. type of journey) together with details on possible routes and documents. As for the latter, information on how to apply for asylum permits, how to obtain counterfeit visas or passports are posted online, and on the dark web a manual with instructions on how to start this illegal activity was also found. For further details on the role and impact of new technologies on THB, see Chapter 4 below.

that can be even masked or agreed between family members and the potential victims (Nicolae, 2018; Rusev et al., 2018), or in Chinese clans where the most promising individuals are selected and proposed to migrate. They are then exploited in the destination country, but once free they could become a point of reference for the settlement and economic expansion of this ethnic community in other EU countries, through the same trafficking and exploitation scheme (Lalam, 2018; Terenghi & Di Nicola, 2018; Sirseloudi, 2018). The role of the intra-ethnic factor is relevant, for example, in the Netherlands in regard to the exploitation of au pairs or housekeeping jobs. In cases of one-on-one labour, recruiters and exploiters are either family members or acquaintances (Oude Breuil et al., 2018).

Contacts via individuals already employed in the economic sectors of further exploitation of the victims is a method used as well, and applies in particular to women or girls already working as prostitutes in nightclubs or brothels or ex-prostitutes used to persuade other women and girls to come and work in Europe (Antonopoulos, 2018; Sirseloudi, 2018). In this case, moving victims to different sex markets in the EU may also regard structured and hierarchical OCGs with established presence over the market in the country of origin. In Bulgaria, for example, the newly recruited women and girls work previously in some big cities or resorts and after having proved their loyalty and accountability are brought to more profitable locations abroad. "The sex workers periodically return to work back in Bulgaria upon completion of a certain period or whenever some problems arise (e.g., extortion demands from other criminal groups, conflicts with competitors, police operations, etc.)" (Rusev et al., 2018). As for labour exploitation, recruitment is made by traffickers that already have contacts with employers in the countries of destination. In one Italian case, for example, a Chinese trafficker was in contact with two national representatives of a cooperative of job placement, compliant in delivering fictitious employment contracts and fake paycheques. The opposite may also occur, where there is no contact between the traffickers and the subsequent employers, although within the Chinese community there is a service of recruitment made of dedicated commercial activities (bars, restaurants) or newspapers (Terenghi & Di Nicola, 2018).

2.3.2. Travel and transportation stage

Most trafficking for sexual exploitation and forced labour is regional (i.e. involving short distances) or occurs within the EU or other countries worldwide (Europol, 2016; ILO, 2012; Shelley, 2010). For this reason, in most cases travel arrangements are very simple and cheap and are organised by the traffickers who are usually fellow nationals of the victims. When travels involve longer distances and the movement of victims from third countries to the EU, usually criminal networks are involved (e.g. Nigerians, Chinese) that arrange all the phases of transportation, having intermediaries (traffickers) in key countries of transit. For example, migrants who arrive from West Africa and in particular Nigeria, are accompanied and followed during their journey by the so called "boga man" (Terenghi & Di Nicola, 2018) or "boss" (Meneses-Falcón et al.,

2018). The latter may be a person in search of leaving his country of origin and exchanges this service for free travel to Europe. Depending on the case, travel (and documents, if needed) expenses may be covered by traffickers, victims or their families/relatives or sponsors that are usually linked to OCGs/traffickers and are known by the victims or their families (Oude Breuil et al., 2018; Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018; Bră, 2008; Europol, 2016).

In most cases, victims travel by land (especially if moved within the EU), and less frequently by plane. The decision of traffickers to use one or the other option depends on the distance to be covered from the country of origin of victims and the country of destination in Europe. But it can also depend on other factors such as the economic availability of the victims/their families (if they anticipate the travel expenses), or the type of potential victim. When they are good-looking, traffickers prefer transportation by plane as a mean to preserve their health and appearance (Raets & Janssens, 2018; Terenghi & Di Nicola, 2018). For example, when Nigerian victims are involved, trafficking follows the main smuggling migration routes by land, sea or air. If Spain is their final destination, they can be moved by land passing through Mali, Algeria, and Morocco or through Guinea, then by plane to Ukraine and from there to Austria. Chinese victims usually travel by plane, entering the EU through airports with less traffic. Transportation by land is chosen mainly when entering the more permeable border of Slovakia. Usually, victims “are often accompanied by a Chinese male, who is responsible for the transportation. This man, whom they call ‘snakehead,’ will have a resident permit in the Schengen area, and tends to travel with around five Chinese women” (Meneses-Falcón et al., 2018). In general, the route by plane is more expensive and this turns into a higher debt to be paid back to exploiters (Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018).

When the transportation involves non-EU victims, traffickers may provide false or counterfeit documents as to conceal the real identities and enable entry into the EU, or with fraudulently obtained visas as it occurs for example with Chinese victims who travel on study or touristic visas obtained also due to the connivance of travel agencies or embassies in the countries of origin (Raets & Janssens, 2018; Terenghi & Di Nicola, 2018; Sirseloudi, 2018). “Another way is via licensed tour operators who are granted blanket visas and who seem to charge a fee for those that do not return after the expiration date” (Terenghi & Di Nicola, 2018). Once in Europe, victims are persuaded to apply for asylum or to request a residence permit (in transit countries as well) as to be easily moved to other EU countries of the Schengen area where they will be further exploited. In some cases, following asylum applications, victims are placed in refugee centres where they are recovered by traffickers or their intermediaries (Terenghi & Di Nicola, 2018; Europol, 2016). When migrants are exploited for labour purposes, the use of legal documents is frequent in order to enter transit and destination countries, and usually reside in the EU with legal permits as to obtain employment contracts. Again, the connivance of key players in the countries of destination – lawyers, accountants, embassy and police officers – may play an important role (Terenghi & Di Nicola, 2018).

2.3.3. Exploitation stage

Once in the destination country victims are forced into prostitution or other types of forced labour and if they are unaware of their further exploitation, in most cases they recognise their dependent situation during their travel where they also experience some forms of violence (Terenghi & Di Nicola, 2018; Sirseloudi, 2018). An example is that of a Bulgarian woman approached in a supermarket parking lot who “did not hesitate to join foreigners who had promised her a lucrative job in Germany. She did not realise the risk she was taking until they reached the border. When she tried to leave, she was forcefully prevented from doing so” (Sirseloudi, 2018). In particular, the transit through Libya for African migrants (adult and young females and males), often starts with a first phase when exploitation becomes a reality (Terenghi & Di Nicola, 2018). While waiting to reach Europe, they are confined into “connection or ghetto houses” managed by military or local criminal groups, where they suffer extreme violence and deprivation (Ratcliffe, 2017). In these places, women and girls are forced into prostitution, while men and young males are forced into different exploitative jobs. This may also serve to pay for their travel to Europe. Migrants can be even sold to other traffickers or criminal groups, in a cycle that can last months or years (Terenghi & Di Nicola, 2018). In other cases, (aware) victims are initially exploited in the sex market in their country of origin (Rusev et al., 2018), then at a later stage they are trafficked to other EU countries.

In any exploitation, as underlined in the majority of country studies, victims need to accept their slavery condition due to the debt bondage which usually consists in repaying back the money traffickers have advanced for their travel and/or documents (for travel and/or residence in the destination countries). In one case in France, 25,000 Chinese asylum seekers living in the north-eastern part of Paris and sharing cramped apartments were forced to work from 10 to 21 hours per day as garment workers in private houses or restaurants in very hard working conditions. These victims were all indebted, although the extent of the debt varied depending on the region of origin (OSCE, 2005). Nigerian traffickers, for example, require that women sign a contract as to have their trip arranged and paid, which is blessed by a priest in the *juju* ritual. When arrived at destinations, victims are already controlled by traffickers and forced into prostitution as to pay back their debt. Victims’ belief in the power of the *juju* ritual, together with threats to family members in the country of origin secure the loyalty and submission of the victims (Siegel & de Blank, 2010). Compared to labour exploitation, the amount of the debt bondage in sexual exploitation is higher and in many cases set completely arbitrarily by exploiters. Nigerians OCGs charge very high prices – also claiming to be have paid for travel themselves while in fact expenses have been covered by the families of the victims – as a result of which victims take very long time to free themselves.

In the majority of countries studied, at destination the documents of victims are withheld and retained by exploiters, thus making them even more vulnerable. Identity documents especially when labour exploitation is concerned, may be used to “obtain social benefits [...], to open bank

accounts in the victims' name, as well as to take out loans and make purchase agreements. Victims can be registered as directors of bogus companies, which are used by traffickers to launder the proceeds" (Europol, 2016, p. 26). In one Italian case, for example, the Chinese boss involved in labour exploitation opened bank accounts and acquired houses and apartments thanks also to the conspiracy of bank directors and notaries. "Using copies of the documents of exploited migrants he opened bank accounts, made notary deeds, and to put the signature (it was not the documented Chinese but another national), paid €200 for this service" (Terenghi & Di Nicola, 2018). Furthermore, the isolation of victims is enforced by traffickers by not allowing them to leave their accommodations if not accompanied. The main threat used is that of possible police operations as a strategy of exploiters to enforce their isolation and avoid the risk of any contacts that may support victims in exiting the exploitative situation (Terenghi & Di Nicola, 2018; Sirseloudi, 2018). "The traffickers give precise instructions to their female victims concerning the Spanish police, what they should say to them, and they depict the police as just as corrupt as the police from their countries of origin. They usually deceive them, telling that if the Spanish police discovers them, they [will be put] in a CIE (Internment Center for Foreign Nationals)" (Meneses-Falcón et al., 2018). The isolation of victims is also enforced by the fact that many of them do not speak the language of the destination countries (Oude Breuil et al., 2018; Antonopoulos, 2018; Sirseloudi, 2018).

According to the extant literature (Smit, 2011; UNODC, 2016; Di Nicola, 2014; Shelley, 2010) and the country studies, control over victims and coercion of reluctant ones is also exercised through direct and severe violence (e.g. physical, verbal, and psychological) or the threat of violence against family members. Romanian family-based organised criminal groups are extremely violent and impulsive. As reported by some interviewed perpetrators, victims who do not obey are threatened, coerced, and beaten. Psychological pressure is another means of submission as well as making victims dependent on drugs/alcohol (Nicolae, 2018). In relation to sexual exploitation, for example, Becucci (2008) in line with some country studies (Antonopoulos, 2018; Terenghi & Di Nicola, 2018) has underlined that submissive strategies and the use of violence vary depending on the ethnicity of traffickers, i.e. their cultural background. In general, while East Europeans are more prone to use violence against victims, Nigerians turn more to forms of psychological suggestion. Despite this, in Italy and in regard to Albanians, for example, violence against victims has been used less as a strategy to protect the sex exploitative business (i.e. diminishing the risk that victims report to the police or NGOs).

The operations of trafficking in human beings have a high degree of rotation, dislocation of victims, and a high rate of replacement (Antonopoulos, 2018; Raets & Janssens, 2018; Terenghi & Di Nicola, 2018; Sirseloudi, 2018; Rusev et al., 2018). This common method serves the scope to renew the supply and avoid detection of traffickers from law enforcement due to the possible reporting by victims. "More sophisticated transnational organisations are able to set up carousel structures which allow them to transfer victims from country to country" (Raets & Janssens,

2018). It can also happen that victims are managed by different traffickers before they reach their final destination and as a result their debt increases during the trafficking and exploitation process (Hodge & Lietz, 2007; Europol, 2016; Aronowitz, 2009; Becucci, 2008). In particular, when victims are involved in the sex market, they usually work in areas distant from where they reside (Terenghi & Di Nicola, 2018) or are periodically moved to different places of the same country. Such translocation is undertaken also as a consequence of market opportunities, e.g. working in big urban cities during winter and in touristic areas during summer, as is the case in Bulgaria (Rusev et al., 2018). In labour exploitation, although it is not the rule, the movement and rotation of victims seems more linked to the harvesting seasons in agriculture: “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 rent caravans or even in sheds” (Antonopoulos, 2018).

2.4. BUSINESS MODELS OF EXPLOITATION IN THE EU

Once they arrive at their final destinations, victims are accommodated in facilities managed by exploiters, and depending on the type of exploitation these premises can be apartments, small houses or flats, hotels, nightclubs, or other facilities such as industrial sheds or cramped buildings in abandoned lands, especially with reference to forced labour (Antonopoulos, 2018; Raets & Janssens, 2018; Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018; Sirseldoudi, 2018; Rusev et al., 2018). As for sexual exploitation, victims (especially Nigerians) can be exploited into prostitution at the very beginning of their arrival inside or in the surrounding areas of open reception centres or temporary reception centres, places where migrants usually wait for residence permits (Terenghi and Di Nicola, 2018). During exploitation victims may be also forced to perpetrate other criminal activities, such as begging, stealing, transporting/selling drugs or other contraband products, benefit frauds (Aronowitz, 2001), or employed in cannabis plantations as it happens with Vietnamese, as reported by the country case study of Belgium (Raets & Janssens, 2018) and the UK (Antonopoulos, 2018).

Both in sexual and labour exploitation, victims work extremely long hours in poor health or dangerous conditions and for low or no salary (Aronowitz, 2001; Smit, 2011), a recurrent scheme also underlined by all the country studies. In general, their earnings are kept by exploiters but there are variations. Women and girls forced into prostitution can in some cases benefit from a percentage to cover personal expenses. This is a strategy, for example, of Albanians as to enforce the loyalty of victims and to make them more accommodating in their exploitative situation. Nigerian OCGs are gradually implementing such a scheme as well. In labour exploitation, usually victims receive a salary (but also no salary

depending on the discretion of the exploiters) which does not correspond to the amount fixed by law in national contracts and from which different expenses are subtracted, as for example transportation to the place of work, food, electricity used where they reside, etc. (Terenghi & Di Nicola, 2018; Sirseldoudi, 2018; Nicolae, 2018). Romanian OCGs, for example, use commercial facilities to place workers in other European countries and promise attractive salaries, good working conditions, free transportation and accommodation. Once victims arrive at destination, documents are seized under the pretext of preparing labour contracts and after having started to work the victims get no pay. The reasons, as stated by traffickers to the victims, are various expenses incurred (e.g. transport, accommodation, commissions, paper work) for which they demand reimbursement. In order to cover these initial expenses, the salaries of victims are not paid and they remain without money under the excuse by traffickers that they need to cover the costs of labourers' living and staying, which are, however, overestimated. "Thus, the victim enters into a never ending cycle of dependence" (Nicolae, 2018).

At the EU level, the sex market is characterised by outdoor and indoor prostitution, despite the differences in legislation and regulation of this activity (Table 6).

TABLE 6. SCHEMES OF SEXUAL EXPLOITATION AT THE EU LEVEL

| Outdoor prostitution | Indoor prostitution |
|---|---|
| Nigerians and East Europeans | Natives, Chinese, East Europeans |
| Streets, parking lots, peripheral areas of big urban cities | Brothels, apartments, flats, massage parlours, nightclubs, escort club services, (online) |
| Lower tariffs | Higher tariffs |
| More working hours/clients | Less working hours/clients |

Source: Authors' elaboration on data of country studies.

Strict policies push more prostitution into closed places (e.g., apartments, nightclubs), as exemplified by the country study of the Netherlands. After a long tradition of tolerance and progressive legalisation and the passing of the ban on brothels in 2000 which regulates prostitution with licences, the more recent framing in the public debate of a link between prostitution and trafficking in human beings (also as a consequence of two large and international trafficking signal crimes) has led to calls for the adoption of a strict regulation of all prostitution with the risk, as maintained by sex workers organisations, of more covert activity. At present and despite the presence of regulations, the Dutch sex market is based on "few legal (licensed and non-licensed, if a licence is not necessary) and monitored sex industries,¹¹ and a supposedly numerically

¹¹ For example, window prostitution, sex clubs, and escort companies.

bigger share of illegal or criminal sex enterprises” (Oude Breuil et al., 2018), in which most of the activity is exercised at homes or in apartments. In Germany, for example, the more recent trend for women and girls employed in private settings and hotels seems related to the increase in the use of the internet to enable contacts between clients and sex workers. In the city of Bremen, the majority of victims of forced prostitution work in private flats where healthcare is not available, and violence as well as regular and collective rape are often means of control (Sirseldoudi, 2018). In some cases, traffickers/exploiters share housing with their victims. This model of accommodation pertains also to other EU contexts (Terenghi & Di Nicola, 2018; Nicolae, 2018). The indoor sex market in Bulgaria, which involves the largest number of exploited women and girls, is divided into three main segments: a) at the bottom of the market is apartment prostitution, where sex services are usually offered in rented flats at the first floors of residential buildings, with prices varying depending on the town; b) VIP or escort clubs/services, with higher prices and less control over sex workers; c) erotic bars and adult clubs, at the top end of the market, where female employees can have additional earnings for soliciting drinks to clients and dancing, and where prices for services are high. “The owners of such venues as a rule pre-select the sex workers before contracting them and tend to regularly replace them with new ones” (Rusev et al., 2018). A common trend at the EU level, as reported by the country studies, is that indoor prostitution characterises the exploitation of Chinese women and girls who work almost exclusively in apartments or massage parlours.

Outdoor prostitution is more widespread in some EU countries, such as France and Italy. In the latter, the type of exploitation in the sex market is linked to the nationality of victims (and exploiters). Nigerian and Romanian victims work on the streets, especially in the peripheral areas of large cities, while East Europeans provide sex services mainly in apartments and houses, although in some cases clients may be approached in open air locations or online.

While working, victims are usually supervised and controlled either directly by employers or members of the organisations, or remotely through the use of ICT technologies such as CCTV or mobiles (Terenghi & Di Nicola, 2018; Sirseldoudi, 2018). In one case in the Czech Republic, victims forced into prostitution were monitored via walkie-talkie and compelled to report to the exploiters about sex clients and earnings (Hughes, 2014). In general, street and covert prostitution differs in terms of tariffs and working hours. The women and girls that work outdoor earn less money and as a consequence are forced by exploiters to have a higher number of clients per day, while for the ones employed in closed places it is the opposite. Similar to the recruitment stage, internet serves the purpose to sell different services provided by victims of sexual exploitation. Websites, newsgroups, and forums are used by traffickers to transmit/supply pornography, child sexual abuse photos, and locations for commercial sex acts. ICT technologies and mobile devices have created a more fluid, quick, and easy access environment, where traffickers and buyers can communicate in real-time, to arrange appointments, to exchange updated materials, and services (Hughes, 2014; Shelley,

2007). Online, it is possible to “upload text advertisements, images, and videos to brothels, entertainment businesses, or prostitution businesses that operate only from the internet, such as escort services and online advertisement sites for prostitution” (Hughes, 2014, p. 5).

There are different ways in which victims leave their trafficking situation: escape or rescued in a police raid, freed by customers (in the case of trafficking for sexual exploitation), discarded by traffickers when they are no longer of any value (e.g. victims may have become too sick to work, or have become pregnant, or a child grows too old to appeal to paedophiles), death or murders (Brå, 2008; Aronowitz, 2009; Batsyukova, 2007).

* * *

At present estimations at the EU level on the number of victims of trafficking are far from precise due to various reasons, most of all as a result of the covert nature of this criminal activity. Thus, it is possible to estimate only the “tip of the iceberg” whereas data, according to the country studies, are collected from different sources, through different methods and rarely organised into national and updated centralised databases. Furthermore, estimations and information on trafficking for labour exploitation is still underdeveloped in different EU contexts, although investigative evidence and non-profit organisations have underlined the numerous economic sectors in which many people work in slavery and dangerous conditions.

A more recent trend at the EU level is the very young age of exploited victims, and the presence of recurrent nationalities such as East Europeans (Romania, Bulgaria, Poland, Hungary, Albania, Ukraine, Slovakia), West Africans (Nigeria, Ghana, Senegal), Chinese, South Americans (Brazil, Ecuador).

