



CERTIFIED FRAUD EXAMINER

INDICATORS OF HUMAN SMUGGLING & HUMAN TRAFFICKING IN BANK STATEMENTS



Ryan Schwoebel, CFE

Information Derived Primarily From:

■ Training and experience of **Ryan Schwoebel, CFE:**

AML Officer, ProEquities

Former Regions Bank BSA AVP & Investigator, and NCIS Special Agent

■ Training and experience of **Christinia Zanotti:**

Asst VP, Regions BSA High Risk EDD Review

Former Regions BSA Investigator

■ **FinCEN Advisory FIN-2014-A008**

(Guidance on Recognizing Activity that May be Associated with Human Smuggling & Human Trafficking)

AGENDA

- Definitions of human smuggling and human trafficking
- Case study
- Other indicators within financial transactions

Definitions

• **Human Smuggling** is the transport, harboring or facilitating unauthorized aliens into or with the United States (ex: a poultry plant that knowingly hires undocumented workers with no legal work provisions). *See 8 USC 1324*



• **Human Trafficking** is the transport, harboring or facilitating people for forced labor or commercial sexual acts through the use of force, fraud or coercion (ex: the daughter in the movie “Taken”). **In plain English: modern day slavery.** *See the Victims of Trafficking & Violence Protection Act of 2000*



Sobering Statistics

According to the Lutheran Immigration & Refugee Service
(LIRS)

- 16.4 million people suffer from forced labor worldwide.
- 4.5 million people are trafficked into sex work worldwide.
- Common types of forced labor in the US include: farm work, domestic servitude and factory work.
- It is estimated that 20-30 million people were victims of human trafficking in 2013, compared to estimates of 10+ million during the Trans-Atlantic Slave Trade in the 15th through 19th centuries.

Sobering Statistics

According to the Lutheran Immigration & Refugee Service
(LIRS)

- Globally human trafficking is estimated to be worth **\$32 billion**, and is the 3rd most lucrative criminal industry.
- Per US State Dept's numbers, approx. 17.5k foreign nationals are trafficked into the U.S. annually (highest percentages are from Thailand, India, Mexico, Philippines and Haiti, though it is also common in Eastern Europe and the Middle East).
- 67% of people smuggled for labor are undocumented, but only 17% of those trafficked for the illegal sex trade in the U.S. are immigrants.
- Globally, 26% of human trafficking involves children.

How each works:

Human Smuggling

1. Migrant seeks smuggler
2. Migrant smuggled across border by air, sea or land.
3. Payment to smuggler: in advance, partial payments or on arrival.

Human Trafficking

1. Traffickers obtain victims through deception or force
2. Victim transported across U.S. border or from within U.S.
3. Traffickers profit by exploiting victim (forced labor may include massage parlors, restaurants, farms, construction, etc) and entail ongoing illicit proceeds.

Human trafficking is the fastest growing criminal enterprise in the world.



Who are most likely to see these red flags?

- Banks (big and small) and credit unions
- Money transmitters (ex: Western Union, Money Gram, etc., and their agents like grocery stores and convenience stores)



- Prepaid card providers



Case Study

Disclaimer #1: this case study is meant to illustrate *possible* indicators from financial transactions of *possible* activity related to human trafficking. This is not a case study wherein those involved in these transactions have public records showing a criminal conviction for activity related to human trafficking. Again, this information is intended solely to provide *possible* indicators of human trafficking activity from financial transaction records.

Case Study

Disclaimer #2: Due to the fact this is not a case study where those involved have public records showing a criminal conviction for activity related to human trafficking, the names and other identifying details of those involved have been changed to protect the “not-yet-found-guilty.”



**This case study is developed from two separate investigations with common suspects, and thus found to be related activity.*

Suspect #1: “Joe Blow”

- Owns a company, which we will rename as “Social Network Ltd” that manages multiple adult websites.
- Resides in Tampa, FL in a \$675k home (that is also the business address for Social Network) but who’s company also has business (and is possibly headquartered) in London, UK.
- Also dabbles in real estate (flipping houses).
- Owns several luxury cars, including a Maserati Granturismo, Rolls-Royce Ghost and Mercedes-Benz SUV. Also owns a S2 Yacht.
- Prior criminal history:
 - Poss. Of CS (2011)
 - Traffic violations



Suspect #2: “Jane Doe”

- Girlfriend of Joe Blow.
- Plastic surgeon in Tampa, FL specializing in female cosmetic surgeries (with 3.5/5 star rating on healthgrades.com).
- Charged in 2011 for fraud to obtain Demerol (an opioid) and drug possession (Demerol, Valium and Xanax). Joe Blow’s charge was related to this activity.

2011 Investigation:

- Review of personal checking account of Jane Doe found two cash deposits totaling \$8k+ made within 7 days.
- Investigation at this time found significant information about the 2011 drug charges, suggesting the cash may be tied to illicit activity.
- Also noted in the account review were multiple checks payable to at least 3 separate attorneys noting “attorney fees.”

2013/2014 Investigation:

- In 2013, business accounts of Joe Blow moved \$800k+ over a 3 month period.
- Fund movements were largely funded by wires from an Icelandic payment processor, which investigation revealed funded his adult websites.
- Funds were moved from Social Network accounts to accounts of 2 other businesses owned by Joe Blow.
- Investigation at this time found significant information about the 2011 drug charges, suggesting the fund movements may be tied to illicit activity.

2013/2014 Investigation (cont'd):

- Subsequent to prior activity, continuing fund transfers between business and personal accounts associated with Joe Blow were noted, as well as checks payable to Jane Doe (totaling \$41.5k).
- Bank branch employees related Joe Blow is frequently in trouble with local and state LE.

