



Australian Government

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Alliance



DETECTING AND STOPPING FORCED SEXUAL SERVITUDE IN AUSTRALIA

FINANCIAL CRIME GUIDE FEBRUARY 2022

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ATTRIBUTION

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HOW TO USE THIS FINANCIAL CRIME GUIDE

The Fintel Alliance has developed this financial crime guide to help financial services businesses understand and identify the signs of forced sexual servitude in Australia. The indicators and behaviours in this financial crime guide can be used by financial services businesses to review their profiling and transaction monitoring programs, to target, identify and stop financial transactions associated with forced sexual servitude. Financial services businesses have a crucial role in protecting victims against forced sexual servitude by understanding the financial indicators of this crime type and reporting suspicious financial activity to AUSTRAC.

No single financial indicator will be a definitive way to identify if an account or business is being used by coordinators, victims or customers of forced sexual servitude. Financial services businesses should use a combination of indicators and business knowledge to monitor and identify potential suspicious activity. Where suspicious activity is identified, enhanced customer due diligence should be conducted in accordance with the financial services business's AML/CTF program.

The intelligence and information shared by financial services businesses is critical in helping AUSTRAC and government partners to protect the community and Australia's financial system from criminals.

ABOUT FINANCIAL CRIME GUIDES

Financial crime guides provide information about the financial aspects of different crime types. They include case studies and indicators that can be used to identify if this offending could be occurring.

They are developed in partnership with AUSTRAC's Fintel Alliance members, relevant government agencies, and industry partners.

SUSPICIOUS MATTER REPORTING (SMR)

If you identify possible forced sexual servitude, abuse or other criminal activity through financial transactions and determine you need to submit an SMR; include clear transactional, behavioural and non-financial indicators in your report. This will help AUSTRAC and our law enforcement partners respond and take action.

ABOUT THE FINTEL ALLIANCE

The Fintel Alliance is a public-private partnership led by AUSTRAC that brings together government, law enforcement, private sector and academic organisations to:

- support law enforcement investigations into serious crime and national security matters
- increase the resilience of the financial sector to prevent criminal exploitation
- protect the community from criminal exploitation.

The Fintel Alliance partners include representatives from financial services businesses, remittance and gaming industries as well as law enforcement and security agencies in Australia and overseas.

IMPORTANCE OF PARTNERSHIPS

The Fintel Alliance recognises forced sexual servitude as a crime motivated by profit that increases organised crime risk in Australia.

The Fintel Alliance uses its public-private partnership to target, disrupt and deter this offending to protect the community.

INTRODUCTION

Forced sexual servitude is a crime where victims are made to provide sexual services against their will. It differs from legal sex work because victims are under control of the coordinator and are in situations they cannot escape due to their financial situation, living arrangements, or residency status. Victims frequently receive little or no money for their work, or are forced to pay large amounts to their coordinator for “debts” they have been coerced into for living expenses.

A **coordinator** is the central figure who forces victims into sexual servitude.

Coordinators use a wide range of methods to prevent victims from escaping and to exert control including threats, violence, and denying victims access to their money and personal documents. Forced sexual servitude victims suffer from long-lasting physical and psychological trauma.



Forced sexual servitude represents about 30 per cent of slavery cases in Australia.

Most instances of forced sexual servitude have occurred in New South Wales and Victoria. This is likely due to the population and the size of the local sex industries in these areas, but this crime can occur anywhere in Australia.

There is consistent demand for illegal and forced paid sexual services in Australia. Forced sexual servitude coordinators have adapted to take advantage of environmental and technological changes to include online services in their illegal operations. When providing paid sexual services to customers online, forced sexual servitude coordinators continue exploiting their victims and profiting from their activities.

WORKING TOGETHER TO ELIMINATE FORCED SEXUAL SERVITUDE

Forced sexual servitude devastates the lives of victims. It deprives people of their basic human rights and subjects them to sustained sexual violence often in poor conditions without access to medical care and other necessities.

The financial sector plays an important role in combatting forced sexual servitude by helping to identify the roles and activities of the criminals involved.

CONTEXT

Organised crime groups are drawn to the illegal sex trade by the prospect of large profits. Intelligence collected by AUSTRAC, law enforcement and the financial sector suggest that payments for forced sexual services can range from \$100 to \$800, with an average of \$250 per service. Each victim can potentially earn more than \$1,000 a day on behalf of their coordinators, sometimes being forced to provide sexual services multiple times to numerous customers.

