



Red Flags and Indicators

Applicable to Sex Trafficking & Forced Labor

In-Person / Behavioral Red Flags

Indicators of a **potential trafficker**:

- The potential trafficker could be speaking on behalf of the individual
- Insistence on being present for every aspect of engagement
- Keeps possession of identification documents or money
- Attempts to fill out paperwork or answer questions without consulting the individual
- Forms are completed with different handwriting
- Claims to be related, but does not know critical details
- Provides contradictory explanations over a transaction
- Avoids having face to face contact
- Unusual in-branch behavior, such as individuals avoiding cashiers, even when there are no queues

Indicators of a **potential victim** of human trafficking:

Victims are generally exploited through a variety of means over an extended period of time (i.e., rarely is a victim subject to one instance of sexual exploitation). Therefore, offenders are required to meet the essential needs of the victims throughout the duration of their, generally long-term, exploitation. This care includes basic housing, personal products and nourishment, as well as logistical items so that they may engage in the sexual exploitation such as transportation around a city or larger area, lodging expenses (a flat or hotel) and maintenance of a location for the purpose of commercial sex. The financial transactions for these expenditures may be conducted directly by the victim or by the perpetrator or launderer involved in the human trafficking offense.

- The individual shows poor hygiene
- There are bruises or other signs of physical abuse
- Signs of malnourishment
- Signs of confusion
- Branding or tattoos
- Inability to make eye contact
- Appears to be dating a much older individual
- The individual reads their personal details from a script
- Client makes deposits or withdrawals accompanied or watched by a third party who may, on separate occasions, accompany or watch clients who are making deposits: the third party may be handing over to the client what is subsequently confirmed to be the client's identification
- Behavioral indicators at branch: female customer receiving instructions by phone, or female customer accompanied by another person who interacts on behalf of the customer

Credit: FinCEN Advisory, Guidance on Recognizing Activity that May be Associated with Human Smuggling and Human Trafficking – Financial Red Flags, September 11, 2014



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KYC (Know Your Customer) Red Flags

- The individual does not have a physical address (i.e.: PO Box address)
- False identification documents are provided
- Inexplicable lifestyle compared to the customer's profile
- The individual's email address corresponds to online classified ads known to cater to the sex industry
- Multiple individuals with the same address with different last names
- Common mobile number, address and employment reference being used to open multiple bank accounts in different names
- Addition of an unusual number of unrelated individuals as joint account holders, or authorized users of products such as credit cards
- Media coverage of account holder's activities relating to human trafficking in the sex trade and/or prostitution rings
- Use of addresses where prostitution is reported to occur by media, law enforcement, or classified ads
- Use of aliases for the purpose of opening multiple accounts in different banks, or in different branches of the same bank
- Use of someone else's identification or opening an account in the name of an unqualified minor
- Passports on file that were used to open the multiple customer accounts were temporary and issued in the same month. The same home town could also be listed in the passports.
- Use of addresses in known red-light districts or buildings where commercial sex work is known to occur
- A high number of individual accounts opened and closed simultaneously
- Use of a third party to execute transactions (for example, under the pretext of requiring an interpreter)

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Transactional Red Flags

- High and/or frequent expenditure at airports, ports, other transport hubs or overseas, inconsistent with customer's personal use or stated business activity
- Income received and immediately withdrawn in cash
- Account is funded primarily via cash deposits and funds transfers from other individuals
- Payments to logistics, airlines, coach companies, car rental, taxis, Uber, Lyft or travel agents inconsistent with customer's personal use or stated business activity
- Relatively high or recurrent expenditure on items inconsistent with customer's personal use or stated business activity, such as food, necessities, or accommodation for workers.
- Payments to employment or student recruitment agencies that are not licensed/registered or that have labor violations
- Accounts of foreign workers or students where the employer or employment agency serves as a custodian
- Cash deposits conducted at different cities across the country
- Credit card payments for purchases made after the establishments' normal hours of business (e.g. strip clubs, massage parlors, beauty salons, model agencies)
- Deposits conducted in one city followed by same-day or next-day withdrawal and/or purchases conducted in another city
- Frequent cash deposits made via an ATM rather than with a cashier, sometimes followed by ATM withdrawals in a different location
- Analysis of ATM activity shows that their ATM usage often occurred at the same machine at the same time suggesting that a third party is in control of their cards
- Frequent low-value payments to advertisers, classified services involved in the sex industry or to escort agencies
- Funds transfers involving third parties with alternative names provided in brackets
- Hotel transactions by the same individual for two separate rooms for the same dates
- Multiple accounts making repeated transfers to the same third party, or multiple individuals reporting similar information (i.e. address, phone number etc.)
- Multiple low value remittances to jurisdictions known to be of a higher risk for HTSE
- Outbound international funds transfers directed to countries at higher risk for human trafficking or between two countries/areas on a known trafficking route



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Transactional Red Flags (continued)