Question: what does any of this have to do with human smuggling or human trafficking?

Additional facts developed during investigation include:

- Joe Blow owned several adult websites and the review of his financial records found payments to “models” primarily from Eastern Europe.
- The “tech support” for Joe Blow’s business (Social Network) was in the Middle East, and his payment processor was in the Iceland.
- Jane Doe’s cosmetic surgery business was purported to be “fixing” Joe Blow’s “models” and receiving funds from Social Network.
- The Demerol Jane Doe fraudulent obtained is an opioid, and one of its primary side effects is severe drowsiness and other opium-like symptoms.
- According to a complaint by the FL Dept of Health against Jane Doe (resulting in an emergency order suspending her license), police investigators found bloodstains in the carpet and used syringes scattered throughout her home.

Red Flags of Human Smuggling in Bank Statements:

- Multiple wire transfers (often kept below \$3k reporting threshold) from various locations in the U.S. to a common beneficiary at the Southwest U.S./Mexican border.
- Multiple wire transfers at separate branches or banks along Southwest border on the same or consecutive days.
- Unusual cash deposits in the U.S. followed by wire transfers to high migrant countries (ex: Mexico, Guatemala, El Salvador and Honduras).
- Funnel Account Activity (see *FinCEN Advisory FIN-2014-A005* for further details/definitions) along Southwest border.



Red Flags of Human **Smuggling** in Bank Statements (cont'd):

- Multiple checks (from possible funnel account) which appear to be pre-signed, bearing different handwriting in signature and payee fields.
- Frequent currency exchanges (small for large) by customers not in a cash-intensive industry.
- Profits/deposits significantly greater than their peers in their public profession/line of business.
- Extensive use of cash to purchase assets and conduct transactions.



Red Flags of Human Trafficking in Bank Statements:

- Payroll expenses are extremely low or non-existent for business' alleged size.
- Cashing of payroll checks where employer keeps majority or all of funds.
- Frequent wire debits to countries known for high human trafficking activity.
- Funnel Account Activity (see *FinCEN Advisory FIN-2014-A005* for further details/definitions) in cities/states the customer does not reside or conduct business.



Red Flags of Human Trafficking in Bank Statements (cont'd):

- Transactions at branch where customer is escorted by a third party (under the pretext of being an interpreter) and transferring funds to countries at high risk for human trafficking.
- Frequent debits to online escort services for advertising/classifieds.
- Frequent transactions that appear to be for sustenance for individuals (housing/lodging, food, regular vehicle rentals, etc).
- Payments to unlicensed employment or student recruitment vendors, especially if they have labor violations.



Red Flags of Human **Trafficking** in Bank Statements (cont'd):

- Customer conducts frequent transactions at branch escorted by third party (under pretext of being an interpreter) where the “interpreter” always has possession of customer’s ID.
- Common CIP (ex: address, phone #, employment info, etc.) used to open multiple accounts to different individuals.
- Accounts of foreign workers/students where employer serves as their custodian.
- Profits/deposits significantly greater than their peers in their public profession/line of business.
- Extensive use of cash to purchase assets and conduct transactions.



Other Indicators May Include:

- Multiple personal debits over multiple days purchased by a single individual (ex: one individual makes multiple daily POS debits to RedBox).
- Frequent purchases of bulk items not commensurate for business type (ex: a grocery store may reasonably buy bulk food items, but should an import/export business?)
- Large cleaning staff where it is not commensurate for the business type (ex: a large cleaning staff would be expected for a hotel, but what about a construction company?)
- Any of the previously noted red flags coupled by the customer/business being in an area of major interstates, in or near a large city, or near the Southwest border.

For example, what indicators are present here?

Customer of a large bank claims to own a small family-owned farming business in Mississippi. Customer makes large fuel purchases and uses a large tractor-trailer truck every 6 mos. for multiple-day trips between MS and TX that last several days. In the customer account are multiple debits from stores that, upon further investigation, are located on back roads rather than off major interstates. The customer does not claim to make these trips with anyone else, yet on multiple days large volumes of debit card purchases are made in his account to RedBox. The customer claims his trips to TX are to purchase cattle feed, and that despite the fact there are multiple feed vendors between MS and TX (including within MS), he claims he goes to TX because their feed “is the best.”



Let's take a closer look:

Customer of a large bank claims to own a small family-owned farming business in Mississippi. **Customer makes large fuel purchases and uses a large tractor-trailer truck every 6 mos. for multiple-day trips between MS and TX that last several days.** In the customer account are multiple debits from stores that, upon further investigation, are **located on back roads rather than off major interstates.** The customer does not claim to make these trips with anyone else, yet **on multiple days large volumes of debit card purchases are made in his account to RedBox.** The customer claims his trips to TX are to purchase cattle feed, and that **despite the fact there are multiple feed vendors between MS and TX (including within MS),** he claims he goes to TX because their feed “is the best.”

**the customer's story may be somewhat believable until you consider the point about multiple days where multiple RedBox rental purchases were made.*



Who you gonna call?

- Banks/financial institutions have reporting mechanisms via FinCEN.
- Human trafficking and human smuggling falls under the criminal investigative jurisdiction of the FBI or the Bureau of Immigration and Customs Enforcement (ICE). ICE's Tip Line is 1-866-DHS-2-ICE or [ice.gov/tips](https://ice.dhs.gov/tips)
- If you encounter someone who is a victim of human trafficking related to illegal sex trade, larger cities have social work resources to help (ex: Birmingham Crisis Center's Rape Response).



Who you gonna call?

QUESTIONS?





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Contact Info

Ryan Schwoebel, CFE

Ryan.Schwoebel@proequities.com

205-268-4173 (O)

205-410-7213 (C)

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