Different actors are involved in trafficking in human beings that can be placed on a continuum ranging from single players, through small-to-medium family-based criminal groups to OCGs structured mainly into fluid and horizontal networks. These types of criminal entrepreneurs with their related structure and organisation are found to coexist in all the nine EU countries studied (the Netherlands, the UK, Belgium, France, Italy, Spain, Germany, Romania, and Bulgaria), regardless of the forms of exploitation. Consistently, the trafficking process which relies on three main stages (i.e. recruitment, transportation and exploitation) can be easily managed also by single traffickers, underlying how this criminal market does not require a high level of organisation. Instead, “human trafficking operations are generally more organised in terms of their activities than they are organised in terms of structure” (Raets & Janssens, 2018). Similarities are found in the business models of exploitation, both in the sex and labour markets at the EU level. For example, despite the different legislations and regulations, prostitution is exercised both in open-air places (e.g. streets of big urban cities, parking lots) and covert locations (e.g. apartments, flats, hotels, nightclubs) and is organised in low and high end segments. In some EU countries such as Germany

and France, the role of new technologies as a means to attract clients and sell services may be pushing towards more covert prostitution. The ethnicity of women and girls appears to be a discriminating variable with reference to the places of work (indoor vs. outdoor prostitution).

There is evidence of the difficulty for the victims to leave their exploitative situation, also due to the intentional strategies of exploiters aimed at keeping them frightened and isolated. The lack of alternatives for many victims adds to the risk of a self-perpetuating cycle, as it occurs for example with Nigerians. More often, they become *madams* and start to manage the exploitation of other women and girls. For these reasons, it is crucial to gain deep understanding and insights into trafficking of human beings, its nature and dynamics, criminal actors and *modi operandi*, and to implement data collection at the national and EU levels. In this way, given the transnational and quickly evolving criminal market it is possible to foster cooperation among key stakeholders at the national and EU levels (e.g. LEAs, prosecutors, governmental institutions, local non-profit organisations) to develop efficient preventive and countering actions to undermine traffickers, to dismantle criminal networks, and to implement tailored best practices for assisting and reintegrating victims after exploitation or for preventing them from becoming easy prey for traffickers.

3. FINANCIAL ASPECTS OF TRAFFICKING IN HUMAN BEINGS

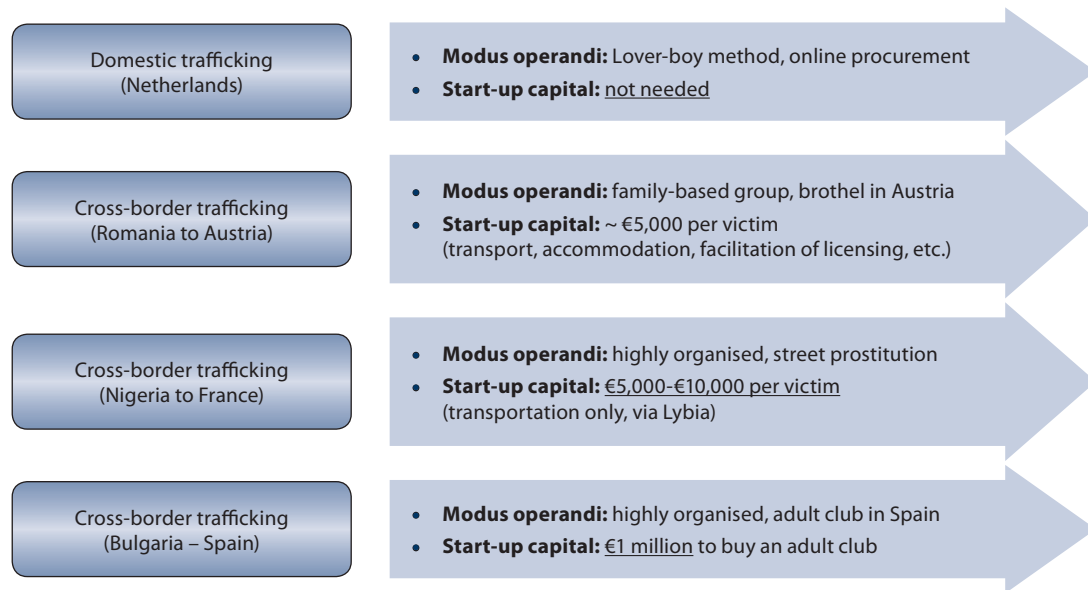
Trafficking in human beings both for sexual and labour exploitation to a great extent is a profit-driven activity (Europol, 2015; FATF, 2011; OSCE, 2010; UNODC, 2016) and as such it is best understood when its financial underpinnings are considered. As with many other organised and non-organised crimes, the financial aspects of THB are often disregarded by law enforcement and judicial authorities, since they are usually irrelevant for establishing and proving the predicate offence in court (CSD, 2015). Thus, surprisingly scarce information is available on the financial aspects of trafficking. A handful of academic studies have shed some light on some financial aspects, primarily focusing on the underground commercial sex markets (see Chapter 1 for a detailed review). However, comprehensive analysis of financing models of trafficking across different *modi operandi* and countries is still lacking and this chapter strives to fill in this knowledge gap. The analysis below builds on the “business approach” (see OSCE, 2010) and discusses issues such as the need for initial capital to enter the market, sources of financing, settlement of payments, costs and profits of trafficking operations, investment schemes, and money laundering.

3.1. SOURCES OF CAPITAL FOR INITIATING CRIMINAL OPERATIONS

Entering a criminal market or expanding a criminal operation usually requires some initial investment such as advance payments for certain goods or services or covering certain recurring costs before the operation actually begins to generate revenues (CSD, 2015). However, in the case of THB a widely shared notion among law enforcement and judicial practitioners is that this particular criminal activity does not require such investments or they are more or less negligible (Rusev et al., 2018; Raets & Janssens, 2018; Sirseloudi, 2018; Nicolae, 2018; Antonopoulos, 2018). A closer look into the career trajectories and *modus operandi* of traffickers reveals a lot more nuanced and complex reality. Thus, entering and operating in the illegal commercial sex market can have different forms and respectively entail different costs – from simple procuring of a victim to a close circle of acquaintances (or via online advertisements) to securing a profitable location on the street or in some brothel abroad. While domestic trafficking involving the infamous lover-boy scheme may not bear any financial costs, cross-border trafficking appears to require certain initial investment (see Figure 6).

Apparently, various factors come into play with regard to the need of start-up capital for traffickers in human beings – the distance between

FIGURE 6. LEVEL OF INITIAL CAPITAL NEEDED IN CASES OF THB FOR SEXUAL EXPLOITATION DEPENDING ON THE MODUS OPERANDI OF TRAFFICKERS



Source: Author's elaboration of data.

country of origin and country of destination, visa and border control regimes and at the destination country, modus operandi of traffickers (e.g. exploitation in outdoor or indoor prostitution setting), presence of other organised crime actors that exercise control of the prostitution/labour market (or part of it) in the destination country (Lalam, 2018; Rusev et al., 2018; Terenghi & Di Nicola, 2018). For traffickers who bring victims from third countries outside EU the initial investment is bigger, since they incur larger costs related to transportation and arrangement of visa and residence documents (Lalam, 2018; Oude Breuil et al., 2018; Meneses-Falcón et al., 2018). Certainly larger investments are also needed if a trafficker aims at becoming an owner or manager of a brothel or other sex venue. An investment in such venue reportedly can reach from several thousand euro, when renting, up to €1,000,000 for purchase (Meneses-Falcón et al., 2018; Sireludi, 2018; Rusev et al., 2018). Thus, the size of the initial capital needed for entering the prostitution market, especially when this involves cross-border trafficking, is somewhat comparable to the capital needed for entering other criminal markets – for comparison, the indicative investment for entering the retail cocaine market in the EU is about €5,000-€9,000 and for wholesale level €30,000-€50,000 (see CSD, 2015, p. 41).

The data collected within the current study suggest that traffickers adopt different strategies to cope with the need for initial capital to kick-start their operations. Those operating independently tend to deliberately seek ways to minimise their initial investments (Raets & Janssens, 2018). One way to achieve is to keep it small – exploiting only 1 or 2 victims at a time (Rusev et al., 2018; Antonopoulos, 2018), as well as to put the

victim straight to work in order to use her earnings as initial capital for expansion (Oude Breuil et al., 2018; Rusev et al. 2018). This kind of strategy is common in lover-boy cases of domestic trafficking.

In cases where there is an actual investment of money in the trafficking business, reported **sources of start-up capital** include the use of personal savings, borrowing money from friends, family and relatives (Rusev et al., 2018; Nicolae, 2018; Raets & Janssens, 2018; Meneses-Falcón et al., 2018). In some cases, traffickers also turn to other people in the trafficking business or occasionally to loan sharks and obtain credit lines from them (Rusev et al., 2018; Lalam, 2018). However, borrowing money within their wider network appears to provide much more favourable conditions for loans, since the interest rates seem to be lower when compared to borrowing money from a usurer (Rusev et al., 2018). Other sources of start-up capital include revenues from legal business and proceeds from other diverse illegal activities – drug trade, counterfeited goods, various scams or social benefit fraud (Antonopoulos, 2018; Oude Breuil et al., 2018; Rusev et al., 2018; Nicolae, 2018; Terenghi & Di Nicola, 2018).

Another common strategy to minimise investments and secure start-up capital is through deception, manipulation or extortion of the victim or her family members to cover part or all of the initial costs for transportation, arrangement of documents, etc. (Terenghi & Di Nicola, 2018; Oude Breuil et al., 2018; Antonopoulos, 2018). In cases related to **labour exploitation**, it is quite typical all document and transportation costs to be borne by the victims. The money is usually demanded by the traffickers in advance as brokerage fee for arranging formalities and lodging, as well as securing the job placement. Thus, especially when it comes to irregular migrants that are third country nationals it often remains unclear whether the case should be classified as human smuggling or human trafficking, as well as at which point the latter had started (Terenghi & Di Nicola, 2018; Antonopoulos, 2018).

The **social capital** (i.e. connections and relationships) and symbolic capital (i.e. trust and reputation) of traffickers appears to play a major role in lowering market entry barriers as well as in reduction of the size of initial investments. Being connected to people in the business, which entails trust and mutual assistance for starting up appears to be a crucial element in decreasing initial expenditures, diminishing market risks and gaining certain competitive advantages such as access to profitable locations and protection from rivalry competition (Rusev et al.; 2018; Nicolae, 2018; Antonopoulos, 2018). Social capital and specifically extended family structures also seem to facilitate recruitment of victims (Oude Breuil et al., 2018; Terenghi & Di Nicola, 2018).

Criminal entrepreneurs joining established trafficking networks or organisations do not need to cover all start-up costs by themselves, since the network or the group grants access to various assets. Being part of an established trafficking/procuring operation provides a number of advantages for pimps. Networks and groups have more available capital which can be channelled to serve different purposes as needed, such as established recruitment base, transport and lodging abroad,

connections and protection abroad, as well as access to a line of credit in case of urgencies. Certainly, joining an established network requires the newcomers to prove that they are trustworthy and accountable. Reportedly, being part of the wider network of traffickers also exposes the members to opportunities for lines of quick credit with preferential interest rates when borrowing from “colleagues.” The interest rates for such intra-industry/network lending are 10-20%. Rates may still be higher in cases of a novice who is yet to prove trustworthy. The loan is then repaid from the sex worker’s earnings (Rusev et al., 2018).

Traffickers are also not immune to various critical moments – both business-related and law-enforcement related. Perhaps most critical are police arrests and investigations. Raising money in such moments to cover litigation or other expenses can be covered by traffickers’ own funds or eventually legal business portfolios (Antonopoulos, 2018). An often favoured option is through forcing the victim to provide the money by working longer hours, taking more clients or engaging in sex services, which she usually avoids (Raets & Janssens, 2018; Oude Breuil et al., 2018). Traffickers also sometimes settle such situations through borrowing from other members of their network (Rusev et al., 2018).

3.2. SETTLEMENT OF PAYMENTS

The analysis of the data collected in all nine countries covered in the current study unequivocally indicates that human trafficking both for sexual and labour exploitation is almost exclusively **cash-based activity** (see Lalam, 2018; Raets & Janssens, 2018; Rusev et al., 2018; Antonopoulos, 2018). It should be noted that trafficking usually takes place in a multi-actor environment where different roles have a different relationship to the overall money flows. Form of exploitation, modus operandi, level of sophistication of the trafficking network, and the socio-cultural background of traffickers also shape direction and nature of money flows. The methods of settlements may further be categorised by distinguishing the major types of relational money flows and transactions among actors involved in a trafficking operation. As a matter of course, the organiser of the human trafficking operation sees to the redistribution of the takings among the actors involved.

The most common transaction is **between client and victim**. In cases related to sexual exploitation these are almost exclusively arranged in cash. Payments from clients usually are arranged as **cash up-front** (Raets & Janssens, 2018; Rusev et al., 2018). Besides cash transactions, only a few venues where sexual services are traded accept credit card payments (Raets & Janssens, 2018; Rusev et al., 2018). Occasionally, jewels, handbags, and clothes are given as a kind of tip along with the regular payment. This is especially the case if there is more personal relationship between the victim and a regular client (Rusev et al., 2018; Antonopoulos, 2018). Often the client pays to an intermediary who is present at the spot, such as a big sister companion or the local

manager of the venue (Raets & Janssens, 2018; Oude Breuil et al., 2018). Alternatively, the customer pays directly to the sex worker, who either immediately hands over the payment to the intermediary or, brings the earnings to the exploiters on a regular basis (Rusev et al., 2018, Nicolae, 2018; Raets & Janssens, 2018; Oude Breuil et al., 2018).

Exceptions do exist as sometimes clients can pay for sexual services via bank transfer/credit card, whereby such payments are registered as a legitimate service, e.g. massage (Raets & Janssens, 2018; Rusev et al., 2018). This is particularly the case whereby trusted clients based in Western European states order sex services from sex workers who may be currently based in another EU member state in Eastern Europe. The wired money is used for travel and advance payment for the sexual services (Rusev et al., 2018).

The high-end prostitution segment displays some subtle differences in the patterns of payment settlements as the country study in Bulgaria exemplifies. In many cases the pre-supposed exclusivity of sexual services performed by “models” and the parallel operation of the fashion agency as a cover business seem to keep a certain distance between the consumer and the sex worker, particularly in the financial flows (Rusev et al., 2018). The contacts between the customers and the clients are usually handled by a central figure inside the agency – the so called “booker.” The booker also often receives the payment directly or through trusted members of the network from the client. Therefore, in such cases the women would perform a pre-arranged and pre-paid service without coming into contact with money (Rusev et al., 2018).

Similarly, in labour trafficking cash transactions are preferred, although methods of payment may vary depending on the sector where the victims are exploited. Whereas in the agricultural sector and the car-wash business cash payments are predominant, in other business sectors (e.g. food-processing, construction) bank transfers are the norm. Therefore, it is not uncommon for employers to wire transfer the money to the bank accounts of the exploited workers. However, even in such cases usually bank accounts of workers are controlled by traffickers or intermediaries and money are immediately withdrawn by them in cash from the bank and workers receive a fraction of their earnings (Raets & Janssens, 2018; Antonopoulos, 2018). In some extreme cases of labour exploitation all workers’ earnings are entirely withheld under the pretext of covering various fees, onsite trainings, cloths, accommodation or food (Oude Breuil et al., 2018; Antonopoulos, 2018).

The second type of financial transactions are the ones **between the victim and the trafficker**. As it has been already mentioned in many cases related to sex trafficking, victims are charged with collecting the money from their clients. In such arrangements victims are expected to deliver their earnings (or part of them) to the traffickers on a regular basis. Such arrangements are common in lover-boy schemes, as well as when there is a pre-existing agreement between the traffickers and the victim about splitting the revenues according to a percentage determined in advance (Rusev et al., 2018; Lalam, 2018).

In cases of domestic trafficking, the daily earnings of the victims are usually collected by the procurer or a trusted associate in cash from hand to hand (Rusev et al., 2018; Lalam, 2018). In other arrangements, such as with Chinese OCGs operating via the internet in Western Europe, the funds are gathered by collectors on a weekly basis. The earnings of the victims are strictly monitored, since all the in-coming calls by customers go through switchboards and the victim is expected to transfer a pre-agreed percentage of everything earned (Lalam, 2018). In cases of cross-border trafficking where the trafficker remains in the country of origin the sex workers are expected to transfer the money abroad on a regular basis. Sometimes these transfers are done by the victims, but there are also arrangements where they just hand the money to a trusted associate and he arranges these international settlements (Lalam, 2018; Rusev et al., 2018; Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018).

However, in order to ensure payments by the victims control is of critical importance to traffickers. Various methods are employed to achieve this. Certainly, lover-boys rely much on emotional control over their victims, but even they resort to other methods as well (Nicolae, 2018). Often victims are demanded to report and to account for their earnings to traffickers or their trusted associates on a daily basis, often via coded messages through messaging services or SMS Funds. Other technological developments can also be part of the daily monitoring such as video surveillance or monitoring of social media accounts (Raets & Janssens, 2018). Threats of violence, blackmail, *juju* rituals (typical for Nigerian networks) and various forms of debt bondage are also part of the traffickers' arsenal (Raets & Janssens, 2018; Lalam, 2018; Antonopoulos, 2018; Terenghi & Di Nicola, 2018).

Financial transactions from the traffickers to the victims also take place. Often victims are forced into a position of financial dependence (Nicolae, 2018; Antonopoulos, 2018). In some of these cases, a small financial flow exists from traffickers to victims, whereby small sustenance sums may be provided in cash by the trafficker. Thus, in cases of sexual exploitation the perpetrator takes all the money from the victim on daily basis, but provides weekly allowances for cigarettes and food, instead. Occasionally, the perpetrator may give the victim €150-€200 to send to her family in the country of origin, which creates an economic dependence (Nicolae, 2018). In other arrangements, wherein there is no financial or debt dependence, sex workers may receive their shares periodically in cash by their traffickers/procurers or trusted persons – e.g. every three days, weekly, etc. (Raets & Janssens, 2018; Lalam, 2018; Antonopoulos, 2018; Rusev et al., 2018; Oude Breuil et al., 2018).

The data from the Bulgarian case study also shows that in the indoor and high-end prostitution segment, it is a common practice for victims to have fictitious contracts as office assistants, masseuses, waitresses, hostesses, barmaids, exotic dancers, receptionists, chambermaids, etc. The contracts are usually signed with bogus companies and fixed at minimum wage and for minimum working hours. However, they will still receive payments under these contracts and all respective social and healthcare contributions will also be covered. Some of the victims

reported that they receive these payments via bank transfers. In this way the traffickers try to conceal the true nature of their activities and not raise suspicion in the law enforcement and other regulatory agencies (Rusev et al., 2018).

Trafficking operations that require a more sophisticated organisation also involve **financial transactions between the organiser and other members of the scheme** or other traffickers. Such payments are made exclusively in cash and usually the organiser oversees the collection of the money from the victims and its subsequent re-distribution among the rest of the members involved in the operation, unless the business relationship takes place under the front of a legal business or service. In the latter case, payments are also made electronically. Cash proceeds are often transferred along the chain through trusted payment facilitators, which appear to be insiders rather than the typical money mule (Rusev et al., 2018; Antonopoulos, 2018). In some cases, traffickers also have exchanges with other traffickers, typically when selling or re-selling victims. In these cases, transactions are also done in cash, except in some cases related to sexual exploitation when victims are simply exchanged without payment, provided that traffickers consider them having the same “sexual capital” (Antonopoulos, 2018).