- Outbound international wire transfer in an amount commonly associated with a subscription or payment fee (i.e. 9.99 or 29.95) to a jurisdiction of concern for human trafficking, to a company with a name denoting its involvement in the provision of sexual services, or to a company with a name denoting involvement in the video industry between the hours of 10pm – 4am local time
- Payments to hotels, serviced apartments and other accommodation inconsistent with customer's personal use or stated business activity
- Personal account activity inconsistent with expectations involving frequent deposits and payments through an online payment service in small amounts typically under USD 100; account funds may then be used for virtual currency deposits/redemptions, or payment of bills, such as personal or third-party credit cards
- Recurring payment for transportation or logistics services in the late night or early morning
- The use of cash intensive legitimate businesses (bars, restaurants, guest houses, etc.) for apparent daily sustenance
- Transactions conducted in an area suspected to be a sex trafficking location (possible 'hot spot')
- Transactions with classified advertising services involved in the sex industry or to escort agencies
- A high percentage of income withdrawn quickly after receipt in the accounts
- A property, when looked at on Google Street View, could only comfortably accommodate two or three people at the most, but seems to have more people living there
- Lack of living expenses such as food, petrol, utilities and rent (one utility may be set up for the purposes of confirming ID for account opening)
- No evidence of payment of taxes or of other payments to a tax authority or other government or regulatory body typically associated with legitimate full-time employment of workers
- One-way flight purchase from high-risk country by non-family member
- Payment for visa by non-family member
- Payments to labor agencies, recruiters or employment websites, especially if those entities are based overseas
- Personnel numbers and costs, if known through the provision of information by the entity, is not in line with wages paid out, or what you know of the entity
- Repeated (at least weekly) transfers of funds to the same third party (where known), often in round amounts



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Transactional Red Flags (continued)

- Reports or indication of cheap labor or unfair business practices towards an entity.
- The customers receive weekly incomes from an agency
- Use of an interpreter at account opening or for conducting transactions
- Account appears to function as a funnel account
- Cash-intensive business with unclear source of cash or capital
- Commercial entity's capital consists of no-term deposits
- Cross-border transfers of funds to the same individual, financial institution or to an overseas location that are inconsistent with customers' personal profile or stated business activity
- Customer accounts which display unusual withdrawal patterns, such as lump sum withdrawals
- Customer requesting direct payment in a branch, as they have not been receiving their wages
- Customer's accounts display unusual deposit or withdrawal patterns, in other regions and overseas
- Deposits and/or other transactions inconsistent with what could be reasonably expected for the customer's personal profile and/or stated occupation
- Deposits much larger than are usual or reasonably expected for the customer's personal profile and/or stated occupation
- Frequent low-value/below threshold cash deposits in low-denomination bank notes
- Funds transfers received from or to the benefit of unrelated third parties
- Inability to contact client at their reported phone number, or the phone number changes very frequently
- Income received and immediately withdrawn in cash
- Incurring and payment of credit facilities or credit card charges not commensurate with the client's confirmed wealth
- Large cash deposits into an account quickly followed by electronic funds transfers, bank draft purchases and/or the issuance of checks
- Large cash or checks deposits followed by domestic wire transfers or cash withdrawals
- Loans provided by a shareholder to the related legal person and subsequent transfer back of funds
- Media or other reliable sources suggest that a client may be linked to criminal activity which could generate proceeds of crime



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Transactional Red Flags (continued)

- Multiple deposits from varying geographies and apparent different individuals, consistent with smurfing
- Numerous personal checks deposited into business accounts for no apparent purpose
- Numerous transfers into business accounts from personal accounts
- Profits or deposits much larger than are usual or reasonably expected for the customer's size or type of business, or where financial turnover is incommensurate with the commercial turnover usual for a business of that size or type
- Purchase of commodities in manners inconsistent with normal business practice
- Rapid transfers of funds through accounts
- Small irregular payments from the same account
- Structuring via commercial entities and transfer of money using loan contracts
- Transactions with apparent front, shell or shelf companies
- Use of a third party, with no apparent relationship to client, to conduct financial transactions
- Use of third-party accounts
- Transfers to or From Robinhood or Square Cash, which provide cryptocurrency purchases and withdrawals
- Numerous purchases on flight, bus, or hotel websites
 - Additionally, debit or credit card purchases at hotel bars
- Inconsistent retail purchases such as consistent female clothing or lingerie purchases by a male customer
- Late-night cash deposits with no known professional reason (i.e waiter, bartender, etc.)
- Large purchases of VISA gift cards or large debit card purchases at convenience stores
- High frequency or large transactions at pharmacies (Shoppers Drug Mart, Walgreens)
- Cash deposits made at different branches by various individuals to the same account
- A large number of transactions at or near casinos
- A large number of transactions at truck stops with no known professional reason
- Cash deposits occurring in numerous states into bank account

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Red Flags For Traditional Financial Institutions

Although this document is intended to identify known red flags related cryptocurrency transactions, as traditional financial institutions are seeing more crypto-related transactions occur in their customer's accounts, please note the presence of cryptocurrency transactions (typically consistent small transfers on a schedule to exchanges or large transfers from exchanges with no known purchase of crypto as an investment) in addition to the red flags below may indicate a need for further investigation.

