

Growing Role of Banks in Identifying Human Traffickers Seen as Crucial by U.S. Officials

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By Kira Zalan

The identification of suspicious transactions by financial institutions offers an important means of fighting human trafficking, the U.S. State Department said in a report Friday.

In its 2014 Trafficking in Persons (TIP) Report, the department highlighted efforts by the Financial Crimes Enforcement Network (FinCEN), New York investigators and eight financial institutions to better identify transactional red flags linked to the crime, including unusual cross-border transfers and simultaneous openings and closings of accounts.

The financial institutions—Bank of America, American Express, Barclays, Citigroup, JPMorgan Chase & Co., TD Bank, Wells Fargo and Western Union—spoke with representatives of the Manhattan District Attorney's Office in an April 2013 roundtable on identifying human traffickers.

"I don't see bankers as people with money, but as people with data," said Martina Vandenberg, founder and president of The Human Trafficking Pro Bono Legal Center, in a statement on the roundtable. "We have never before bridged this idea of financial crime and human trafficking. Bringing these two worlds together will increase the number of trafficking prosecutions in the United States and around the world."

That trend should only strengthen, said Louise Shelley, director of the Terrorism, Transnational Crime and Corruption Center at George Mason University and author of *Dirty Entanglements: Corruption, Crime and Terrorism*.

"Many more banks should be mining their data and working with law enforcement to find patterns of human trafficking," said Shelley. "There would be many more cases [if they did]."

By the International Labor Organization's estimates, 21 million people are subjected to forced labor worldwide, generating \$150 billion in annual profits for the private global economy. Nearly \$100 billion of the profit stems from the sex industry, according to the organization.

Expanding cooperation

The annual report, which defines human trafficking as forced labor, debt bondage or involuntary servitude through the use of force, fraud or coercion, complements efforts by investigators to help banks better identify the crime.

In outreach efforts begun over a year ago, the Homeland Security Investigations (HSI) division of U.S. Immigration & Customs Enforcement has noted the use of so-called funnel accounts, in which illicit money is deposited in one city and is withdrawn quickly in another location. In human smuggling and trafficking cases, this tactic might be used by individuals paying debts to the source organization responsible for their transportation, for example.

"We started to approach the financial institutions and educate them as to what we're seeing," said Stephenie Lord Eisert, chief of the Illicit Finance and Proceeds of Crime Unit at HSI. The effort has contributed to approximately 100 arrests and the seizure of some \$14 million, she said.

Some banks have also adopted new compliance measures that can thwart human traffickers. In March, JPMorgan Chase instituted a new policy that prohibits cash deposits unless the depositor's signature is on the account.

"Perhaps others will follow suit," said Lord.

More broadly, the suspicious activity reports (SARs) filed by banks and money services businesses have been "invaluable," she said.

'Write it down'

Every month, FBI intelligence analyst Kelly Jo Strickler pours through SARs gleaned from FinCEN's database, looking for indicators of criminal activity that might be associated with human trafficking operations. Bankers have access not only to data but also their customer, which makes their observations critical, Strickler said, in a recent interview.

For example, if an account holder always comes in with someone who might be an escort to make deposits, or if multiple people are using the same phone number or address, there may be reason for concern.

"What other than the financial transaction was odd?" said Strickler, adding that it is attention to detail and patterns of human behavior that prove helpful to analysts.

It takes more than an SAR to open a case, including supporting documentation and interviews, said Supervisory Special Agent Dave Rogers, manager of the FBI's human trafficking program.

"If you think it's odd, write it down, let us investigate," he said. "I'd rather them report and it proves to be wrong than not report."

Through Project STAMP, HSI has identified over a dozen red flags indicating possible ties to human trafficking, including large and inconsistent cash deposits, credit and debit processing for even dollar amounts, payments to online escort services for advertising, including small posting fees to companies such as Craigslist and structured financial transactions at money services businesses.