The trafficking network cannot function effectively without external actors who provide supporting and ancillary services such as facilitation of certain administrative services, document forging and falsification, apartments/houses/windows, night/adult clubs, etc. Thus, traffickers also have various **financial transactions with external actors and corrupted officials. Such payments to external actors and corrupted officials often have to be done in advance**, hence the need for start-up capital for newcomers to the business (Rusev et al., 2018). All of these are paid almost exclusively in cash. When operating abroad, some traffickers are wary of getting directly involved in all payment settlement activities, as being seen around sex workers and in particular known clubs and hotels may arouse suspicion. Therefore, in some cases settlements with clubs, hotels, apartments, etc., are delegated to the women who may transact directly with the owners of the establishments where sex services are performed (Rusev et al., 2018). Settlements in the domestic market seem to be conducted in cash directly between the trafficker, or trusted person, and the owner of the club/hotel where sexual services are provided (Rusev et al., 2018). Similarly with corrupted officials, irrespectively of the service offered to the trafficker or simply turning a blind eye to the trafficking-related activities, the preferred form of payment is again cash, although occasionally, sex is provided as payment (Rusev et al., 2018; Antonopoulos, 2018, Nicolae, 2018). In some instances, trusted third parties are used to deliver the payment (Rusev et al., 2018).

In international trafficking schemes, particularly routes out of Africa, which may involve human smuggling as well, the most common method to settle payments are pre-agreed instalments (Lalam, 2018; Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018). This sometimes entails that an initial sum of money is provided to cover initial travel and documents expenses, and another sum of money once the victims reaches the

destination country and starts working in order to repay the incurred debt. These methods are used when paying individuals involved at the various stages and with different roles within the trafficking chain, such as the so called “trolley man” or “boga”¹² or the so called “ticket man”¹³ (Terenghi & Di Nicola, 2018). Financial transactions related to these services typically involve transfers of money abroad.

The analysis of available data shows that cross-border trafficking at some point or another involves **international settlements of payments**. This is the case with victims transferring money abroad to their traffickers residing in countries of origin (a common arrangement for traffickers from South-East Europe) and with traffickers paying smugglers who arrange transportation of victims from Sub-Saharan Africa or Asia, as well as the repatriation of profits to the country of origin. Apparently, the preferred method of international settlements of payment is **cash smuggling** (Raets & Janssens, 2018; Meneses-Falcón et al., 2018; Nicolae, 2018; Rusev et al., 2018). Apart from cash smuggling, other popular methods used by trafficking networks for settling international payments include hawala, money transfer services such as MoneyGram and Western Union, and bank transfers (Terenghi & Di Nicola, 2018). The methods for settling international payments are discussed in more detail in section 3.5. “Investment schemes and money laundering,” below.

3.3. COSTS FOR DOING BUSINESS

From a business perspective, human trafficking can make for a relatively inexpensive undertaking, considering that the recruitment of victims costs close to nothing (Raets & Janssens, 2018). However, trafficking operations involve a variety of costs at each stage of the process – not only **recruitment**, but also **transportation** and **exploitation** (see Figure 7), wherein the last two stages appear to be most cost demanding. Some of these costs are one-off and might be categorised as investment costs, whereas others are recurring and rather fall under the operational costs category. It should be noted that this classification is somewhat arbitrary, since the line between the two is often blurred. The cost structure of trafficking operations varies depending on the modus operandi of the traffickers, logistical complexities, the “relative legality” of the business, as well as the number and types of actors involved.

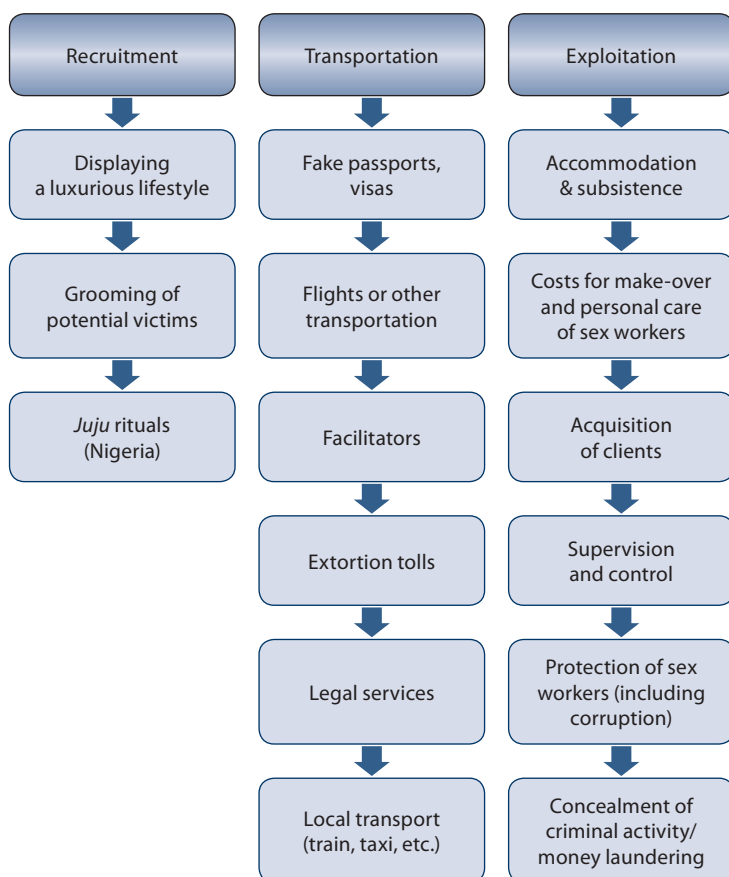
Recruitment costs

Before anything else, exploitation requires resources. However, recruitment costs of traffickers appear to be negligible or none, if we do not count the time invested in identifying and attracting or grooming potential victims (Antonopoulos, 2018; Raets & Janssens, 2018; Oude Breuil et al., 2018). In order to attract victims interested in the job, traffickers may resort to

¹² This is the person accompanying the victims during their trip from Nigeria to Libya.

¹³ This is the person in charge of recovering victims in Italy.

FIGURE 7. TYPES OF COSTS RELATED TO TRAFFICKING IN HUMAN BEINGS FOR SEXUAL EXPLOITATION



Source: Authors' elaboration on data.

publishing advertisements on websites and social networks. Such advertisements are usually free or of little charge and traffickers would re-post them on a daily basis in order to reach a larger pool of potential victims (Antonopoulos, 2018; Oude Breuil et al., 2018). In cases related to labour trafficking, in many cases recruiters also rely on word of mouth. Similar methods are sometimes also applied in cases related to sex trafficking.

However, in cases related to sexual exploitation one of the most commonly applied methods is the infamous lover-boy scheme, which involves emotional manipulation and deceit. This method includes courting, befriending and manipulating the potential victim by the recruiter into a relationship of trust. In some instances, the process of **grooming** may last up to nine or more months, thereby the lover-boy may incur sustained additional expenses (Rusev et al., 2018). Recruiters usually

identify and pick good looking girls from poor backgrounds who can easily be impressed with a luxury lifestyle. The related costs in this approach may include expenditures for restaurants, vacations, clothes and other gifts. An often underestimated aspect of this method, which has been pointed out by some of the interviewed offenders, is that in order to display success and luxurious lifestyle, traffickers also have to spend money on their own image. This may include possession of an expensive brand automobile, branded clothing and accessories, an expensive smart phone and well maintained physique (Oude Breuil et al., 2018; Rusev et al., 2018).

Organised crime groups involved in trafficking operations sometimes tend to assign recruiting to specific members or subcontract it outside the organisation. The Bulgarian case study reports that in such cases **recruiters receive a pre-agreed fee** for each secured victim, which varies between €100 and €250 plus a bonus of up to €500 if she performs well (Rusev et al., 2018). Similarly, **victims may be "purchased"** from other OCG, networks or in some cases, the victim's family (Rusev et al., 2018; Nicolae, 2018; Raets & Janssens, 2018; Antonopoulos, 2018).

Costs vary with regard to the region of origin of the victim, but are estimated at as little as €100 to €8,000 for an East European sex worker (Rusev et al., 2018; Nicolae, 2018), from €350 to €8,000 for an African sex worker, €500 to €3,500 for a South American sex worker, and at around €4,500 for sex workers from East Asia (Lalam, 2018; Terenghi & Di Nicola, 2018; Antonopoulos, 2018).

A typical cost item of the recruitment process for Nigerian networks is the **juju ritual**. These rituals are closely related to the indigenous religious traditions in South Western parts of Nigeria and co-exist alongside Christian and Islamic beliefs. The 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 made to sign contracts, which are then "blessed" by the *juju* "priest." These rituals provide traffickers with immense control over the victims, since they are convinced that breaking their contract or not repaying their debt may result in infertility or even death (Lalam, 2018; Antonopoulos, 2018). Reportedly the fee paid to a priest in Nigeria to perform such a ritual varies between €150 and €500 (Terenghi & Di Nicola, 2018).

Another expense that can arguably be classified as part of the recruitment stage in sex trafficking cases are the costs related to **make-over and personal care** of the newly recruited victims. Collected data suggests that these sums range from around €500 to €1,500, which is used for brand clothing, accessories, cosmetics and perfumery, among others. The sum varies, since it depends on the modus operandi of the traffickers (Rusev et al., 2018; Nicolae, 2018; Raets & Janssens, 2018). The outdoor segment is less demanding with regards to such expenses, whereas for the indoor and the high-end prostitution segments these expenses are integral. There are instances, wherein more expensive manipulations such as plastic surgery might be invested in for high-end sex workers (Rusev et al., 2018; Nicolae, 2018; Antonopoulos, 2018).

Transportation costs

After the recruitment stage, traffickers need to transfer the victim to the country of destination or place of exploitation in domestic trafficking operations. The cost of transportation is naturally commensurate with the distance that is covered by the operation and with the applicable visa, labour, and residence restrictions, as well as the risk associated with the travel (Lalam, 2018; Raets & Janssens, 2018). Practically there is no difference in the size of transportation costs for sexual and labour exploitation. However, apparently in cases related to labour exploitation it is a relatively common practice these costs to be covered in advance by the victim, especially when the victims come from EU member states such as Poland, Bulgaria or Romania (Terenghi & Di Nicola, 2018).

As far as trafficking **within Europe** is concerned, transportation costs generally consist of plane, train, or bus fees or, as an alternative, the price of a second-hand car or mini-van and fuel. The approximate costs for this are reported to range from €40 to €250 per trip depending on the distance (Raets & Janssens, 2018; Rusev et al., 2018; Meneses-Falcón et al.,

2018; Nicolae, 2018). A big advantage for the traffickers from South-East and East European countries is the visa-free movement in the Schengen area. Practically all the major source countries such as Bulgaria, Romania, Western Balkan countries (except for Kosovo), Moldova and recently Ukraine enjoy a visa-free regime.¹⁴ Bulgarian and Romanian citizens also have rightful access to the labour markets of all EU countries.¹⁵

Networks in **Sub-Saharan Africa** have two main routes into Western Europe. The first option, which regards travelling by plane is the safest but also the more expensive – between €8,000 and €15,000. The reason for this is that travelling by air not only involves purchasing a ticket, but also payment either for forged documents or to corrupt consular officials to obtain a visa (Antonopoulos, 2018; Lalam, 2018; Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018). Forged documents reportedly can cost between €1,000 and €3,000 (Antonopoulos, 2018; Meneses-Falcón et al., 2018). A second option is the overland route via Morocco or Libya and leaving the northern African coast on boat either to Spain or Italy. This route is cheapest, reportedly between €3,000 and €5,000, although much riskier. This amount covers the travel and the fee of the persons in charge of transportation called “passeurs” (Terenghi & Di Nicola, 2018). There is a large number of criminal or insurgent groups operating in the region (especially on the route through Libya) who exact various tolls or could kidnap the victim and request a ransom for her release. It is also not uncommon to pay various amounts in bribes at the border checkpoints during their land journey in Africa (Meneses-Falcón et al., 2018; Lalam, 2018; Terenghi & Di Nicola, 2018).

The **Latin American** trafficking organisations usually originate from the Dominican Republic, Paraguay, Brazil, Peru, Ecuador, Colombia or Venezuela, which are the countries with the greatest migrant flows towards Europe but also the biggest source countries for trafficking in human beings. The main destination country for victims from these countries is Spain, perhaps due to the similarity in language and culture. Reportedly, some victims of trafficking from these countries also end up in France (Meneses-Falcón et al., 2018; Lalam, 2018). Most of these countries as of 2018 have visa-free regime with the European Union except for Ecuador and the Dominican Republic,¹⁶ although, even if no visa is required, citizens from these states are supposed to provide at least an official invitation and a proof of minimum disposable money upon entering EU. Thus, the overall cost to transport a victim from Latin America – for the ticket, the documents and the minimal sum of money required at the border – is from €3,000 to €3,500 (Meneses-Falcón et al., 2018).

Victims traveling from **Far East Asia** are almost always accompanied by a male who is responsible for overseeing the transportation of the victims, after which he returns to his country of origin. The reported

¹⁴ See Council Regulation (EC) No 539/2001 of 15 March 2001 listing the third countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement.

¹⁵ See Treaty concerning the accession of the Republic of Bulgaria and Romania to the European Union.

¹⁶ Council Regulation (EC) No 539/2001 of 15 March 2001,

costs for transportation and obtaining necessary documents of a victim from China to Spain are about €2,000, half of which covers the fee for the accompanying person (Meneses-Falcón et al., 2018). Other accounts indicate much bigger costs associated with transportation – €10,000-€15,000, including costs for securing tourist visa or fictitious enrolment in a university and a student’s visa, tickets and the fee for the accompanying person (Lalam, 2018).

TABLE 7. COST OF TRANSPORTATION DEPENDING ON THE COUNTRY OF ORIGIN OF VICTIMS

| Country of origin of victims | East European countries | Nigeria | China | Latin American countries |
|------------------------------|-------------------------|---------------|---------------------------------|--------------------------|
| Transportation costs | €40-250 | €5,000-15,000 | €2,000-3,000/ €10,000-15,000 | €3,000-4,000 |

Source: Authors' elaboration based on data from country reports.

Costs related to exploitation

Traffickers also incur various and sometimes substantial costs during the exploitation stage. In the case of **trafficking for sexual exploitation** these costs include expenditures for client acquisition, lodging, monitoring and control of sex workers, protection, concealment of criminal activities, corruption, and facilitation of money laundering.

Securing access to clients is one of the most important things for trafficking operations. **Client acquisition costs** can vary a lot depending on the modus operandi of traffickers. These might include costs for acquiring access to a profitable location on the street, a window in a red light district or a place in a well-established adult club, brothel, or massage parlour. **Online advertising costs** and **payments to taxi drivers and hotel concierges** for referring clients can also be generally placed in this category (Raets & Janssens, 2018; Nicolae, 2018; Oude Breuil et al., 2018; Rusev et al., 2018).

Certainly the cheapest option is to rely on **online advertising** for solicitation of clients. Various websites, social platforms and online mobile applications are used to advertise sex services. Online advertising may cost from nothing to a few euro per ad, which is a negligent amount compared to the fees for placement at brothels or similar sex venues (Nicolae, 2018; Rusev et al., 2018). Other advertisement-related expenses may be incurred when a professional photographer is contracted to take high-quality photos of the victims, which subsequently will be placed on various sex sites. Such sessions could cost between €30 and €100, depending on the length of the shoot session (Antonopoulos, 2018; Nicolae, 2018). Precisely because of the low cost associated with this method for soliciting of clients it is preferred by independent traffickers and sex workers (Rusev et al., 2018). However, they are some more

sophisticated arrangements involving internet advertising adopted by organised crime groups. Thus, in the case of Chinese organised crime groups in France all internet advertisements of sex workers are managed in a centralised way and all incoming calls are handled by French-speaking switchboard (telephone) operators, which charge €20 for each appointment with a client (Lalam, 2018).

Internet advertising usually is coupled with **renting apartments** or houses where victims could provide their services, the costs for which vary depending on the location. Apartments could be used solely for providing sex services or sometimes also for accommodation. In Bulgaria and Romania, accommodation for 2-4 persons costs around €400 per month (Nicolae, 2018; Rusev et al., 2018). Renting an apartment in West European cities or a small house in their vicinities varies between €700 and €1,200 per month (Oude Breuil et al., 2018; Raets & Janssens, 2018). In metropolitan and larger cities, the rents of apartments are twice higher; for example, it was reported that as of 2018 UK rents in cities such as Manchester or London amount to as much as €2,500 per month (Antonopoulos, 2018). However, if the landowner knows that his property is rented for prostitution purposes, the rent can get ten times higher. Thus, for Germany it was reported that a landowner was receiving €50 per day from each sex worker (Sirseldoudi, 2018).

Many traffickers prefer **renting a window in a red-light district or placing the victim in a massage parlour or brothel**. Unlike internet advertisements, such established venues can provide for a steady clientele and more predictable and high revenue (Rusev et al., 2018). The fees for windows in red light districts in Belgium or Netherlands vary between €100 and €300 per shift (Raets & Janssens, 2018; Rusev et al., 2018), depending on the city and location. Facilitating access to profitable windows, brothels, massage parlours, and similar establishments in the red light districts of West European cities, where prostitution is legal, also often requires payment of certain fees in advance. Reportedly, such a one-off facilitation fee varies between €500 and €3,000 paid to an established broker who has been active in the business for a significant amount of time and possesses the necessary social and business connections (Oude Breuil et al., 2018; Rusev et al., 2018). It is also reported that in order to secure a place in a well-located adult club in the big Bulgarian summer and winter resorts traffickers have to pay upfront €7,500 per sex worker for the whole season (3 months) to the owners of the sex venue (Rusev et al., 2018).

Similarly, access to profitable **locations in hotels, motels, and clubs** both in Bulgaria and Romania, but also in Western Europe, is also usually granted upon certain fee paid in advance (Rusev et al., 2018). Traffickers and pimps need to pay the managers or owners of hotels, motels, and various hospitality businesses in order to use their facilities for sexual services undisturbed. In some arrangements the fee is flat and irrespective of the victim's earnings, whereas in other cases, the hotel owner or manager receives a fixed fee for each client brought in the hotel. Payments to such external actors vary depending on their position and role. In the case of the United Kingdom, managers of such venues,

receptionists, and security guards are paid a flat fee, reportedly between £50 and £100 per shift (Antonopoulos, 2018). The country study of Bulgaria reports that hotel managers in the big winter or summer resorts may require payment in advance from the traffickers, so that victims work in a “protected” environment with access to clients. The reported sums vary between €2,000 and €3,750, depending on the location and reputation of the establishment. Smaller Bulgarian hotels or motels which provide venue for the sex workers and their clients by the hour might charge as little as €10 per service (Rusev et al., 2018).

Monitoring, supervision and control of sex workers are the other type of costs associated with the exploitation stage, although they are not always easily quantifiable. These costs are primarily related to a strict accounting of the clients served and the due collection of the pre-agreed portion of earnings from the sex workers. Depending on the complexity of the trafficking operation, these tasks may be performed by the traffickers themselves or by other trusted persons. In family-based organisations usually one of the family members takes care of these tasks. In other words, they do not directly incur financial costs for this, although they invest personal time. Hierarchically structured organisations usually have trusted persons that are managing the day-to-day schedule of the women, as well as the daily collection of the earnings. Use of such supervisors and money collectors also serves the purpose to conceal the direct link between the sex workers and the organisers of the trafficking operation. The data from Italy indicates that within the context of Nigerian networks, such persons receive €25 to €50 per day (Terenghi & Di Nicola, 2018). Similarly, in Germany the fee for persons in charge of money collection is €50 per day (Sirseldoudi, M. 2018).

In the high-end prostitution segment, these tasks were carried out by the bookers, who are handling the contacts between the women and the customers. The amount of these costs remains somewhat unclear, although some respondents report that the supervisors are paid a pre-agreed proportion from the earnings of the sex workers they look after (Rusev et al., 2018).