The coordinators arrange the exchange of payment and retain the majority of the profits earned as a result of forced sexual servitude, while the victims have no control over their earnings. Victims often work long hours without breaks, are deprived of appropriate medical care and are unable to refuse unprotected or violent sexual acts.

Financial analysis alone can make it difficult to differentiate between legal sex work and illegal sex work, and therefore needs to be used in conjunction with other indicators and information to define and detect the activity.

DEFINITIONS

The Criminal Code Act 1995 (270.4) defines servitude as, "The condition of a person (the victim) who provides labour or services, if, because of the use of coercion, threat or deception a reasonable person in the position of the victim would not consider himself or herself to be free to cease providing the labour or service or to leave the place or area where the victim provides the labour or services. The victim is significantly deprived of personal freedom in respect of aspects of his or her life other than the provision of the labour or services."

The Criminal Code Amendment (Slavery and Forced sexual servitude) Act 1999 (270.4) defines forced sexual servitude as, "The condition of a person who provides sexual services and who, because of the use of force or a threat, is not free to stop providing sexual services or to leave the place or area where the person provides sexual services."

In Australia, states and territories regulate the sex work industry. Sex work is largely legal or decriminalised across Australia and subject to regulation.

Forced sexual servitude is **illegal** in all states and territories.

AN ORGANISED CRIME

The cycle of forced sexual servitude often begins by sourcing and exploiting vulnerable victims with the intention of integrating them into forced sexual servitude under the control of the coordinator. The coordinator uses a range of trusted allies, including spotters, brothel owners and others to transport, secure and exploit victims into forced sexual servitude.

The forced sexual services of the victims are advertised for customers using a variety of methods. When a customer requests sexual services, payment is made for those services and the funds end up going to the coordinator. The method of payment often depends on if the services are delivered online or in person.

The coordinator may receive funds in the form of cash or via online merchants. Victims may also collect payment for their services and will be forced to provide the majority of their earnings, if not all, to the coordinator.

There will be financial links between the parties involved, including the coordinator, brothel owners, third-party individuals, online merchants and advertising forums for sexual services. These payments and transactions are at the core of forced sexual servitude, and financial intelligence is vital in detecting and stopping this activity.



OVERVIEW OF FORCED SEXUAL SERVITUDE IN AUSTRALIA

Criminals and their networks are highly organised and use their knowledge to force their victims into sexual servitude to meet the demand for both physical and online sexual services. They are effective at controlling their victims and use a strong knowledge of communication methods, efficient movement of funds, and transport to operate effectively.

One or multiple coordinators, trusted allies and organised crime groups can all be involved in forcing victims to engage in forced sexual servitude. Multiple complicit individuals are often involved in performing the various roles required to control the victim, secure locations for sexual services, and to attract and maintain a constant stream of customers.

The cost of sexual services in Australia can vary between states and territories, and whether the services provided are legal or illegal. Illegal sex work rates are generally cheaper and are more likely to be negotiated between the coordinator and the customer.

Under reporting makes it difficult to gauge the full extent of forced sexual servitude in Australia.

LEVEL OF KNOWLEDGE AND INVOLVEMENT

The level of knowledge each individual involved will have about the offence will depend on their role within the syndicate. Coordinators are central to the offence and have the greatest knowledge of the broader criminal operation.

Individuals, such as spotters, are likely to have limited knowledge of the larger operation, focused solely on recruiting and transporting vulnerable victims into forced sexual servitude.

COORDINATOR

A **coordinator** is the key organiser in the forced sexual servitude cycle. They will force women, and in some cases men, to undertake in-person and online sex work. The coordinator, and their trusted allies, use threats, violence, intimidation, detention, and the withholding of personal documents to coerce victims into forced sexual servitude, often preventing them from leaving or contacting authorities.

Coordinators understand all aspects of the forced sexual servitude cycle, including:

- how victims are recruited
- the rate for sexual services
- how many victims they are controlling at any given time
- how funds for services are received and integrated into the financial system
- the location of the brothels or locations being used by the victims to perform forced sex work.

Coordinators are flexible in how they operate and may work with other coordinators to organise and allocate sex workers to legal and illegal brothels to maximise financial gain.

Coordinators will sometimes reoffend after being convicted or fined for running illegal brothels. They are likely to have criminal convictions related to other crimes and may be previous victims of forced sexual servitude themselves.