- Transfers to or From Robinhood or Square Cash, which provide cryptocurrency purchases and withdrawals
- Numerous purchases on flight, bus, or hotel websites
- Debit or credit card purchases at hotel bars
- Inconsistent retail purchases such as consistent female clothing or lingerie purchases by a male customer
- Inconsistencies between customer information and account activity
- Late-night cash deposits with no known professional reason (i.e waiter, bartender, etc.)
- Large purchases of VISA gift cards or large debit card purchases at convenience stores
- High frequency or large transactions at pharmacies (Shoppers Drug Mart, Walgreens)
- High frequency of uber, Lyft, or taxi transactions
- Cash deposits made at different branches by various individuals to the same account
- Behavioral indicators at branch: female customer receiving instructions by phone, or female customer accompanied by another person who interacts on behalf of the customer
- A large number of transactions at or near casinos
- A large number of transactions at truck stops with no known professional reason
- Cash deposits occurring in numerous states into bank account
- Large cash deposits followed by cash withdrawals at ATMs or other branches

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Red Flags Specific to Cryptocurrency Exchange

The following are indicators/red flags to help detect potential money laundering on cryptocurrency exchange platforms. Human trafficking is one of the most profitable crimes in the world, often a predicate crime to money laundering. Below points are useful to consider in investigating financial flows related to human trafficking.

- Funds deposited from or withdrawn to cryptocurrency address with links to known suspicious sources: Darknet Marketplaces or Wallets known to be involved in illegal activities and/or theft reports
- Significant exposure to clusters identified as Mixing Services
- Deposit and withdrawal of funds in the same currency without utilizing cryptocurrency exchange platform services (i.e., trading, margin funding); or quick trades conducted by the client that make no economic sense
- Account is abandoned with a balance once supporting documents are requested from the client
- Client fails to provide information or documentation regarding source of funds and/or destination of funds
- Misleading or inaccurate information are provided regarding source of funds and/or destination of funds
- High number of deposit addresses generated by the user (user generates single user deposit addresses to avoid being traced)
- Frequent requests to change email address on profile or 2FA rests
- Identification documents provided do not align with the account activity or other details of the profile (e.g employment, age, net worth, location & IP)
- Use of anonymizing features/tools such as privacy coins, privacy-centric email service provider (e.g., protonmail), and/or Virtual Private Network (VPN)
- Frequent deposits from gambling sites/cryptocurrency addresses followed by immediate withdrawals
- Change in pattern of client's transactions (significant increase in deposits without using the platform's intended features such as trading)



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Red Flags Specific to Cryptocurrency Exchange (continued)

- Negative media or Open Source Research reveals that User is believed to be involved in illicit activity
- Open source search for the cryptocurrency address linked to the customer generates reviews, comments or chat conversations discussing escort related services or has sexual content
- User requests to delete information/data
- User threatens to take legal action/makes threats to the exchange/service provider
- User is impatient and tries to rush the information request from the exchange
- Account appears to be operated by a male individual based on signature on email communications, email address or other indicators, while ID documents for a female is provided
- Potential stolen, false or fake ID/selfie is provided. The photo identification and/or selfie appear to belong to an individual in poor socioeconomic condition which may not align with the value of the account

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Red Flags For Bitcoin Point of Sale Companies

The following section represents red flags that are known to be associated with human trafficking that may be seen by compliance employees at a Bitcoin point of sale company (i.e BTMs). Although, often BTM companies only exchange FIAT and cryptocurrency, with no remittance services provided, the transaction patterns and visual red flags below, in tandem with comparison to known customer information and information on the general transaction patterns of the company's customers, may indicate a need for further investigation. Please note, as BTMs are often in locations that provide other money services (i.e MoneyGram, check cashing, etc) and often have tellers or employees that interact with customers. Due to this, a portion of the red flags below are not associated with the transaction itself and may be identified by employees in the store.

- Numerous small-dollar transactions
- Transactions may be made on a schedule (typically weekly or monthly) between \$20-\$100 may suggest payment for ads on adult classified sites
- Transactions made late at night without a professional reason for late night transactions
 - Bartenders, waiters, caterers, etc., often receive cash payments late at night and, therefore, purchases at BTMs may occur after their late night shift
- A female in the security camera making the transaction with a male in the footage with her
 - Female may be dressed in provocative clothing
- Transactions that are immediately converted to a different cryptocurrency using shapeshift or a similar service
- Customer repeatedly makes new accounts or profiles using VOIP or disposable phone numbers
- Customer funds bitcoin purchases using funds from MoneyGram, Western Union, or Ria
- Customer sells bitcoin and blockchain forensics tool shows that funding wallet was used as a concentration wallet (i.e received numerous remittances from different exchanges and wallets)
- Numerous customers, in different locations, send BTC to the same wallet
- Numerous customers, sometimes in different locations, attempt to use the same profile to purchase BTC

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