Closely related to monitoring and control are the costs for **protection of sex workers**. Independent traffickers and family-based groups personally take care of the safety of the women and their earnings from abusive clients and rival competition. However, especially in the outdoor segment they are often subjected to protection racket by larger organised crime groups specialised in the use of violence. In Bulgaria, such groups reportedly “toll” sex workers about €65 per month for working on the street (Rusev et al., 2018). Similar protection tolls have been reported in Italy – €50-150 per day for each sex worker, usually exacted by Albanian OCGs (Terenghi & Di Nicola, 2018). The cost of the protection racket in Spain is reported to amount to €100 per month for a sex worker to be allowed to work on the street (Meneses-Falcón et al., 2018).

When traffickers pay for placement of their sex workers at brothels or other sex venues, the protection is included in the price or at least part of the pre-agreed arrangements. Hierarchically structured groups usually

have members assigned with such tasks and, as mentioned above, they are often also responsible for monitoring and control of women, money collection, and transportation. A case reported in the Romanian country report indicates a monthly payroll of such a members amounting to €700 per month (Nicolae, 2018).

Expenses on corruption can also be generally classified into the category of protection costs. Typical targets of corruption by trafficking actors are law enforcement officers and, to a lesser extent, magistrates, especially in South-East Europe. The data from Bulgaria and Romania indicates regular extortion fees imposed by police officers to outdoor and indoor sex workers and their procurers, wherein such protection fees in Romania reportedly amount from €500 to €1,000 per month (Nicolae, 2018; Rusev et al., 2018). In order to avoid cash payments, traffickers can offer officials bribes in the form of sexual services rather than money (Meneses-Falcón et al., 2018; Antonopoulos, G., 2018).

Hierarchically structured groups sustaining more sophisticated trafficking operations incur additional costs related to the **concealment of their activities** from the authorities. In the high-end prostitution segment such costs may include investing in elaborate schemes of legitimate business structures – appointment of straw persons as owners and managers, registering front businesses such as modelling or fashion agencies, and organising model castings, fashion shows, advertising campaigns, among others. Criminal groups, which invest in and control adult clubs, massage parlours, and similar establishments also employ similar methods and register bogus companies with straw persons appearing as owners and managers. Women working in such adult clubs, hotels and other establishments have labour contracts as dancers, masseuses, office assistants or housekeepers. Using such legitimate companies as a front also entails a number of other costs typical for all legitimate businesses – office rent, accounting and legal services, utilities, staff salaries, etc. (Rusev et al., 2018).

The comparison of the data on typical costs associated with the various sex trafficking operations reveals important **differences in the cost structure** depending on the country of origin of the perpetrators. Clearly, traffickers from the two biggest source countries in EU – Bulgaria and Romania, enjoy significant competitive advantage over their counterparts operating from Asia, Africa, and Latin America with regard to transportation costs. The lower costs of transportation are also coupled with the lower risks of apprehension during this stage of the trafficking operation, since both Bulgarian and Romanian citizens enjoy the rights of free movement and labour within the European Union. Furthermore, non-European perpetrators apparently prefer low-cost methods for acquisition of clients – solicitation of clients on the street or online (see Lalam, 2018; Meneses-Falcón et al., 2018; Terenghi & Di Nicola, 2018). On the contrary, apparently Bulgarian and Romanian traffickers are more often willing to incur additional costs in order to get access to more profitable locations and sex venues – red light district windows in Belgium or Netherlands, brothels or massage parlours in Germany and Austria, thus securing higher and more steady revenues from their victims (Rusev et al., 2018).

TABLE 8. EXAMPLES OF COSTS ASSOCIATED WITH STARTING AND RUNNING A TRAFFICKING OPERATION FOR BULGARIAN TRAFFICKERS

| Cost type | Value | Notes |
|--|--------------------------------|---|
| Make-over costs I | from €1,500 | hairdresser; brand clothing; accessories; cosmetics, etc. |
| Make-over costs II | €3,600 – 4,500 | breast enlargement |
| Logistics I | from ~ €100 | airfare to a major West European city by a low-cost airline |
| Logistics II | from ~ €250 | fuel + one motel stop for circa 2,000 km |
| Logistics III | from ~ €120 | single bus fare from Sofia to major West European city |
| Rent | from €550/month | multi-bedroom apartment in the red-light district of a major West European city |
| Interest rates I | 10% to 20% per week | when borrowed from the wider trafficking network |
| Interest rates II | 50% to 250% per week | when borrowed from a loan shark |
| Money transfer fees | €10-€100 | per transaction, depending on the amount sent |
| Advance payment for placement of one sex worker in adult club | €1,125 month | Bulgaria, Black Sea resort, south |
| Use of a hotel room with a client per hour | €3-5 session | hotel, low segment, inner city |
| Advance payment for placement of one sex worker in adult club (top location) | €7,500 season | Bulgaria, Black Sea resort, south |
| Advanced payment for placement of one sex worker in a hotel with access to clients | €2,500 to €3,125 month | Bulgaria, Black Sea resort hotel |
| Broker's fee for placement of one sex worker at a red light district window | €2,000-€3,000 per sex worker | red-light district window of a major Western European city, one-time fee |
| Hotel room rental (permission to do business) | €1,000 per week per sex worker | In a major West European city, may vary depending on the hotel |
| Protection fee (racket) | €2,500 per week per person | Fee paid to the hotel in a major Western European city for access and undisturbed operation |
| Red-light district window rental | from €500 per week | red-light district (major Belgian and/or Dutch city) |

Source: Rusev et al., 2018.

These differences in the cost structure of sex trafficking operations provide important additional insights about why Bulgaria and Romania still remain the top countries of origin for victims of trafficking in Western Europe, despite having many times smaller populations compared to countries such as Nigeria or China. The negligible costs for transportation of victims from South East Europe coupled with the right to free movement and labour also have important implications for the preferred method of control over victims. Apparently Bulgarian and Romanian traffickers have more or less moved away from the methods relying on debt bondage in sex trafficking, whereas these methods are still predominant among the trafficking networks from Africa, Asia, and Latin America (see Lalam, 2018; Meneses-Falcón et al., 2018; Terenghi & Di Nicola, 2018). Instead, they rather rely either on building emotional dependence in the victim (lover-boy method) or establishing business-like relations and acquiring some consent of the victim, wherein the revenues from the prostitution would be split between the trafficker and the sex worker according to a pre-agreed ratio (Oude Breuil et al., 2018; Rusev et al., 2018, Nicolae, 2018; Antonopoulos, 2018).

Trafficking for labour exploitation appears to be a lower cost exercise than trafficking for sexual exploitation. Various costs come into play depending on whether the farm/company owner that benefits from the exploitation is involved in the overall trafficking operation or relies on external actors to recruit and deliver the labourers needed. The regular cost related to the exploitation phase will generally include housing, subsistence, work materials, and tools (Raets & Janssens, 2018; Meneses-Falcón et al., 2018). In most cases all these costs are used as a pretext to force victims to pay much more than the actual value of these facilities. Thus exploiters/traffickers manage to additionally reduce the pre-agreed wages and perpetuate the debt bondage of victims (Oude Breuil et al., 2018; Raets & Janssens, 2018; Meneses-Falcón et al., 2018). Moreover, except housing, the infrastructure and equipment in labour trafficking cases are usually pre-existent, so no investment is required (Raets & Janssens, 2018). In many cases traffickers are of the same nationality as the victims and are contracted by the farm or company owners also to exert control and monitoring over victims (Meneses-Falcón et al., 2018; Terenghi & Di Nicola, 2018). Other costs related to this form of trafficking may include fines imposed by labour inspectorates for not providing sufficient health or safety labour conditions or other labour law infractions (Oude Breuil et al., 2018).

3.4. PROFITS AND PROFIT SHARING

Trafficking in human beings generates a steady flow of profits for traffickers thanks to the constant demand both in the sex services and low-skilled labour sectors such as agriculture, construction, hospitality, and similar industries. As the nine EU country studies showed, the sex services segment is easier to estimate, as quantitative data is readily available (e.g. prices for services, estimated number of sex workers and of clients in a given market), while transactions involving labour exploitation are less transparent and profits are less clearly defined.

Pricing and revenues of traffickers vary substantially depending on a number of factors. Thus, in cases related to **sexual exploitation** important factors are the country where services are provided, the market segment served, the number of customers per day, and the average length of sessions. **Price differences by country** are correlated to the respective national income level. Thus, for example in low-income countries like Bulgaria or Romania, a session in the outdoor market segment (i.e. the lowest segment) can cost as low as €7-10 (Nicolae, 2018; Rusev et al., 2018). In high-income countries, the same services would cost at least €20-30, with an average of €50 and up (Lalam, 2018; Oude Breuil et al., 2018; Raets & Janssens, 2018). The variances by **segment** in the sex services market start from an average of €20 to €30 in the outdoor segment, and go up to between €50 and €150 in the lower indoor segment to €200 to €300 in the higher indoor segment and several hundreds to €1,000-€2,000 in the luxury/private escort services segment (Rusev et al., 2018; Lalam, 2018). **Length of sex sessions** (half an hour, an hour, overnight, weekend) is also a factor in pricing. Longer sessions are usually provided at a discount but are also more common in the high-end market segments (Rusev et al., 2018).

The **ethnic background and physical appearance of victims** also factor in the price of the sex services. Thus, in Italy Nigerian sex workers work mostly on the street and charge from €10-€30 and in France €20-40, whereas the ones from South-East Europe charge between €30 and €50 in both countries (Terenghi & Di Nicola, 2018; Lalam, 2018). The **number of customers** served by one sex worker varies from two to six per day in the indoor segment, and can reach up to 20 in the outdoor segment. This number also depends on the pressure exercised by traffickers. In extreme circumstances (e.g. Nigerian women exploited under a debt repayment scheme), sex workers have been forced to work for 10-12 hours per day (Terenghi & Di Nicola, 2018). Use of the internet for solicitation of clients also appears to result in lower number of clients (Rusev et al., 2018).

The expert estimates of **average revenue** generated by a sex worker vary from several thousand euro per week (e.g. €2,000 to €8,000 in Belgium) to tens of thousands of euro in the high-end segments (Raets & Janssens, 2018). Monthly estimates reported by interviewed traffickers range from €15,000 to €45,000 per sex worker (Rusev et al., 2018). In addition to the recurring revenue from sex services, in certain cases traffickers get **one-time payments for “renting” or “selling” the victims** they control to other trafficking networks (Antonopoulos, 2018; Nicolae, 2018; Raets & Janssens, 2018). However, these practices are believed to be rare and the revenue they generate is insignificant compared to the daily flow from recurring services.

The detailed information on pricing, number of clients served per day, as well as the costs incurred by traffickers, allow also for relatively accurate reconstruction of their actual profits. Thus, if we take for example the case of Nigerian “mamas” and assume she has brought a woman via an overland route, her costs on an annual basis will amount to around €37,000 and she could expect a victim – when exploited as sex worker

on the street in Italy – to earn close to € 94,000 per year. In this case the net profit will amount at around €57,000.

TABLE 9. COSTS AND PROFITS FROM A NIGERIAN VICTIM EXPLOITED AS A SEX WORKER IN ITALY

| Type of costs | Costs/Profit |
|--|---|
| Travel from Nigeria to Italy (via Libya) – cost of transportation, tolls, passeur, <i>juju</i> ritual, ticket man, etc.) | €5,000 |
| Travel in Italy (train) | €300 |
| Supervisor of girls to/at “joints” ¹⁷ | €40 x 26 days → €1,040 (per month) → €12,480 for 1 year |
| Renting of joints/extortion fees | €100 (per month) → €1,200 for 1 year |
| Housing (sharing apartment) | €300 per month → €3,600 for 1 year |
| Subsistence costs (meals, clothes, condoms, etc.) | €1,200 per month → €14,400 for 1 year |
| Overall costs 12 months: | €36,980 |
| Total earnings | 12 months x 26 days x 15 clients x €20 EUR → €93,600 |
| Net profit (1 year): | €56,620 |

Source: Authors' elaboration based on data from Terenghi & Di Nicola (2018) and other country reports.

Similarly, we can estimate the profits of East European traffickers. Thus, traffickers from Bulgaria often exploit women in the windows of red light districts in various cities in the Netherlands. The victims usually spend 3 to 4 months in the Netherlands, then come back to Bulgaria for a month and return for another round of 3-4 months. In order to secure a place in a profitable location, traffickers often pay to well-established intermediaries a fee of between €2,000-€3,000. Lodging is usually shared with other victims and rent of the window is somewhere between €200-€250 per shift. The overall costs in such an arrangement reach close to €84 000 on an annual basis. The sex worker usually manages to generate a revenue of €187 000, making the net profit in this case around €103,000.

Revenues from trafficking for labour exploitation usually come from two sources: a) initial fees paid by victims to the recruiters in their country of origin (which may include the cost of travel and travel documents, in particular for third country nationals); and b) a share of the weekly or monthly remuneration of the victims which is paid by the employers to the traffickers or gangmasters (Terenghi & Di Nicola, 2018). The debt repayment scheme is widely applied in trafficking for

¹⁷ Street spots for prostitution.

TABLE 10. COSTS AND PROFITS FROM A BULGARIAN VICTIM EXPLOITED AS SEX WORKER IN THE NETHERLANDS

| Type of costs | Costs/Profit |
|--|--|
| Clothing, lingerie, accessories, cosmetics | 3 trips x €500 → €1,500 |
| Flight ticket (3 trips to the Netherlands) | 3 trips x €100 → €300 |
| Housing (sharing apartment) – 10 months in a year | €300 month x 10 months → €3,000 |
| Broker fee for securing a window in a red light district | €2,000 |
| Rent for window for 10 months | €250 day x 26 days x 10 months → €65,000 |
| Subsistence costs (meals, telephone, etc.) | €1,200 per month x 10 months → €12,000 |
| Overall costs 1 year (stays for 10 months): | €83,800 |
| Total earnings | 10 months x 26 days x 12 clients x €60 → €187,200 |
| Net profit (1 year) | €103,400 |

Source: Rusev et al., 2018.

labour exploitation, in particular with Chinese or other victims of third countries who need permits to work and live in the EU. As a rule, victims' remuneration is below the minimum hourly rate, and working hours are longer than allowed by national regulations – e.g. 12-14 hours per day in the agricultural sector in Italy. The net daily payment received by victims of trafficking has been reported to be as low as €10 for a 12-hour day, as employers deduct from the negotiated payment the arbitrarily assigned cost of transportation, food and water provided to the victims (Terenghi & Di Nicola).

Thus, in terms of profit margins, labour exploitation can achieve similar levels as sex exploitation, although the amounts in euro per victim of labour exploitation are usually much smaller due to the lower hourly rates in the sectors where most victims are employed (agriculture, construction, tourism, food processing). With trafficking for labour exploitation two aspects of the profit need to be considered: the profit from fees collected by the traffickers who connect employers and victims, and the profit of employers who benefit from the lower labour costs (Terenghi & Di Nicola, 2018). In some cases, one and the same victim can be exploited as a worker in a legal business establishment used as a cover (massage parlour, model agency or hotel) and become a victim of sexual exploitation.

Several factors determine the margin and volume of profits of traffickers. The most important of them seems to be the **legal status and vulnerability of victims**. Victims from third countries who need visas and permits to enter and reside in the EU are the ones who are most severely exploited, generating extremely high profit margins for the traffickers. On

the other hand, victims who are citizens of EU member states and can freely move and work within the EU usually work at more favourable terms and keep a larger share of their earnings. Depending on the legal status of the victims, profit margins can range from close to 100% in the case of sex workers smuggled into the EU from third countries such as Nigeria, to less than 50% in the case of sex workers from East European member states. In the case of labour exploitation, victims with mental health problems are paid insignificant wages or not paid at all (Antonopoulos, 2018).

Another factor widening profit margins is the **type of organisation** and the **modus operandi** of traffickers. Lover-boy traffickers and family/clan based groups tend to withhold all the revenue and to cover all the costs of sex workers (Rusev et al., 2018). Loose trafficking networks and hierarchical groups from South-East Europe prefer to operate with pre-set shares, with traffickers retaining from 50% to 80% of the earnings (Nicolae, 2018; Rusev et al., 2018). A third modus operandi, applied by traffickers who own brothels or other sex venues is charging a fixed amount in advance. For instance, hotels and erotic clubs in popular resorts in Bulgaria are reported to charge €7,500 per sex worker for the use of their premises (Rusev et al., 2018). Profit sharing schemes reportedly also vary by **nationality of perpetrators and victims** (Table 11). Thus, the typical share of earnings withheld from a victim by East European traffickers is 50-80%, for Chinese traffickers – 60-70%, for Latin American – 40%, for Nigerian – 100% (Lalam, 2018).

TABLE 11. PRICING, PROFITS, AND PROFIT SHARING IN CASES OF TRAFFICKING FOR SEXUAL EXPLOITATION IN FRANCE

| Country of origin | Price range (per service) | Trafficker/sex worker shares | Earnings |
|--------------------------------------|---------------------------|------------------------------|------------------------------------|
| Nigerian traffickers | €10-30 | close to 100% for trafficker | €3,000 per month |
| East European traffickers (Roma) | €30-50 | close to 100% for trafficker | €100-300 per day |
| East European traffickers (non-Roma) | €50-80 | 80/20 to 50/50 | €300-900 per month |
| South American traffickers | €100-€150 | 40/60 | €3,000-€5,000 per month/"sex tour" |
| Chinese traffickers | €100-€150 | 70/30 to 60/40 | €4,000-€7,000 per month/"sex tour" |

Source: Lalam, 2018.

Traffickers, especially those bringing victims from third countries, widely apply debt bondage as an instrument of control over victims, but also as a way to withhold and retain all their earnings. The repayment of

debt scheme is widely used in relation both to victims of sexual and labour exploitation (Meneses-Falcón et al., 2018; Terenghi & Di Nicola, 2018; Lalam, 2018; Antonopoulos, 2018). The debt is usually vaguely defined and supposedly consists of the costs for transferring the victims to the EU, and for providing lodging, food, clothes, and protection. Until the debt is fully repaid (which can take many years), the traffickers collect all or almost all of the victims' earnings. In the debt bondage model traffickers usually also charge exorbitant prices for the real or alleged services they provide to their victims (e.g. lodging, food, clothes, transportation), thus increasing the debt and maximising their overall profits. The total amount of the debt can vary from €15,000 to €20,000 in Chinese trafficking networks, to €30,000-€60,000 in Nigerian networks (Raets & Janssens, 2018; Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018). In one court case in Italy, the victim's debt amounted to €90,000 (Terenghi & Di Nicola, 2018).

3.5. INVESTMENT SCHEMES AND MONEY LAUNDERING

Investment and laundering of proceeds earned through human trafficking take different forms depending on the profits generated and the scale of operation. In general, the fewer victims are controlled by a trafficker, the less is earned and therefore a larger proportion of the money is immediately spent, reducing the potential for investment. The market segment (outdoor or indoor) where the trafficker operates also plays a part in determining the level of proceeds generated by the operation. In addition, the nationality of the traffickers determines to a large extent where money is invested and how it reaches the destination where the intended investment takes place. Most foreign traffickers operating in Western and Southern Europe, be they independent or part of a criminal organisation transfer differing degrees of their earnings back to their countries of origin. Despite the variety of investment and money laundry schemes, they remain relatively simple. Generally, unless all proceeds are reinvested in the trafficking business or immediately spent on lavish lifestyle expenses, traffickers opt for real estate or acquisition of cash intensive businesses (Raets & Janssens, 2018; Rusev et al., 2018).