TRUSTED ALLIES

Trusted allies assist with the logistics of controlling numerous victims. They are aware of the wider operation and have a specific, and sometimes overlapping role with the coordinator. Trusted allies may be involved with various aspects of the crime cycle including sourcing victims, securing and monitoring victims at all times (either at a brothel or other location, including when they are not working), dealing with customers, and collecting payments on behalf of the coordinator.

SOURCING VICTIMS

Victims of forced sexual servitude are often recruited by 'spotters' in their local region. Spotters can be friends or acquaintances of the victim and are paid a commission for their services.

VICTIM

A **victim** is someone who is forced into sexual servitude by coordinators. Victims may be forced into this work through threats or intimidation, their financial situation, living circumstances, or immigration status.

Victims are often forced into providing sexual services for long hours each day, work continuously without breaks, and may work in numerous brothels or locations. They are often not paid at all, required to pay a debt, or receive only a token amount of pay for this forced sex work.

The amount paid to victims varies based on the agreement they have with their coordinator. Some victims may not receive financial compensation, and may only be provided with lodging, food and other necessities by their coordinator.

Victims are often unable to refuse unprotected or violent sex, are deprived of appropriate medical care and other essential services, and are subjected to psychological and physical abuse.

Additionally, victims do not have the ability to communicate or move around freely, due to coordinators and trusted allies controlling access to funds and bank accounts, phones, and identity documents.

CUSTOMER

A **customer** is the person who pays for sexual services. The customer may not be aware that the person they are purchasing sexual services from is being forced into sexual servitude. The victim is unlikely to inform their customers for fear of repercussions by the coordinator.

Customers generally do not consider if the sex worker they have purchased services from are consenting to the sex work or being forced into it.



COMMUNICATION

Coordinators and their trusted allies use a range of communication tools to advertise illegal sex work, including advertisements in online classifieds, social media sites, chatrooms, and newspapers.

Online merchants are a service that many coordinators use to advertise and stream sexual services to their customers. These online merchant services provide an efficient way to reach a broad range of customers and collect payment for sexual content. Coordinators pay a fee to use the service, and the service provider in turn collects payment on behalf of the coordinator from customers accessing their content. Merchants may also provide online messaging, video, and advertising services. Online merchants may not be aware illegal sex work is being facilitated through their services.

The use of online platforms by coordinators to provide sexual services allows coordinators to continue operating even when services cannot be provided in person.

FINANCIAL INDICATORS

COORDINATORS AND TRUSTED ALLIES

AMOUNTS

Financial indicators displayed by coordinators may include:

- cash withdrawals from coordinators' accounts to pay workers
- lack of business-related expenses and transactions present in coordinators' accounts
- payments to multiple online merchants or classified sites, which can be as high as \$10,000 per month
- regular payments to hotels or short-term accommodation providers, that total over \$2,000 per month
- receiving frequent third-party ATM cash deposits from multiple locations in Australia, usually amounts of between \$200 and \$800 per transaction
- receiving domestic transfers predominantly from third party males, as payment for sexual services. Payments may range between approximately \$100 and \$800 per transaction, with an average of \$250.

PAYMENT PATTERNS

Payment patterns that indicate the running of an illegal sex work business include:

- luxury spending habits and gambling activity
- purchases that are inconsistent with the customer profile, such as clothing, make-up, beauty products and services, and lingerie
- regular domestic transfers from the same third party
- regular domestic transfers predominantly to third party females, likely to be workers potentially providing sexual services
- high volumes of payments to rideshare companies (in excess of 15 transactions per month) to transport sex workers
- frequent payments for pre-paid mobile phone top-ups. These payments can range from daily payments to a few payments a week.
- regular and large food or takeaway transactions indicative of provisions for multiple people.

PAYMENT DETAILS

Payment references that indicate the provision of sexual services may include:

- sexual services or sexually suggestive commentary referenced in the payment details
- domestic, small-value transfers from multiple third party entities to a single coordinator
- payment references for the transactions may include female or male names.