Traffickers in lover-boy and small-scale trafficking arrangements (one person controlling one to three women) will typically use the **bulk of their proceeds to sustain a lavish lifestyle** through buying designer clothing, jewellery, vacations, but also for partying, gambling or acquiring drugs (Terenghi & Di Nicola, 2018; Oude Breuil et al., 2018; Rusev et al., 2018; Raets & Janssens, 2018; Meneses-Falcón et al., 2018; Lalam, 2018; Nicolae, 2018; Antonopoulos, 2018). Beyond serving to satisfy the personal consumption pattern of traffickers, the exorbitant spending also has the function of presenting an image of success and of impressing other potential victims (Rusev et al., 2018; Oude Breuil et al., 2018). Nevertheless, small-scale foreign traffickers operating in Western and Southern Europe often manage to move part of their earnings to their country of origin through different schemes of repatriation. Subsequently they might acquire, finish

or renovate **property**, buy **vehicles** or use the funds to support family in their country of origin. Victims who manage to arrange a more beneficial arrangement and get to keep a larger portion of earnings for themselves might also be able to invest in houses for themselves or their families or to start a small business in their country of origin (Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018; Rusev et al., 2018).

Networks and larger criminal groups with more sophisticated organisation that usually control larger number of victims can generate substantial revenues. Although part of it can also be spent on a lavish lifestyle, they can still afford to allocate substantial funds for investments in the licit economy. A common strategy is to **invest in cash-intensive business ventures in their country of origin** – restaurants, bars and night clubs, convenience or clothing stores, car washes, beauty salons, massage parlours (Oude Breuil et al., 2018; Rusev et al., 2018; Antonopoulos, 2018; Lalam, 2018; Nicolae, 2018; Terenghi & Di Nicola, 2018). In many cases such investments can both serve to conceal and enable the human trafficking operations, while at the same time facilitate the laundry of proceeds. Businesses in the hospitality sector are sometimes used as front for the human trafficking and prostitution, but more often (along with beauty salons) prove useful in identifying and recruiting other potential victims (Rusev et al., 2018). The business portfolios of large-scale traffickers are even more diversified, including also businesses in construction, agriculture, jewellery trade, and gyms (Rusev et al., 2018; Nicolae, 2018).

The collected data in the studied nine EU countries does not indicate common use of trafficking proceeds for **investments in other criminal activities**. As already mentioned, the traffickers usually use their proceeds to sustain the trafficking operations by addressing running costs such as transport, advertising, communication, subsistence and lodging (Terenghi & Di Nicola, 2018; Sirseloudi, 2018; Raets & Janssens, 2018). However, there were some examples where perpetrators engaged in usury, lending money for interest to close acquaintances or other people from the procuring business (Nicolae, 2018). For Italy were also reported some cases of Albanian and Nigerian traffickers investing in drug trafficking (Terenghi & Di Nicola, 2018).

Traffickers sometimes also make **investments in the countries of exploitation**. Thus, Chinese trafficking networks prefer to launder their revenues in the destination countries through already established licit enterprises, mostly Chinese restaurants and similar business, or acquiring real estate property. This not only helps them to root in local territories, but also to keep running both their legal and illegal enterprises (Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018). East European networks also invest both in their origin and destination countries. A recent tendency among Bulgarian trafficking networks is to invest their proceeds in real estate and businesses abroad, both as a cover (to establish a legitimate reason for residing abroad) and investment for trafficking sustainability and expansion. These may include bars, clubs, and cafes, used often for criminal social networking and/or as a place for selling sexual services (Rusev et al.,

2018). Similar investments have been reported with regard both to Polish and Romanian traffickers (Terenghi & Di Nicola, 2018; Nicolae, 2018). Nigerian traffickers, apparently, invest to a very limited extent in destination countries where they operate and in such cases often opt for stores selling ethnic goods (Terenghi & Di Nicola, 2018).

While significant commonalities exist with regard to the **methods used to repatriate** money to traffickers' countries of origin, there are also specificities related to where the trafficking networks originate from. **Cash smuggling** is preferred and widely utilised by all traffickers, independent of their sophistication and origin. The smuggling might either be done through participants in the network or intermediaries, providing this service to trafficking networks. Cash couriers are often used, with East European networks generally transferring cash through couriers travelling on land routes (Raets & Janssens, 2018; Rusev et al., 2018; Nicolae, 2018). Similarly, Chinese and Nigerian networks use cash couriers to smuggle cash through airports. Reportedly the price paid for such service is 6% of the smuggled amount (Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018). Alternatively, victims or sometimes even traffickers might carry cash with them on planes and busses (Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018; Oude Breuil et al., 2018). Nigerian networks would sometimes ship cash in containers (Meneses-Falcón et al., 2018).

Bank transfers are generally less often employed due to their traceability. When the banking system is used, the amounts wired are broken down into smaller sums and often are transferred by and to persons other than the traffickers, such as family members, victims, intermediaries or dummy accounts (Meneses-Falcón et al., 2018; Raets & Janssens, 2018). East European trafficking networks are more often involved in the laundry of money through the use of schemes with straw men and a string of shell companies, involving family members, intermediaries or associates to transfer and launder money (Meneses-Falcón et al., 2018; Rusev et al., 2018). Similar methods are employed when **remittances are done through money transfer companies** such as Western Union or MoneyGram in order to minimise risks to traffickers (Raets & Janssens, 2018; Oude Breuil et al., 2018; Rusev et al., 2018; Antonopoulos, 2018). However, the most recent developments show that East European traffickers have started to increasingly avoid use of money transfer services due to the ease of traceability and rely mostly on cash smuggling instead (Rusev et al., 2018; Nicolae, 2018; Raets & Janssens, 2018; Oude Breuil et al., 2018).

Middle Eastern, Nigerian, and to a lesser extent Chinese networks also utilise the informal money transfer systems such as hawala, where money does not cross borders physically and the transactions are based on established relations of trustworthiness of the participants in the hawala network (El Qorchi et al., 2003; Oude Breuil et al., 2018; Lalam, 2018; Meneses-Falcón et al., 2018; Raets & Janssens, 2018). The informal transfer system utilised by the Nigerian networks is known as "euro-to-euro" and involves the parallel money transfer through grocery stores and other retailers. The fee for transferring money through this informal system is reported as 1-2% of the amount (Federaal Migratiecentrum, 2014; Terenghi & Di Nicola, 2018).

Another method for repatriation and laundering of proceeds utilised by Bulgarian, Nigerian, and Chinese networks is the use of simple **trade-based money laundering** including purchase and re-sell of easily tradable goods. Bulgarian networks generally prefer cars and gold for this purpose. Alternatively, stolen goods like electronics are bought cheaply and subsequently resold in Bulgaria (Rusev et al., 2018). In the case of Nigerian networks, the goods shipped back to Nigeria and subsequently resold are more diverse, including electrical appliances, clothes, butane canisters (Meneses-Falcón et al., 2018). Chinese networks tend to purchase luxury goods (e.g. designer clothes and accessories) and subsequently send them to China (Lalam, 2018; Meneses-Falcón et al., 2018).

4. THE ECONOMICS OF HUMAN TRAFFICKING IN A DIGITISED AGE

As society proceeds ever further into the information age, innovations in information and communication technology have grown to become an indispensable part of everyday life (Stalans & Finn, 2016). While the internet and assorted technological advancements continue to shape our standard of living, so too are the opportunities for crime in general and serious and organised crime in particular on a track of continuous evolution (Wall, 2017). Criminal entrepreneurs are popularly believed to turn to digital communication technologies in order to make their activities even more profitable, in par with their legitimate counterparts (Broadhurst et al., 2014; Wall, 2005/2015). Within this framework, the nexus between human trafficking and technology is an emerging area of public and policy concern (Mendel & Sharapov, 2016; Musto & boyd, 2014; Milivojevic & Segrave, 2017). Numerous fears and anxieties crop up out of concern that things inevitably will take a turn for the worse as a result of the use of new technologies (Hillman, Hooper, & Choo, 2014; Kloess et al., 2014; Thakor & boyd, 2013). This increasing alertness towards “the threats that lurk online” (Milivojevic & Segrave, 2017, p. 34) has resulted in sweeping claims about the intersection between trafficking and technology, foreboding nothing less than imminent disaster (Milivojevic & Segrave, 2017). On that note, the general consensus appears to be that the use of technology has had some impact on the crime of trafficking in persons. The question of what that impact has been or how crimes have been transformed in terms of their mediation by technology, however, is still a matter for debate (Wall, 2005; 2015). In fact, our understanding of how and to what extent technology is used in trafficking operations is rather limited (Milivojevic & Segrave, 2017). How the incorporation of technological developments in turn affects the business model of human trafficking networks is, quite possibly, even more under-considered.

With this in mind, the aim of the present chapter is to unpack some of the abovementioned assumptions that currently define this budding area of inquiry. More specifically, the central focus of this chapter is, on the one hand, the supposed alignment between advancements in technology and the business interests of trafficking offenders, on the other. Based on the empirical findings of the nine country studies conducted as part of an EU-wide study on the financing of human trafficking carried out in 2017 – 2018, supplemented by a literature review concerning the trafficking-technology nexus, this chapter intends to flesh out the connections between the operational, technological, and financial dimensions of trafficking in human beings. The first section maps the role of technology in the human trafficking modus operandi. Following this, the implications of the use of digital communication technologies for the human trafficking business model are discussed. The concluding section will reflect on the main findings that were presented throughout this chapter.

4.1. THE USE OF DIGITAL COMMUNICATION TECHNOLOGIES IN HUMAN TRAFFICKING OPERATIONS

Considering the cyber-component of the human trafficking modus operandi, the use of technology cannot be viewed separately from the traditional workings of the trafficking offence. The crime of trafficking in human beings, by its very nature, involves a planned series of steps rather than a singular criminal act. In this sense, trafficking operations generally follow a distinct course of action. According to Aronowitz (2009; see also: Campana, 2016), trafficking in persons can be understood as a process composed of four stages, namely the recruitment, transportation and exploitation of human beings and the subsequent management of illicit proceeds. Accordingly, technology is used as a facilitator from one end of the trafficking cycle to the other (Antonopoulos, 2018). Against this background, the discussion of the role of the internet and assorted technological advancements in the following section is structured around the different stages of the human trafficking process.

4.1.1. Recruitment

To start from what is most commonly referred to as the beginning of the human trafficking cycle, technology has added a whole new level to the process of recruitment (boyd et al., 2011; Di Nicola et al., 2017). The internet in particular has amplified the recruiting efforts of trafficking networks by bringing a wider pool of potential targets from various socio-economic and geographic backgrounds within their reach (Yu, 2014; Verham, 2015; Malby et al., 2015). Broadly speaking, e-recruitment practices are adopted both in cases of labour exploitation as well as in trafficking for the purpose of sexual exploitation (Raets & Janssens, 2018; Antonopoulos, 2018). Quite a few online platforms present opportunities for singling out, contacting and ensnaring suitable targets, most notably social networking sites, online classifieds, dating sites, and chat rooms (Latonero et al., 2011; Di Nicola et al., 2017).

The ubiquity of personal information on social media and other sites facilitates the identification and selection of potential victims appreciably (Watson et al., 2015; Lavorgna, 2015; Di Nicola et al., 2017). Recruiters usually apply crude selection criteria to potential trafficking candidates. Most often, these criteria revolve around physical attractiveness, psychological vulnerability, and accessibility (Kloess et al., 2014; Lavorgna, 2013). Concerning the ease of access to potential targets, technological features such as the geotagging of images and postings on social media (Malby et al., 2015) or the use of location-based dating apps of a similar kind as Tinder (Powell & Henry, 2017) enable offenders to determine the proximity of their prospective recruits. In addition, skilled recruiters are able to read into their subject's mental state through their online presence and quickly pick up whether a target is in a vulnerable position or not (Vanderschaaf, 2013). Alternatively, social media profiles and other sources of personal data allow for the identification of specific targets, as the purposive

targeting of independent sex workers by trafficking rings in Bulgaria demonstrates (Rusev et al., 2018).

The identification of suitable targets is logically followed by attempts to contact the selected individuals. In general terms, strategies to get in touch with potential victims range from generic and impersonal approaches such as the posting of deceptive job offers (Vanderschaaf, 2013) to highly individualised plots. In case of the former strategy, recruiters essentially cast their net wide and wait until an unsuspecting target takes the bait (Yu, 2014). On this account, trafficking offenders do not always need to go after vulnerable targets or set up wildly deceitful schemes. In some cases, victims approach recruiters on their own initiative. The offering of package deals to those looking to travel to Europe (see Terenghi & Di Nicola, 2018) is a clear example of this type of indirect recruitment. In the same spirit, “double role girls” (Lavorgna, 2013, p. 121) – victims who managed to climb the ranks of the trafficking organisation – can serve to intrigue and incentivise other potential recruits by showcasing a life of luxury on social media outlets. Some recruiters, on the other hand, prefer a more direct approach, characterised by chasing targets of choice rather than targets of chance. Handpicking vulnerable individuals and zeroing in on those potential victims leaves room for a more personal touch. While more time-sapping and labour-intensive, a personalised recruitment strategy is generally more compelling and effective (Yu, 2014). When it comes to approaching suitable targets, digital communication technologies lower the threshold to make contact with prospective recruits. Increased disinhibition is a well-known side effect of interacting in cyberspace (Lavorgna, 2013). Online communications easily cut across social barriers, bend the rules of interpersonal conduct and generally speed up contacts (Suler, 2004; Kloess et al., 2014). Virtual associations thus prompt accelerated self-disclosure, which naturally paves the way for victim subjection. The wide availability of personal information on the internet assists the progress of online recruitment efforts in a similar way. Keeping tabs on somebody through their social media postings, learning about an individual’s concerns, day-to-day activities, or other personal details and converting this knowledge into a form of customised deceit is undoubtedly conducive to the swift establishment of a connection with one’s victims (Di Nicola et al., 2017; Lavorgna, 2015). Likewise, imprudently shared private information enables recruiters to pick up the personality of potential sex trafficking victims, making it possible for imaginative offenders to adopt a fabricated persona for the purpose of presenting themselves to their chosen targets by means of a fake, and thoroughly engineered, online profile (Europol, 2017; Kloess et al., 2014).

Touching on the subject of bringing potential victims under one’s control, recruitment for the purpose of sexual exploitation occasionally involves a grooming process aimed at gaining the victim’s confidence (boyd et al., 2011; Hughes, 2014; Latonero et al., 2011). The term “grooming” generally refers to the process whereby an offender prepares a prospective victim for one or multiple episodes of abuse (Kloess et al., 2014; Malby et al., 2015). This preparatory work basically revolves around the building, and subsequent abuse, of trust (Kloess et al., 2014).

Remarkably, the online grooming processes of sexual offenders who target children and the subcategory of lover-boy traffickers show great similarity. Then again, both types of offenders share the same criminal objectives, to wit: obtaining access to victims, ensuring compliance, and maintaining the victim's secrecy (Malby et al., 2015). If successful, the grooming process ultimately culminates into a perverted relationship defined by a deeply distorted balance of power (Kloess et al., 2014; Di Nicola et al., 2017). To this end, offenders largely resort to a carrot-and-stick approach where pleasant inducements and sweet talking alternate with violent threats and blunt coercion. This dual strategy of providing attention and appreciation in conjunction with establishing control and isolating the targeted individual from any protective significant others serves to force victims into a position whence there is no clear escape (Vanderschaaf, 2013; Kloess et al., 2014). On that account, the creation of a state of emotional dependency by making pretence of amorous interest is a trademark of the lover-boy modus operandi (Di Nicola et al., 2017).

4.1.2. Transportation

In order to proceed from drawing in suitable targets to actually exploiting them, many, if not most trafficking rings need to move their recruits from the source country to their respective country of destination. Accordingly, the phase of transportation necessarily involves logistical and travel arrangements intended to bridge the operational distance between recruitment efforts and the final cause of exploitation (Watson et al., 2015; Di Nicola et al., 2017). In this context, criminal entrepreneurs, not unlike their legitimate counterparts, often rely on technological developments to execute these kinds of ancillary activities in a smooth and efficient way (Choo & Grabosky, 2014). Digital communication technologies can facilitate the transportation of trafficking victims either by simplifying the procurement of travel documents or through the online booking of train, plane, and bus tickets (Lavorgna, 2013). The same goes for counterfeit documents, as advancements in technology open the door for higher quality fraudulent imitations at lower prices (Antonopoulos, 2018). Moreover, aligning concurrent processes of recruiting, transporting, and exploiting presupposes close coordination among the different nodes of a trafficking organisation (boyd et al., 2011). Under these circumstances, the internet and assorted technologies offer new opportunities for criminal collaboration and organisation (Konrad et al., 2017; Latonero et al., 2015). Furthermore, digital communication technologies greatly facilitate coordination across dispersed sites of activity, which means that criminal operations can be run from a distance without much difficulty (Broadhurst et al., 2014). Other than that, a number of trafficking networks wield the internet as an enhanced communication tool because these technologies pose less of a risk in terms of wiretapping or the interception of potentially damning conversations in comparison to more traditional methods of communication such as phone calls (Bijlenga & Kleemans, 2017; Wall, 2005/2015; Europol, 2017). In short, technology offers considerable managerial and organisational opportunities for human trafficking operations (Lavorgna, 2015).

4.1.3. Exploitation

Continuing on this line, the transferring of victims is ordinarily followed by the phase of exploitation. Considering trafficking for the purpose of sexual exploitation, victims need to be advertised in one way or another in order to sell and consequently profit from their services. In this connection, technological developments have modified the ways in which trafficking victims are marketed (Europol, 2016; Greiman & Bain, 2013; Mitchell et al., 2011). The World Wide Web provides a way to advertise anything to a wide audience, all with a minimum of effort (Mitchell & boyd, 2014; Latonero et al., 2012; Di Nicola et al., 2017). At the same time, due to this expanded advertising reach, technology may also provide an efficient means of reaching more obscure target audiences (Mitchell & boyd, 2014). Because of its discreetness, relative anonymity and general effortlessness, online soliciting can be considered as a particularly sex buyer-friendly marketing strategy (Farley et al., 2013; Verham, 2015; Ibanez & Gazan, 2016). The accessibility and convenience of online soliciting encourages “virtual cruising,” in which clients can make a choice in the comfort of their own home while retaining a sense of privacy (Sanders et al., 2018; Yu, 2014; Perer, 2012). For the most part, criminal entrepreneurs are quite flexible in how they advertise their “commodities” (Hughes, 2014). Advertising venues range from major public websites to underground online platforms (boyd et al., 2011). To specify, the marketing of trafficking victims is associated with social media (Europol, 2016; Di Nicola et al., 2017; Finn & Stalans, 2016), online classifieds (Ibanez & Gazan, 2016; Portnoff et al., 2017), dating sites (Europol, 2016; Finn & Stalans, 2016), dedicated escort websites (Europol, 2016; Di Nicola et al., 2017), specialised websites that provide a forum for clients to review the sex workers they visited (Di Nicola et al., 2017; Finn & Stalans, 2016), niche sites tailored to certain paraphilias (Finn & Stalans, 2016), and darknet markets. However, the latter category appears to be reserved for child sexual exploitation material (Europol, 2017) and the selling of sexual services by minors (Di Nicola et al., 2017). To note, the darknet is used by a comparatively small number of people, which severely limits its potential as a marketing platform (Howell, 2016). In contrary to the wide variety of online advertising venues, it is important to mention the importance of a handful of major market leading websites (Sanders et al., 2018), such as redlights.be, hookers.nl or vivastreet.fr. Online promotional platforms regularly employ the freemium business model, which entails that advertising is free, but upgrades which bring more visibility and thus more clients are paid (Sanders et al., 2018). Beyond catching the attention of potential buyers, communication technologies are a convenient tool to talk terms and arrange appointments with clients (Mitchell & boyd, 2014; Hughes, 2014; Europol, 2016). In a few well-organised trafficking networks, this type of customer interaction can take the form of online platforms set up to handle clients (see Antonopoulos, 2018) or even entire organisational departments specialised in online promotion and web design (see Nicolae, 2018).

Over and above online soliciting, new technologies can be leveraged as a means to exercise control (Greiman & Bain, 2013; Mitchell & boyd, 2014). In some cases, trafficking offenders induce compliance

by obtaining sexually explicit images (whether taken with or without consent) and subsequently threatening to distribute these pictures to friends or family members (Powell & Henry, 2017; Hughes, 2014). This type of blackmail is also known as sextortion (Di Nicola et al., 2017) or image-based sexual abuse (Powell & Henry, 2017). Aside from emotional wire-pulling, digital surveillance systems (Hughes, 2014; Europol, 2016; Meneses-Falcón et al., 2018) and location tracking services (Gerry et al., 2016; Europol, 2016) permit traffickers to keep a close watch on their victims. Some apps are in fact specifically marketed for the purpose of monitoring. Examples are spy cams and camera apps, or perpetrators can choose to install spyware in order to monitor locations and communications (Powell & Henry, 2017). Another technology-mediated method of control is to make victims report back to their exploiters by demanding messages via mobile after each service or by sending pictures in order to verify their location (Oude Breuil et al., 2018; Terenghi & Di Nicola, 2018). More broadly speaking, technology can be used to communicate with victims, to boss them around, and to issue threats (Hughes, 2014), all with the benefit of remaining distanced from the site of exploitation (Europol, 2016). On occasion, traffickers impose restrictions on the use of technology with the aim of further isolating their victims (boyd et al., 2011; Latonero et al., 2015; Hughes, 2014). In certain cases, these restrictions assume the form of taking control over social media accounts and profiles, both in the interest of supervision and for marketing purposes (Rusev et al., 2018).

More than that, technology in and of itself can be leveraged as a modality of exploitation (Oude Breuil et al., 2018). The digital revolution has resulted in a medium through which sexual services are sold online purely in the form of indirect contact (Sanders et al., 2018). In this context, the term “coerced cybersex” (Greiman & Bain, 2013) denotes a relatively new form of exploitation that relies entirely upon the use of digital communication technologies (Malby et al., 2015). Video hosting services can for instance be employed in order to broadcast sexual acts, while allowing access only to users who have paid to watch (boyd et al., 2011). As regards webcam platforms, customers are usually charged in per minute increments (Sanders et al., 2018; Bach & Dohy, 2015). That being said, the proceeds from online sexual services are generally much lower than those in other segments of the sex industry (Sanders et al., 2018).

4.1.4. Financial management

Ultimately, most trafficking operations are set up with an eye towards making a profit. As far as the process of financial management is concerned, criminal entrepreneurs have been found to place their confidence in technological solutions, albeit only sporadically. For instance, certain financial transactions can take place over the internet, thereby involving digital monetary services or alternative payment markets (Broadhurst et al., 2014; boyd et al., 2011). As follows, cyberspace may be used to move illicit funds abroad in a relatively fast and economical way (Meneses-Falcón et al., 2018). Online banking in particular increases the

ease with which new accounts can be opened, thus indirectly facilitating the use of money mules (Bijlenga & Kleemans, 2017; Europol, 2017; Mitchell & boyd, 2014). In this sense, technological advancements can also be instrumental in the laundering of criminal proceeds resulting from exploitation (Hughes, 2014). Relevant to the subject of money laundering, cryptocurrencies such as Bitcoin are readily associated with the issue of criminal money management. These alternative payment instruments have attracted the attention of various criminal enterprises by reason of their decentralised configuration, which essentially means that virtual currencies operate independently of the traditional banking system and thus outside the boundaries of governmental and regulatory oversight (Brenig et al., 2015; Hoyer, 2017). For this reason, cryptocurrencies could be leveraged as a tool to conceal criminal profits, or as a conduit for the payment of bribes (Watson et al., 2015). However, despite the apparent advantages of cryptocurrency-based or cyber-mediated money laundering, human traffickers seemingly stick to more traditional methods such as cash (Brenig et al., 2015). One could argue that the apparent unpopularity of virtual currencies in human trafficking circles might be rooted in unfamiliarity or a general lack of expertise. If anything, financial management is a high-stakes phase of the trafficking cycle, and this in itself might explain why offenders prefer to cling to the methods they know and are familiar with. Accordingly, technological advancements like Bitcoin, while facilitative of trafficking activities, are not necessarily promptly incorporated into the human trafficking modus operandi (Watson et al., 2015).

4.2. THE IMPACT OF TECHNOLOGY ON THE HUMAN TRAFFICKING BUSINESS MODEL

As made apparent above, the contours of the crime of trafficking in persons are gradually being reshaped through technological developments (Milivojevic & Segrave, 2017). Most importantly, digital communication technologies bear on many facets of the trafficking business. Human trafficking is, by and large, a multidimensional and highly adaptive criminal venture and the role of technology can be widely different as a result of this variegation (boyd et al., 2011; Di Nicola et al., 2017; Latonero et al., 2012). From this perspective, the trafficking-technology nexus presents a rather diffuse image (Latonero et al., 2012). Having established that the role of new technologies in trafficking operations is a lot more diversified than it was originally made out to be, in turn, raises the question of how these diverse technological applications affect the human trafficking business model. On that account, the next section considers the structural and financial implications associated with the adoption of technology.

First off, digital and networked technologies have a bearing on the organisation of human trafficking operations (Latonero et al., 2012). On the whole, the embracement of technology enhances flexibility and allows offenders to effectively streamline the trafficking process (Hughes,

2014; Farley et al., 2013). As a result of this increased flexibility, the need to have local intermediaries or emissaries in source countries becomes largely avoidable, thereby erasing a layer of the criminal organisation (Lavorgna, 2015; Lavorgna, 2013). The calculated usage of new technologies could potentially supplant certain roles in trafficking networks (Raets & Janssens, 2018), notably the functions of recruiter, transporter, and enforcer. In addition, the reduced need to be physically present as the site of operation enables offenders to distance themselves from the criminal transactions (Malby et al., 2015; Di Nicola et al., 2017; Latonero et al., 2011). Having the ability to offend from afar also implies that the geographical location of criminal actors and co-offenders is less significant than it was before (Wall, 2005/2015; Lavorgna, 2015). Whereas technology obviates the need for certain roles, other criminal actors become more important, to wit external facilitators in the form of IT experts. The connections between members of a trafficking ring can often be highly clustered. If necessary, individuals who hold technical expertise or have specific capacities can therefore be sought outside the confines of the criminal network (Bijlenga & Kleemans, 2017). Furthermore, technological advancements might capacitate both individual offenders and smaller criminal groups to set up their own trafficking venture (Lavorgna, 2015; Lavorgna, 2013). Digital communication technologies have particularly empowered individuals in a way that has never been possible before (Broadhurst et al., 2014). Simply put, technology acts as a “force multiplier” (Powell & Henry, 2017, p. 246), providing motivated single agents with the means to reach a virtually inexhaustible pool of potential targets while requiring an absolute minimum in terms of efforts or capabilities. In other words, these “empowered” individuals might find themselves in a position where they are able to control every aspect of the trafficking process, which previously necessitated a range of criminal actors with various skill sets (Wall, 2017; Lavorgna, 2013). This means that the organisational and business models that were once developed with a view to carrying out criminal operations in the real world are not necessarily reflected in the organisation of cyber-mediated trafficking activities (Lavorgna, 2013). In this way, the adoption of technological advancements has only added to the diversification of the human trafficking landscape. Moreover, the fact that one or even a handful of people can control entire criminal processes has certain implications for our comprehension of the organisation of crime as such (Wall, 2017). That is, the impact of a criminal network does not always correspond to its size, nor is “organised” by definition synonymous with more “serious” or “dangerous” (Leukfeldt et al., 2017). So, in some respects, the use of technology has levelled the playing field for individual offenders and smaller, looser criminal networks (Lavorgna, 2013). A case in point is how the internet effectively contributed to the gradual erosion of the existing cartelisation and monopolisation of the sex market by organised crime syndicates in Bulgaria (Rusev et al., 2018).

Secondly, regarding the financial impact related to the use of new technologies, just as technology enhances structural flexibility, so too it heightens the efficiency of criminal operations (Broadhurst et al., 2014). In general terms, the adoption of technological developments goes hand in hand with a reduction in operating costs and investments (Malby et

al., 2015). By way of illustration, the costs of recruitment can be kept to an absolute minimum through the use of the internet. Deceptive ads can for instance be disseminated across various online platforms at once in order to lure and recruit potential victims at no cost (see also Antonopoulos, 2018). Besides that, online recruitment is less risky in terms of backtracking, given that it is much easier and less of an issue for recruiters to back out once they realise that the situation is not working out as planned (Lavorgna, 2013). Beyond recruitment, digital communication technologies can lower the costs for advertisement and customer acquisition (Malby et al., 2015). Overall, online solicitation is cheaper and more instantly effective when compared to more traditional methods of marketing such as buying ads in a local newspaper (Sanders et al., 2018). New technologies also provide the means for broader flexibility in the acquisition of clients, thereby increasing the expediency of this commercial pursuit (Latorero et al., 2011; Sirseloudi, 2018). Likewise, the use of technology can have an impact on the costs related to supervision and control, as technological advancements mitigate the need for a member of the criminal network to be physically present on the premises at all times (Antonopoulos, 2018; Rusev et al., 2018). Lastly, technologies let trafficking offenders cut back on transaction costs in the form of expenditure on accommodation, and more specifically on window fees (Raets & Janssens, 2018). In this connection, a relevant example is the recent phenomenon of sexual transactions taking place in accommodations rented through the online platform Airbnb (Lalam, 2018), also known as “pop-up brothels” (see Sanders et al., 2018). In general, the internet has augmented the regular sex industry in that a great part of sex workers are now advertising online and, accordingly, sex work is increasingly relocated into private residences and hotels (Finn & Stalans, 2016; Sanders et al., 2018; Greiman & Bain, 2013). Street corners and windows correspond to marketplaces that are by definition restricted in size (Farley et al., 2013). By contrast, through the internet, sex workers are able to flexibly employ themselves in more than one sector and move between segments of the industry according to need (Sanders et al., 2018). In this way, the internet can broaden the opportunities to make money. Online solicitation and the increasing privatisation of sex work also reduce the competitive advantage of having access to established and profitable locations (Rusev et al., 2018). Consequently, as far as costs and investments are concerned, cyber-enabled trafficking operations demand little investments in terms of man hours or financial capital, nor is there a need for much technical skills, as these activities amount to simple “‘point and click’ crimes” (Viano, 2017, p. 4). The potential return on effort, on the other hand, is high, largely through the wide availability of potential targets (Powell & Henry, 2017; Greiman & Bain, 2013) and the reachability of an expanded customer base (Ibanez & Gazan, 2016; Lavorgna, 2015). More than that, digital technologies present new opportunities for making a profit by opening doors to new markets, clients, and sectors that were previously untapped (Nicolae, 2018). In other words, technology can render the notoriously cost-effective crime of trafficking in human beings even more cost-effective.

In connection with the financial implications tied to the use of technology, the internet and related technological developments have a bearing on

the longer-term cost of detection. That is, relying on technology comes at the cost of heightened visibility (boyd et al., 2011; Latonero et al., 2011; Thakor & boyd, 2013). This is due to the fact that online activity inevitably leaves traces (Wall, 2005/2015; boyd et al., 2011). The online exposure of trafficking activities is therefore closely connected to two conflicting objectives: hiding one's illegal operation from law enforcement agencies and disclosing one's business to customers (Lavorgna, 2015). In consequence, offenders are forced to balance security risks with operational necessities (Ibanez & Gazan, 2016). Whereas some offenders opt for more overt and wide-reaching marketing methods, others avoid using technology altogether as part of a deliberate risk-averse strategy (Rusev et al., 2018). As mentioned above, the reluctance to leave digital traces behind is particularly pervasive in the field of money management simply because of the high risks that are involved in this part of the scheme.

However, trafficking offenders are obviously aware that they are vulnerable to law enforcement as a result of online exposure, and adjust their tactics accordingly (Konrad et al., 2017). Offenders learn to leverage technology in creative ways in order to lower the risk of being uncovered (Stalans & Finn, 2016). For instance, maintaining anonymity or assuming false identities during the commission of crimes is much easier in cyberspace than in the real world (Stalans & Finn, 2016). Apart from fake profiles and the accompanying bogus identities, anonymity can also be safeguarded with the help of technological solution such as encryption, VPN's, proxies or other anonymising features designed to obfuscate digital trails (Europol, 2017). Another possibility is to boldly hide in plain sight (Finn & Stalans, 2016). Common countermeasures in this sense are the use of coded language and cryptic terms, both in advertising and in-group communication (Yu, 2014; Malby et al., 2015; Ibanez & Gazan, 2016). By way of example, certain keywords are reputedly meant to serve as signals for the purchasers of sex with minors (Latonero et al., 2011). Alternatively, perpetrators mask the criminal nature of their undertakings by presenting their activities as legitimate services such as massaging or dating services (Finn & Stalans, 2016; Di Nicola et al., 2017). Online soliciting can thus be done in a more covert and surreptitious way (Sanders et al., 2018). A last resort in evading detection is to relocate all online activity from risky, high-profile venues to more covert and clandestine platforms (Finn & Stalans, 2016). This suggests that cracking down on certain sites of activity just drives trafficking activity further underground (Sanders et al., 2018).

4.3. IMPLICATIONS FOR LAW ENFORCEMENT

In this concluding section, the main points of this chapter will be recapitulated, with an eye towards drawing our findings about the financial, operational, and technological dimensions of human trafficking together. First and foremost, the main rationale behind the adoption and incorporation of technology in the human trafficking modus operandi is essentially rooted in financial logic, more specifically the pursuance of a

more favourable cost-to-benefit ratio (Wall, 2005/2015). The same holds true for the decision to avoid the internet and its derivatives. In effect, technology is a double-edged sword, generating heightened efficiency as well as heightened visibility (Musto & boyd, 2014). In this connection, the use of new technologies principally affects the logistics of the criminal operation rather than the core of the trafficking business. Even after the integration of technological aspects, the bottom-line of any trafficking enterprise stays very much the same. In other words, only the method of operation shows contrast, whereas the underlying principles and vested interests remain practically unchanged (Viano, 2017). As follows, embracing technology brings about “differences of degree rather than kind” (Powell & Henry, 2017, p. 246). On this account, the role of digital communication technologies should be kept in perspective (Mitchell et al., 2011; Stalans & Finn, 2016).

Furthermore, the image of cyber-mediated trafficking as presented throughout this chapter does not seem to confirm the almost apocalyptic claims made with regard to the nexus between trafficking and technology (Hillman et al., 2014; Kloess et al., 2014; Thakor & boyd, 2013). As far as a “cyber-lift” is concerned (Wall, 2005/2015), the general trend is not one of scaling up, setting up ever bigger operations, or exploiting unseen numbers of victims. In fact, there is no conclusive data as to whether the adoption of technology increases experiences of exploitation (Musto & boyd, 2014). Rather than escalating matters, technology has seemingly added to the diversification of the human trafficking landscape. When looking at the effect of technology on the structure of trafficking networks, traditional, hierarchical organisations are expanding their field of operation to the digital domain space with smaller and more flexible criminal networks (Choo & Grabosky, 2014; Broadhurst et al., 2014). Attitudes toward the online environment nevertheless vary widely according to the risks that are perceived to be involved in this digitising exercise (boyd et al., 2011), which is why the level of online exposure in trafficking operations ranges from no use whatsoever to exclusive reliance on the internet and virtually everything in between (cf. Rusev et al., 2018).

On a final note, it should be remarked that technology can be exploited for all manner of purposes, as is the case with any tool or instrument (Howell, 2016). In this respect, technological developments have been framed both “as part of the problem (...) and part of the solution” (Milivojevic & Segrave, 2017, pp. 29-30). In a sense, the same technologies that are modifying crime are also modifying police work (Wall, 2017). As reported by recent studies (see for example Oude Breuil et al., 2018; Raets & Janssens, 2018), law enforcement agencies across different nations are gradually following suit in adopting new technologies. However, the issue is not whether law enforcement agencies make use of technologies, but rather if these responses correctly reflect the changing threat landscape (Europol, 2017). With this in mind, it is important to take the complicated and multifaceted nature of human trafficking into consideration. The crime of trafficking in human beings inherently touches upon many different dimensions and aspects, which implies that information about trafficking cases is often fragmented

(Konrad et al., 2017). Investigating trafficking cases therefore presupposes an increasing level of sophistication and a wide range of investigative skills in law enforcement agents (Aiken & Chan, 2015; Mitchell & Boyd, 2014; Hillman et al., 2014). In view of this complexity, the mainstreaming and routinisation of both technological and financial knowledge into human trafficking investigations is nothing short of imperative (Wall, 2017; Hillman, Hooper, & Choo, 2014; Mitchell, Jones, Finkelhor, & Wolak, 2011). Conversely, siloing various forms of expertise from one another comes at the risk of compartmentalising the investigation of the different arms of the trafficking business that are de facto part of the same offence (Farley et al., 2013). To conclude, in coming to grips with the nexus between trafficking and technology, the ultimate aim should be to deal with the crime of trafficking in persons in a more constructive way. A nuanced and connected approach (Wall, 2017) that mirrors the true nature of the connections between technology, trafficking, and finances is, for this reason, absolutely essential.

5. THE FINANCIAL APPROACH TO TACKLING TRAFFICKING IN HUMAN BEINGS

Buying plane and train tickets, renting accommodation, moving funds abroad and reinvesting profits – not only do all these activities make the crime of trafficking in human beings possible, they also in many cases leave indelible financial traces. Human trafficking operations commonly take the form of a business-like logistics chain, and each and every one of these logistical steps is, to some degree, mirrored in financial transactions. It is therefore difficult for organised crime groups to carry out their undertakings without leaving some kind of pecuniary mark, as both the perpetration of the offence and the enjoyment of its proceeds can result in a trail of financial breadcrumbs (Wood, 2017). On this premise, finances are principally at the very front and centre of trafficking operations. Yet, the financial aspects of human trafficking are, to all appearances, not central to law enforcement responses. For the most part, attempts to combat trafficking in human beings stay focused on the crime of trafficking itself and not on the proceeds (OSCE, 2014). Money is nevertheless often imagined as the be-all and end-all of serious and organised crime and this includes human trafficking. In point of fact, the financial approach towards human trafficking is expressly based on the presumption that human trafficking offenders are ultimately driven by profit. Without the prospect of profitability, there is seemingly no warrant for its exercise (Lalam, 2018). Thus, money is, in more ways than one, a weak spot for trafficking organisations. Against this background, the question begs to be answered: which role do financial approaches play in mounting an effective response against trafficking in persons?

The current chapter reflects on the use of finance-oriented approaches in dealing with human trafficking. The first section describes the adoption of financial measures in the anti-trafficking field, depicting in what ways financial investigations can be leveraged in the context of human trafficking and subsequently comparing this range of functionalities with how financial investigations are actually used. Following this is a section which looks into the effectiveness of the financial approach. More specifically, the variety of factors which affect the degree to which monetary measures are successful in stemming human trafficking activity, as well as some of the implicit assumptions which lie at the root of financial approaches, will be considered. To conclude this chapter, a number of good practices with regard to the practical implementation of financial approaches towards human trafficking rings are highlighted.