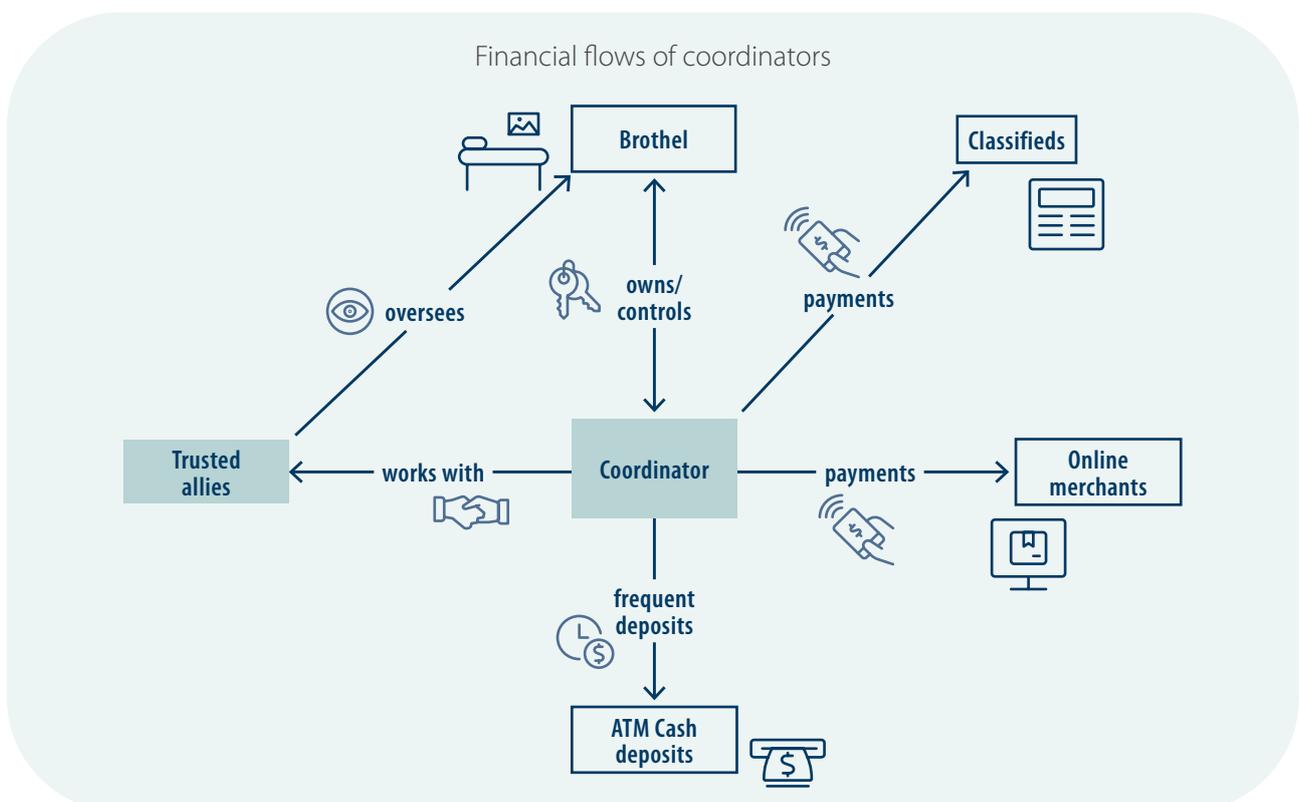
PAYMENT METHODS

Payment methods used by coordinators and customers include but are not limited to:

- cash payments
- ATM cash deposits
- online domestic transfers
- online payment platforms
- debit and credit card transactions
- face-to-face transactions at a bank branch.

LINKS TO OTHER OFFENDING

There is a close link between forced sexual servitude and organised crime. Coordinators are opportunistically motivated by financial gain and may also be involved in other crimes such as financial scams, identity fraud, welfare fraud, and illicit drug importations.



VICTIMS

AMOUNTS

Victims may also receive credit transfers from websites. The amounts vary but generally range from \$1 to \$200, with payment descriptions relating to the name of the site. The victim may then transfer these credits to a common third party who also receives payments from the site.

PAYMENT DETAILS

Payment references relating to forced sexual servitude services may include:

- dog
- slave
- allowance
- sexually explicit descriptors; for example master, sex slave, punishment.

PAYMENT PATTERNS AND METHODS

Victims' payment patterns and methods may include but are not limited to:

- making cash deposits into personal and business accounts linked to brothels or sexual services
- receiving domestic transfers from the same third party with minimal or no payment references
- receiving multiple domestic transfers from one person with payment descriptions of 'bills,'rent' and 'house money'
- cash deposits or unusual account activity with links to employment advertisements targeting overseas students
- small domestic transfers to the coordinator; workers may reference their name in the payment details but may also leave it blank.
- receiving multiple third party credits or cash deposits and then transferring the majority of these funds to a single individual or business (such as a massage parlour or sex on premises business).