5.1. THE USE OF FINANCIAL MEASURES IN THE CONTEXT OF TRAFFICKING IN HUMAN BEINGS

When it comes to targeting human trafficking operations through their monetary resources, financial investigation is the mainstay of any and all finance-oriented approaches. Financial investigation as such can be understood as the “enquiry into the financial affairs related to criminal conduct” (FATF, 2012, p. 3). As an investigative discipline, financial investigations basically imply “the collection, analysis and use of financial information, in its broadest sense, by law enforcement organisations” (Slot et al., 2015, p. 18). However, it should be noted that financial investigations make for an exercise than can be carried out by a variety of different agents, both within and beyond law enforcement. Actors that typically have a part in this matter are police forces and dedicated financial intelligence services (Slot et al., 2015), yet agencies such as social inspection services, administrative bodies and private financial institutions can also be brought into play (Oude Breuil et al., 2018; Raets & Janssens, 2018). In this context, it is important to recognise the differing levels of knowledge and expertise in the field of financial investigations (Slot et al., 2015). Financial investigative attitudes and abilities present themselves in various forms throughout the law enforcement and judicial system, starting with an elementary notion of asset-oriented approaches at the level of local police forces, up to the highly specialist skillset needed to crack the more complex or puzzling financial elements of a criminal case (Oude Breuil et al., 2018; Slot et al., 2015).

As follows from the above, financial investigation is to be considered “first and foremost an investigation method” (Slot et al., 2015, p. 9). In this sense, financial investigations can be conducted with a wide variety of inquisitorial purposes in mind. In the first place, looking into financial trails is a possible avenue for detecting and correctly identifying incidences of human trafficking (Brown, 2013; Leman & Janssens, 2015). More than that, financial investigation inherently carries potential in terms of building cases and providing evidence (Oude Breuil et al., 2018, 2018; Raets & Janssens, 2018). Financial intelligence complements and supports more traditional forms of fact-finding, such as the questioning of victims or other witnesses (Wood, 2017; Wright, 2017). In other words, following the money can bolster investigations into the underlying offence (Wood, 2017). Direct proceeds, for example, constitute proof of the predicate criminal activities (Golobinek, 2006). Moreover, financial evidence can pave the way for an array of additional charges, notably in the sphere of financial and economic crime (Wright, 2017; Wood, 2017). On a similar note, prying into suspicious transactions can reveal inordinately luxurious lifestyles as well as personal connections and cooperative links, thereby allowing investigators to connect the dots between places, people and illicit acts (Wood, 2017). Financial investigations may thus be of use in laying bare the structure of trafficking organisations (Raets & Janssens, 2018). After all, money is what ties these networks together. In this sense, gaining insight into the financial flows of a trafficking operation may very well shed a light on the power structure between the different members of a group (Oude Breuil et al., 2018; Wright, 2017). Furthermore, by

tracing the financial breadcrumbs, investigators might uncover previously unknown victims or even co-offenders, including the relatively elusive top-tiers of the human trafficking business which merely handle the finances rather than involving themselves in the actual exploitation (OSCE, 2014; Wright, 2017; Bell, 2001). As a result, along the lines of identifying the different nodes of a network and determining their respective financial position, financial inquiries likely aid in revealing the full picture of trafficking operations (Oude Breuil et al., 2018).

Aside from evidentiary contributions, financial investigations have significance for the confiscation of illegally obtained profits (Oude Breuil et al., 2018; Brown, 2013; Wright, 2017). Whereas financial intelligence is a pre-eminent route to locating criminal assets and ascertaining ownership (Wood, 2017), financial investigation tools equally hold value with regard to getting a measure of the amounts involved (Sirseldoudi, 2018). In effect, there are many different ways to assess the proceeds of a human trafficking ring. The most basic method entails a direct calculation of the profits of the criminal enterprise (Oude Breuil et al., 2018; Raets & Janssens, 2018). In cases of sexual exploitation, the overall revenues are typically equated to a sum of the number of victims, the average price of sexual services, and the typical number of clients the victims would receive (Raets & Janssens, 2018; Lalam, 2018). Additionally, the duration of the criminal undertaking is taken into consideration (Lalam, 2018). Estimating the proceeds of labour exploitation, on the other hand, is less straightforward. As regards the financial gains from exploiting a vulnerable workforce, profits largely correspond to the costs the exploiter avoids having to make (Oude Breuil et al., 2018; see also Wright, 2017). As such, calculating the revenues of labour trafficking operations centres around quantifying the amount of unpaid wages and salaries as well as outstanding taxes and social contributions (Raets & Janssens, 2018; Oude Breuil et al., 2018). Factors such as the duration of the employment, working hours, and the type of labour can further shape the assessment figure (Raets & Janssens, 2018). As an alternative to the direct calculation of criminal proceeds, unlawfully obtained assets can be estimated by comparing the total sum of funds one has accumulated over a suspicious period of time with one's supposed legal income (Raets & Janssens, 2018; Oude Breuil et al., 2018). Funds that cannot be legally accounted for are thus inferred to be the result of criminal activity (Oude Breuil et al., 2018). However, reasoning from the foregoing, there is a striking lack of agreement on how criminal profits should be defined or measured (Kruisbergen et al., 2016). Additionally, calculations oftentimes rest on extrapolations and assumptions, thereby widening the scope of possible disagreement. The question whether to take operating expenses into account is a typical point of contention in this matter (cf. Oude Breuil et al., 2018; Raets & Janssens, 2018; Sirseldoudi, 2018).

Nevertheless, the concept of financial investigation is routinely misconstrued, widely misunderstood and repeatedly misapplied (Slot et al., 2015; Wood, 2017). That is, despite its merit as a generic method of investigation, financial investigations are still, in large part, confined to the realms of financial crime and asset confiscation (Wood, 2017; Slot et al., 2015; Soudijn, 2014). This rather myopic view on the why and wherefore

of a financial inquiry is, to some extent, symptomatic of the development of a dogmatic asset recovery culture in law enforcement over the last few years (Slot et al., 2015; Levi, 2015; Lalam, 2018). Against this background, 'follow the money' strategies are all too often elevated to an end in and of itself as opposed to a means to an end (Wood, 2017). Not only is the application of financial investigations more often than not restricted to the purpose of confiscation (Roudaut, 2011; Raets & Janssens, 2018), financial investigations are also predominantly conducted based on case-by-case assessments rather than as part of a systematic response to organised crime or human trafficking (Rusev et al., 2018; Slot et al., 2015; Atkinson et al., 2017). Thus, while some progress has been made in bringing financial approaches out of the unknown and into the mainstream, financial investigation remains, in many instances, a peripheral issue, something seen as an add-on to criminal investigations and not as an integral part of police work (Wood, 2017). In sum, notwithstanding the increasing awareness of the matter, as it stands, the instrument of financial investigation is hardly being used to its full potential (Kruisbergen et al., 2016).

5.2. THE EFFECTIVENESS OF THE FINANCIAL APPROACH IN DEALING WITH HUMAN TRAFFICKING

Simply put, while on the one hand the appreciation of a financial approach towards trafficking in human beings seems to be developing in a positive direction, its actual application, on the other hand, is proving somewhat problematic (Lalam, 2018). A possible explanation for this discrepancy might be found in the panoply of challenges practitioners and policy makers are faced with when translating the idea of asset-focussed interventions into practice. First off, the implementation of financial investigations is frequently bogged down by bureaucratic hurdles and procedural issues (Sirseldoudi, 2018; Antonopoulos, 2018). Adding to that, financial investigations are, by their very nature, notoriously time-consuming endeavours (Oude Breuil et al., 2018; Antonopoulos, 2018; Raets & Janssens, 2018). Time is, however, of the essence in tracking the flow of financial transactions (OSCE, 2014). Moreover, against a backdrop of severe budgetary constraints on the law enforcement apparatus, the implementation of financial investigations, as time-devouring and resource-intensive investigative instruments, might easily come under pressure (Raets & Janssens, 2018; OSCE, 2014). By the same token, the professional resources and subject-specific expertise necessary to properly carry out financial inquiries are not always met with (Rusev et al., 2018; Oude Breuil et al., 2018). More specifically, criminal investigators are often ill-equipped to deal with trafficking-related financial intelligence, in part due to a lack of cross-topic training (OSCE, 2014; Raets & Janssens, 2018). Financial investigators, conversely, are largely unfamiliar with the particularities of the crime of trafficking in human beings (OSCE, 2014). In more general terms, the cultivation of finance-oriented approaches runs against certain occupational and cultural law enforcement practices (Antonopoulos, 2018). The financial affairs of human traffickers are

trifling matters to law enforcement bodies, whose principal focus lies with evidencing criminal conduct and securing trafficking convictions (Antonopoulos, 2018; Meneses-Falcón et al., 2014). Likewise, in the grand scheme of organised crime activity, human trafficking offenders are far from the biggest fish in the pond, making them less of a priority for financial investigations (Antonopoulos, 2018; Meneses-Falcón et al., 2018; Nicolae, 2018). The mainstreaming of financial enquiries is further stymied by the fact that investigative methods relating to money matters still carry the connotation of a high-wire act – a strenuous and complex task best left to specialists (Soudijn, 2014). In this respect, unravelling the economics a trafficking enterprise is popularly considered to be an encumbrance rather than an effective response to this crime (Slot et al., 2015).

The piecemeal adoption of financial investigative measures is thus, to some extent, traceable to practical and attitudinal obstacles within law enforcement. However, financial investigation, as a multi-agency issue, necessarily transcends the traditional criminal justice system. Close cooperation between the different actors involved is, from this perspective, a critical success factor. That being said, inter-agency collaboration and the exchange of information have, quite predictably, been identified as major bottlenecks in the proceeding of financial investigations, both with reference to domestic (FATF-APG, 2018; OSCE, 2014) and transnational partnerships (Oude Breuil et al., 2018; Raets & Janssens, 2018; Slot et al., 2015). On the whole, international collaboration in human trafficking cases knows greatly differing degrees of success and is particularly limited with respect to the financial component (Raets & Janssens, 2018; Nicolae, 2018; OSCE, 2014). For one thing, the traditional approach of written requests for mutual legal assistance is widely regarded by practitioners as a sluggish and cumbersome process (Brown & Gillespie, 2015; Wood, 2017; Slot et al., 2015). At the same time, a principal stumbling block to cross-border investigations lies in the cooperation with third countries (Terenghi & Di Nicola, 2018; Slot et al., 2015). While linguistic barriers and procedural disparities certainly can complicate matters (Oude Breuil et al., 2018; Lalam, 2018; Terenghi & Di Nicola, 2018), a very specific and serious difficulty arises when the trail of criminal finances leads investigators to a country with which there is no agreement to cooperate and which flat-out refuses to share information, or is unable to do so due to a lack of basic infrastructure (Terenghi & Di Nicola, 2018; Slot et al., 2015). Stashing illicit funds abroad is, for this reason, close to standard practice in the field of human trafficking (Lalam, 2018; Brown & Gillespie, 2015). Generally speaking, in response to the widespread adoption of follow-the-money approaches, trafficking offenders have recourse to a number of conceivable counterstrategies (Nicolae, 2018; Raets & Janssens, 2018; Sittlington & Harvey, 2018). Supplementary to covering one's monetary tracks, two rather antithetical modes of money management likely serve the purpose of frustrating the confiscation process. More specifically, lower-level offenders typically blow their profits on frivolous pursuits, whereas higher-ranking criminal entrepreneurs are more inclined to seek out ways to successfully hide their lucre (Sittlington & Harvey, 2018; Antonopoulos, 2018). In either case, the same end result is achieved – there is no more money left to confiscate (Sirseldoudi, 2018). On that account, the level of attrition between the aggregate amount of funds

eligible for confiscation and the sum of funds actually recovered can be considered as another sticking point in the use of asset-focussed interventions (Brown, 2013; Kruisbergen et al., 2016). The problem posed by attrition is further exacerbated by the nature of the money laundering schemes most commonly adopted in human trafficking operations, which are marked by a reliance on high volumes of cash and the comingling of finances, thereby making it difficult to ferret out criminal funds (FATF-APG, 2018; Antonopoulos, 2018; Oude Breuil et al., 2018).

Insofar as the actual deployment of financial measures is not quite up to par, a significant part of the difficulties that trouble financial investigations of human trafficking appear to be inherent to the crime of trafficking itself (Lalam, 2018). Above all, the money laundering risk associated with trafficking in human beings is an area which remains relatively opaque (FATF-APG, 2018). The fact that the financial aspects of this phenomenon are far from fully elucidated is, at least in part, attributable to the sheer complexity of these cases (Raets & Janssens, 2018). For one thing, the monetary flows tied to trafficking operations may take different forms throughout the course of the offense. For another, dissimilar modes of operation bring about dissimilar organisational and financial arrangements. In this regard, the financial blueprint of a trafficking enterprise can vary considerably from case to case (FATF-APG, 2018). Intrinsically, the proceeds from this crime come in equally varying shapes and forms, ranging from cash payments to the underhand enrichment of corporate entities, both of which are notoriously difficult to detect (FATF-APG, 2018; Antonopoulos, 2018; Oude Breuil et al., 2018), as pointed out above. In addition, the at times deep-rooted tie-ups between exploitative undertakings and legitimate businesses or the legal economy add another layer of complexity to the question of finances (Antonopoulos, 2018). Moreover, the investigation of human trafficking offences, including their financial component, is still heavily reliant on the testimonies of victims (Meneses-Falcón et al., 2018; Lalam, 2018). Victims, however, are most often rather hesitant and disinclined to cooperate with law enforcement (Terenghi & Di Nicola, 2018; Meneses-Falcón et al., 2018). Consequently, regardless of the presence of a well-developed legal framework or the level of expertise in frontline practitioners, trafficking in human beings can be a particularly tough nut to crack (Terenghi & Di Nicola, 2018; Antonopoulos, 2018).

To counterbalance some of the aforementioned issues, a number of measures have been put in place. Notable headway has been made on the institutional level, namely through the establishment of cross-cutting entities that assist the progress of asset-focussed interventions against human trafficking (Lalam, 2018). Structures that broadly serve the purpose of promoting international cooperation are the ARO,¹⁸ CARIN,¹⁹ EMPACT,²⁰ and SIENA²¹ networks, which enable direct and uncomplicated contact with investigators in other countries in furtherance of exchanging

¹⁸ Asset Recovery Office.

¹⁹ Camden Assets Recovery Interagency Network.

²⁰ European Multidisciplinary Platform against Criminal Threats.

²¹ Secure Information Exchange Network Application.

operational intelligence and experience (Lalam, 2018; Golobinek, 2006; Slot et al., 2015). In a similar vein, the added value of the medium of Joint Investigations Teams lies in the facilitation of collaboration (Raets & Janssens, 2018). Through the use of JITs, investigative efforts of different states are drawn together and coordinated so that, in this manner, investigators are able to see the full picture with regard to the transnational ambit of a criminal operation (Leman & Janssens, 2015). On the whole, JITs are reputed to be quite effective once established, even though the process of getting a JIT up and running can be a fairly troublesome and thorny issue (Slot et al., 2015).

In spite of these and other opportunities, the implementation of financial approaches against human trafficking networks remains fraught with difficulties. Iterating this large range of challenges begs the question whether the pursuit of finance-oriented stratagems really makes for a worthwhile endeavour in the end. Put differently, to what extent do the results of asset-minded interventions justify the time, money and efforts spent toward this purpose? In order to get an impression of the presumed effectiveness of financial approaches, one needs to look no further than the logics and rationales that underpin the targeting of criminal proceeds. The main idea is that by going after the fruits of criminal activity, both the means and the motivation to commit future crimes should be truncated (Levi, 2015; Atkinson et al., 2017; Kilchling, 2014). Seizing illicit earnings discourages crime by reducing its profitability, thereby removing the prime incentive for and appeal of offending (Kilchling, 2014; Bell, 2001; Kruisbergen et al., 2016). In addition, asset-focussed interventions are imagined to take a bite out of the monetary resources available to criminal entrepreneurs, thus decreasing the ability of offenders to finance other operations (Atkinson et al., 2017; Kilchling, 2014; Kruisbergen et al., 2016). Incidentally, stripping human traffickers of their illegitimate profits also reasserts the principle that crime should not pay (Kruisbergen et al., 2016). In this regard, the underlying assumptions as to how follow-the-money approaches would impinge on organised crime itself centre around two basic mechanisms, namely the deterrence and disruption of criminal activity (Atkinson et al., 2017; Kruisbergen et al., 2016). The deterrent effect of confiscation, however, can be called into doubt (Atkinson et al., 2017). At this point, it is unclear whether upping the ante in terms of financial risk is actually deterring offenders and not just strengthening their resolve to avoid getting caught (Sittlington & Harvey, 2018). Besides, discouraging crime by denying perpetrators the possibility to enjoy their profits presupposes a level of rationality that does not necessarily correspond with reality. Weighing the benefits from criminal activities against the possible costs is, as a rule, a bounded and error-prone exercise. For example, the prospect of immediate gains often takes precedence over other concerns (Sittlington & Harvey, 2018). Social pressures and contextual factors, in addition to financial considerations, equally weigh on those decisions (Atkinson et al., 2017). As regards the disruptive impact of depriving offenders of their proceedings, although confiscation can be rather upsetting and damaging to one's bluster and bravado, in many instances it is not enough to force the individual or their criminal network out of business (Atkinson et al., 2017; Sittlington & Harvey, 2018). The relatively

low financial threshold associated with setting up a human trafficking ring implies that removing monetary resources is not always synonymous with rendering these criminal organisations inoperable (Raets & Janssens, 2018). Moreover, bearing in mind the significant amount of attrition that plagues pecuniary measures, recovered assets are a bad indicator of the wider degree of disruption to criminal activity (Sittlington & Harvey, 2018). From this perspective, the effectiveness of intercepting criminal revenue in tackling trafficking in human beings remains uncertain (Atkinson et al., 2017; Araujo & Belchior, 2012). It seems that success, either in disheartening or disempowering offenders, is very much dependent on the target of the intervention (Sittlington & Harvey, 2018). For this reason, an overly narrow focus on asset confiscation alone might mean that the outcomes of financial strategies may be found missing the mark (Slot et al., 2015).

5.3. MAINSTREAMING THE FINANCIAL APPROACH

Summarizing the above, the pattern of results effectuated by financial approaches does not quite match expectations. Overall, the implementation of financial strategies is still encountering major obstacles, the main impediments being an unduly restricted understanding of the purpose of asset-oriented measures, a lack of prioritisation in terms of financial backing and other resources as well as a dearth of field-specific expertise and experience (Slot et al., 2015; OSCE, 2014). That being said, traditional criminal interventions are not as potent without the accompaniment of pecuniary steps (Nicolae, 2018). Seeing that many members of human trafficking networks are often but replaceable cogs in the criminal wheel, individual prosecution is likely insufficient to accomplish the objectives of deterrence or disruption (Kilchling, 2014). At the same time, criminal investigations commonly fall short of implicating organisations in their entirety, often failing to reach the heads of human trafficking rings. In this regard, traditional legal proceedings hardly interfere with the ability of trafficking organisations to carry out their business (Atkinson et al., 2017). A key recommendation, therefore, is that every criminal investigation into suspected human trafficking activity should be complemented by a financial investigation (Oude Breuil et al., 2018; OSCE, 2014). The instrument of financial investigation generally holds most value when used as an investigative tool. Its operational worth principally lies in the building of cases, the developing of intelligence and the securing of convictions, rather than in the seizing of criminal assets (Slot et al., 2015). For that matter, financial enquiries are most advantageous when used in conjunction with other investigative methods (Brown, et al., 2012; Slot et al., 2015). On the whole, a dual strategy which twins criminal proceedings with asset-oriented measures should yield a more significant effect by delivering a double blow to trafficking offenders (Kilchling, 2014; Araujo & Belchior, 2012; Sittlington & Harvey, 2018). In this sense, the adoption of a financial approach to human trafficking ought to be embedded in a wider, comprehensive strategy which makes use of other forms of intervention (Bell, 2001; Atkinson et al., 2017). Furthermore,

financial enquiry bears relevance for all stages of the criminal investigation (Slot et al., 2015; Atkinson et al., 2017). Financial investigations should consequently be initiated as soon as practicable, as opposed to being used as a fall-back or last resort in cases where conventional investigative methods proved inadequate (Soudijn, 2014; Sittlington & Harvey, 2018; Wright, 2017).

Accordingly, following the money can be a dependable strategy when combined with classical methods of fact-finding (Slot et al., 2015; Wood, 2017). Financial approaches, for that reason, deserve serious consideration in dealing with human trafficking activity. However, as stated above, strategic plans will remain no more than empty words if they are not matched with the necessary resources and proper conditions to conduct financial enquiries (Slot et al., 2015). In other words, for proceeds-oriented approaches to be successful there needs to be full commitment both from legislators and frontline practitioners. Once involved, settling for half-measures is simply ineffectual (Wood, 2017). As human trafficking operations frequently transcend borders, so too does the need for clear and unequivocal policy commitment. In view of this, there is a shared EU responsibility in redressing the balance between member states and promoting a finance-minded law enforcement culture. In the interest of longer-term harmonisation, national strategies regarding the financial investigation of human trafficking and other organised crime activities should also be implemented in a more consistent and non-conflicting way across EU member states (Slot et al., 2015).

As a general principle, the exchange of experiences and good practices between countries throughout the EU is vital in developing a results-oriented policy. Other initiatives, carrying potentially transferable insights, can serve as a source of inspiration for improved, and possibly more effective, solutions. To that end, a number of lessons can be drawn from the knowledge gained in different European countries through the real-world application of a financial approach to trafficking in persons. First of all, a very well-thought-of strategy concerns the Dutch integrated approach (Oude Breuil et al., 2018). As affirmed by the multidisciplinary manners of working adopted in other countries (Antonopoulos, 2018; Raets & Janssens, 2018), inter-agency platforms, spanning public-private partnerships as well as other inter-sectoral forms of cooperation, can act as a conduit for the incorporation of a financial perspective into regular criminal investigations (Slot et al., 2015; OSCE, 2014; FATF-APG, 2018). Above all else, human trafficking is a multi-faceted crime that bears upon a diverse range of disciplines and sectors and, in this vein, calls for joined-up thinking. Inter-agency collaboration and coordination, alongside information sharing among those partners seeking to address this offence, can thus be considered as a requisite for the fruitful deployment of asset-focussed measures (Keatinge & Barry, 2017; Lalam, 2018; FATF-APG, 2018). Ideally, partnerships are not formed purely on an ad-hoc or impromptu basis. Rather, in order to maximise the effectiveness of collaborative efforts, cooperation should be approached in a much more structured manner. With that end in view, the J-CAT model, a collaborative platform designed with the intention to forge successful interconnections and alliances across multiple borders and to facilitate the

coordination of international cybercrime investigations between different partners, could prove inspiring (Reitano et al., 2015).

To reiterate one of the points above, human trafficking perforates the legal economy in a variety of ways (Shelley & Bain, 2015). Over and above financial strategies, the possibility of uprooting these critical points of intersection, and in so doing effectively disrupting criminal networks, brings us to another frontier of the current fight against trafficking in human beings (Roudaut, 2011). The administrative approach towards organised crime, which generally hinges on the screening of prospective licensees and the ability to refuse or withdraw permits when confronted with mala fide undertakings, seems to be an opportune, alternative strategy to target the business-side of trafficking operations (Aronowitz et al., 2010; Bell, 2001). In addition to local administrations and municipalities, another possible partner in the fight against trafficking finances can be found in tax authorities. Taxing away illegal profits, also known as the 'Al Capone approach', answers the purpose of intensifying asset recovery (Kilchling, 2014; Sproat, 2012). In this connection, the ability to demonstrate the existence of unexplained wealth in cases where it has not been possible to prove a direct connection with criminal activity would appear to provide a noteworthy window of opportunity with regard to the skimming of criminal proceeds (Brown, 2013).

In other aspects, the advancement of both specialist and generalist training can be considered as an evident good practice within the framework of financial approaches (FATF-APG, 2018). Essentially, for financial investigations to be conventionalised, all criminal investigators should have a basic understanding of financial methods (Slot et al., 2015; Golobinek, 2006). Conversely, specialist financial knowledge should be broadened to include the modes of operation in human trafficking rings, for the clear reason that criminal finances and criminal workings are inextricably bound up with each other (Atkinson et al., 2017). On top of training front-line investigators, developing a sense of knowledgeable-ness in prosecutors and judges with respect to financial matters is just as essential in bringing financial investigations into the mainstream. Generally speaking, the implementation of finance-oriented strategies benefits from a competency-driven approach to building investigative teams, and especially from the cultivation of specialised in-house expertise (Slot et al., 2015). Above and beyond the augmentation of expert knowledge, it is also desirable to foster a robust financial culture in the criminal justice system (Lalam, 2018; Soudijn, 2014; Wood, 2017). Consolidating the use of financial investigation thus requires modifying and expanding current law enforcement customs and working methods (Slot et al., 2015).

A distinct area of interest is the promotion of proactive financial investigations (Slot et al., 2015). Financial transactions are, in effect, a point of vulnerability in the chain of criminal logistics, as certain patterns of suspicious activity can be recognised (Finance Against Trafficking, 2014; Wood, 2017). As follows, by identifying patterns and establishing subsequent red flags, one should be able to identify instances of human trafficking (Shelley & Bain, 2015). To this extent, financial institutions find themselves in a unique position when it comes to spotting worrying signs

in transaction activity and disclosing them to law enforcement agencies (Finance Against Trafficking, 2014). Having the built-in capacity to monitor transactions as well as the necessary analytic capabilities, financial institutions hold the means to produce more elaborated evidence, which could add impetus to trafficking-related prosecutions (van Dijk et al., 2018). On a related note, the proactive and critical observation of financial transactions is also relevant with respect to the possibility of beginning investigations on the suspicion of money laundering, whereby the offence of money laundering is to be regarded as an anchoring point for financial and other investigative measures (Antonopoulos, 2018; Slot et al., 2015; Kilchling, 2014). At any rate, in order to make sense of the conundrum of financial dealings, technological solutions play an important role in filtering and analysing the vast pool of transaction data (Demetis, 2018; Slot et al., 2015). Moreover, through technological advancements such as big data approaches, data mining techniques and predictive analytics, it would be possible to string together transacting behaviour with lifestyle and criminal behaviour in an effort to uncover trends and noticeable patterns in trafficking activity (Demetis, 2018). However, the technological tools currently available to criminal and financial investigators are usually less sophisticated. As financial crimes are increasingly linked with innovative ideas and methods, it is nevertheless crucial to keep up with offenders in terms of technological capabilities (Slot et al., 2015; see also FATF-APG, 2018). After all, trafficking in human beings is a notoriously adaptive criminal trade, rendering alertness towards changing trends vitally important (Keatinge & Barry, 2017).

Lastly, while our understanding of the financial aspects of human trafficking has certainly been improved, the subject is far from fully clarified. Even so, profiling the expenses and proceeds associated with trafficking activity constitutes an important first step in identifying and tracking the monetary flows from trafficking operations. Further research into the criminal *modus operandi* and the financial movements underlying the predicate crime with a view to expanding the current level of knowledge is, in other words, indispensable (FATF-APG, 2018). On these grounds, the issues of criminal financing and the management of criminal proceeds should become part and parcel of the study and analysis of the organisation of trafficking in human beings, both with regard to academia and law enforcement (Levi, 2015). Ultimately, more than the proverbial lifeblood of criminal organisations, finances make for an enlightening prism through which to view the crime of human trafficking (Kopp, 2012).

IMPLICATIONS FOR POLICY

As the current analysis demonstrates, human trafficking – besides being a heinous crime – is also an important criminal market which generates substantial profits. The related costs of and profits from human trafficking vary substantially depending on the form of trafficking (labour or sexual), the modus operandi of perpetrators, the countries of origin and destination of victims, as well as the market sector or segment in which the victims are exploited. The criminal actors involved vary substantially with regard to the sophistication of their organisation. Generally, the market is dominated by sole “players,” small-to-medium (often family-based) organisations, and loosely structured networks, whereas highly organised, hierarchical groups are rather the exception. The number of victims under the control of a single trafficker also differs but rarely goes beyond ten. Indeed, both independent traffickers and those operating as part of a network often prefer to keep operations relatively circumscribed, with a view of reducing upkeep costs and avoiding law enforcement attention.

On the other hand, the current research partly refutes the general perception that the costs for entering the business are very low. Low entry costs apply mostly to domestic and intra-Community trafficking in the EU and in cases where perpetrators control one to three victims. A typical example are lover-boys exploiting one or two victims in prostitution, wherein they work either outdoors or in the lower segments of in-door prostitution and acquire customers online. Costs might be particularly high with regard to victims that have to cover large distances to get to the country of exploitation. In such cases, beyond paying for transportation costs, there are added expenses such as corruption payments to officials, securing counterfeit or forged documentation, and sometimes even ransom costs. Despite the fact that these expenses are usually imposed as a debt onto the victim and, subsequently, are more or less quickly recovered by the traffickers, the money nevertheless needs to be advanced by them in order to ensure that victims can reach the destination. In addition, extra start-up costs can be required, especially in prostitution markets, if traffickers want to pursue more profitable locations, which guarantee steady and higher revenue. Notably, criminal entrepreneurs investing in brothels or other sex venues need to raise substantial start-up capital, which – depending on the country where they invest – may require from tens of thousands to several hundred thousand euros.

The analysis of cost structure for different trafficking actors also reveals some important insights. Apparently, trafficking for labour exploitation is less demanding than sexual exploitation in terms of market entry threshold and operational costs, along with lower risks of detection and criminal sanctions. Traffickers operating within the EU – such as Bulgarian and Romanian criminal entrepreneurs and domestic traffickers – have

the competitive advantage of low transportation costs and absence of visa and labour restrictions. With regard to trafficking for sexual exploitation this has an obvious impact on their business models. Thus, East European traffickers tend to spend money for acquiring access to more lucrative locations such as red light windows, brothels, and massage parlours and in the end generate higher profits. Conversely, for Nigerian, Latin American, and Chinese networks costs for transportation and obtaining travel and residence documents seem to dominate their expenses. Therefore, they tend to exploit victims either outdoor or via online soliciting of clients, which provides for lower operational costs, but also generate less revenue.

The observed differences in cost structure and cost-benefit ratios are part of the explanation why East European countries such as Bulgaria and Romania still remain among the top countries of origin of victims, despite having much smaller population than Nigeria or China. These differences also offer insights into the preferred modus operandi of traffickers in terms of exerting control. As East Europeans enjoy lower start-up costs and relatively higher revenue, they more often rely on building business-like relations with sex workers, wherein they would secure more profitable locations and share part of the revenue with the victims. The geographical proximity of Western Europe and the free movement of people practically render controlling routes of migration obsolete, so East European traffickers rather focus on controlling access to profitable locations. Conversely, the high transportation costs, entry, labour, and residence restrictions for third country nationals make control over routes of migration a primary asset of traffickers from China and Nigeria. Arguably, this provides a possible explanation why traffickers from Africa and Asia more often rely on debt bondage and tend to withhold all or the bulk of the earnings of their victims. The above arguments are also largely applicable both to cases of trafficking for sexual and labour exploitation.

Settlement of payments in human trafficking remains largely cash based, especially in the case of trafficking for sexual exploitation. This is true for practically all types of transactions in cases related to sexual exploitation – between customer and sex worker, sex worker and trafficker, between different participants in trafficking networks, and between traffickers and any intermediaries. Less frequently, payments might be made in kind to intermediaries and associates, or customers might pay through credits cards under the pretext of paying for other services (e.g. massage). Bank transfers are generally avoided, except for some remittances abroad. In the case of labour trafficking settlement of payments depends on the cash-intensity of the sector which the workers are exploited in. But even in sectors in which bank transfers are the norm, usually workers' accounts are controlled by traffickers and their wages are immediately withdrawn in cash.

In terms of the money laundering techniques, the current analysis shows that these are mostly rudimentary. Most traffickers use the bulk of the proceeds to sustain a lavish lifestyle and spend profits on luxury goods, partying, vacations etc. When there is a surplus, it is often invested

into real estate and expensive vehicles. More sophisticated trafficking networks, which retain larger portions of the profit also invest in different cash intensive businesses in home countries, choosing predominantly the hospitality sector. These businesses can serve to expand the trafficking by identifying and recruiting new victims, obscuring trafficking operations behind the ostensible provision of other services, and facilitating the further laundering of profits. Proceeds are also used to cover the running costs of the trafficking operation and may sometimes be channelled to an expansion of the business. A notable recent trend for East European traffickers are investments for acquiring or long-term renting of adult clubs and other sex venues in the destination countries. However, the data indicates that investment into other illicit enterprises is rare.

Traffickers operating abroad tend to transfer all profit surpluses from the destination to their country of origin. Transportation of cash is a particularly popular method, carried out either by the traffickers themselves, victims, associates or money couriers. Money transfer companies are also used, although the recent trends rather indicate that traffickers resort to them less often due to the easy traceability of transactions. In order to minimise risks of detection and hinder any possible investigations, the money is first broken down into smaller sums and then transferred not by traffickers but by others, i.e. victims, associates, friends, family or intermediaries. Bank transfers are generally avoided and in case they are employed, similar risk minimisation techniques are used. Some traffickers also employ one or more shell companies to facilitate money laundry. Alternatively, a trade-based money laundering technique might be used with goods being purchased in the country of exploitation and subsequently resold in the country of origin of traffickers. Trafficking networks from Asia and Africa also widely employ hawala or similar informal value transfer systems to move their proceeds from the countries where they exploit the victims to their home countries. In this case money does not cross borders physically and the transactions are based on established relations of trust among the participants in the hawala network.

The internet is used in numerous ways to facilitate human trafficking. On the one hand, recruitment can be carried out online or supplemented through online communication. In the case of the trafficking for sexual exploitation, the internet also presents a useful platform for advertising the services offered by the victims and is actively used by both organised criminal groups and independent traffickers. In addition, the internet can present an additional medium of control over victims, whose communication and agreements with clients can be monitored. On the other hand, it allows independent traffickers and sex workers to operate and acquire customers without having to pay for costly work spaces. Thus, the internet generally represents a cost-effective way to initiate, facilitate or even sustain a trafficking operation. The downside of the new technologies is heightened visibility, hence a higher risk of detection and apprehension by law enforcement authorities, as well as increased vulnerability to rivals.

The biggest change that new technologies and the internet have brought, especially in the case of trafficking for sexual exploitation, is that they

have put sole players and more sophisticated organisations on equal footing. But the effect is not straightforward. On the one hand, low market entry costs and easier access to clients via the internet for selling sex services imminently increase competition and put downward pressure on prices and revenues of all market actors. On the other, a more competitive market and the language barrier incline some criminal operators to adhere to traditional business models which rely on high turnover locations that guarantee a steady flow of customers.

In terms of investigation, the **follow-the-money approach** with regard to crime more generally and trafficking in human beings in particular, **is recognised as essential on the national, EU, and international levels**. Nevertheless, the degree to which financial investigations are undertaken and their success varies substantially among countries. As the present analysis demonstrates, significant impediments remain, which hinder investigation of THB and related financial flows. Since payments in trafficking are mostly made in cash, much of money is spent immediately or transported outside of destination countries in cash. Thus, the lack of a paper trail can be a significant impediment in ascertaining and confiscating proceeds. Similarly, while the proactive approach to investigation of human trafficking should be prioritised, lack of victim cooperation can still impede investigations. With regard to labour trafficking there is an added difficulty in distinguishing the offence from other labour infractions, which often is due to vague or narrow definition of labour trafficking applied in many national legislative frameworks. Most often lack of sufficient expertise and necessary tools for analysis of financial data hinder the investigation of financial flows. Limited capacity to conduct financial investigations and lack of prioritisation of financial aspects are also problematic in many of the countries covered in the current study. Nevertheless, especially for destination countries, various difficulties in international cooperation are perhaps the main obstacle. The latter is particularly the case for countries from sub-Saharan Africa and Asia.

The analysis revealed that many European countries still have many deficits with regard to financial investigations of trafficking in human beings. There are some general recommendations that are relevant to all forms of trafficking regardless of the modus operandi or nationality of traffickers. Thus the following actions can strengthen the prosecution of THB and the confiscation of related financial flows:

- **Improve capacity to investigate financial flows.** Recruiting and training additional financial investigators is key to supporting the investigation of financial flows in a number of EU countries. These financial specialists can be embedded within specialised human trafficking units, allowing the two investigations streams to run in parallel, to have the financial expertise in-house as well as to develop specific financial expertise on proceeds generated by human trafficking. Alternatively, if financial specialists are part of separate units, a better coordination with officers working on predicate offences needs to be fostered. In addition, tools facilitating the analysis of financial data need to be developed and respective officers trained to work with them.

- **Prioritise financial investigations and undertake them together with investigations of the predicate offence.** Another important step is to raise awareness and underscore the importance of financial aspects in investigating the predicate offence, as financial flows allow to better map and understand the trafficking networks, especially if this is done at an early stage. Prioritising the financial investigations is particularly important with regard to trafficking where organised crime is suspected, as the profits will likely be large enough to make a parallel investigation worthwhile.
- **Develop and adopt methodologies for calculation of perpetrator's proceeds as part of financial investigations.** Calculation of the illicit proceeds of perpetrators would allow better guiding of asset tracing and improving the outcome of asset recovery. A good example in this regard is the Dutch model for financial investigations, where this approach is widely applied. In this regard victims are particularly important witnesses, who besides filing claims against their traffickers, can provide important information about the financial side of the business. Certainly, while the success of the investigation should not hinge on victim testimonies, it is important that they (and their families, if necessary) are afforded sufficient support and protection in both the destination and countries of origin.
- **Improve knowledge of labour trafficking and harmonise definitions adopted across European Union.** In order to improve investigation of human trafficking for labour exploitation, better cooperation is needed between labour inspectorates and police forces. Furthermore, both labour inspectors and police officers need to be trained to recognise red flags and to distinguish the offence from other less serious labour infractions. There is also a need to harmonise definitions adopted on the national level in order to streamline police and judicial cooperation in cross-border investigations.
- **Improve knowledge on the role of ICT in all forms of human trafficking.** Training should be provided on the modalities of use of ICT technologies and their role in different trafficking arrangements, allowing police to monitor more effectively websites, applications, and other relevant technologies in the investigation of trafficking cases.

The analysis of the financial models of different trafficking actors also suggests that more targeted approaches are needed in order to be more effective in tackling perpetrators by raising the costs and risks for them. Apparently, in the last few years the cost of smuggling of persons from sub-Saharan Africa has substantially decreased and, as a result, trafficking of Nigerian citizens is also flourishing. In this regard, **measures to strengthen border and immigration control** will likely have a most significant impact on Nigerian criminal organisations.

The other major issue in countering traffickers from third countries (African, Asian, Latin American) is international cooperation in police and judicial matters. Human trafficking is a crime which often involves an international element, with either victims, traffickers or both coming from countries other than the destination, where the exploitation takes place. Thus, **strengthening international cooperation** can make a big difference. Currently, cross-border investigations involving third countries often halt

or fall apart because of issues such as slow procedures, divergence in applicable regulations (including with regard to asset confiscation) or because of practical impediments such as translation issues. Developing and nurturing more durable ties of operational police cooperation with key third countries of origin will allow for more effective investigation and prosecution of cross-border THB cases.

A more active use of EU tools such as JITs is largely praised in all countries studied, as is the support and coordination provided by Eurojust and Europol, despite the fact that certain issues remain. However, judging from the business and financial models for intra-community trafficking in the EU, more significant impact on perpetrators from other EU countries such as Bulgaria and Romania could be expected if interventions are focused on the exploitation phase. In this regard, the **administrative approach towards serious and organised crime** employed in the Netherlands and Belgium seems particularly promising. Targeted and well-coordinated administrative measures implemented by local authorities, labour inspectorates, and tax authorities can help raise costs and risk for traffickers and thus narrow down illicit market opportunities.

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