SPENDING HABITS

Spending habits linked to victims may include:

- frequent or large adult store purchases
- a high volume of purchases from clothing, make-up, beauty and lingerie retailers.

LINKS TO OTHER VICTIMS

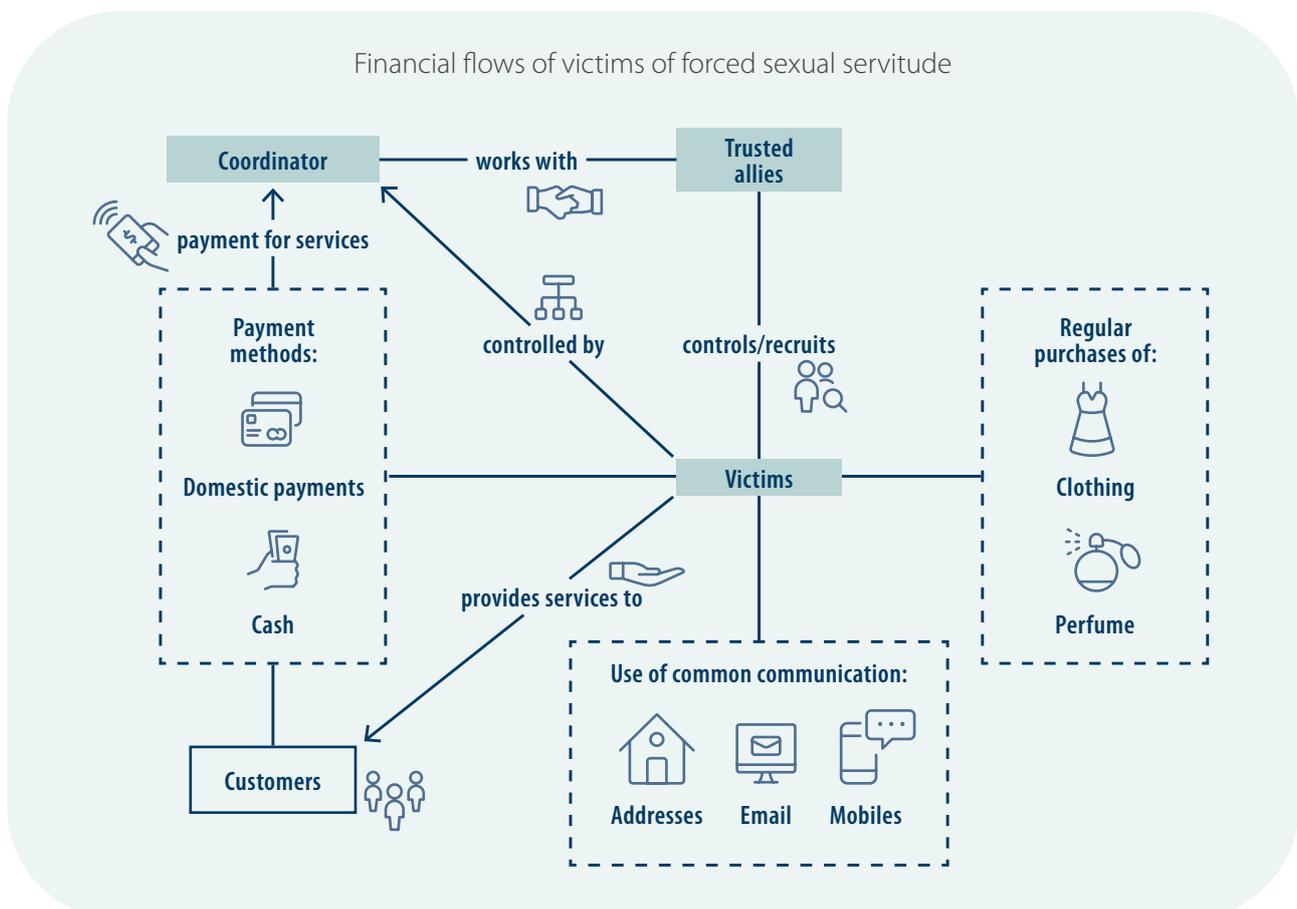
Victims of forced sexual servitude may be linked to each other through:

- sending funds to common third parties
- shared email addresses for multiple workers
- multiple people linked to and recorded at the same address
- addresses listed in short term apartments, motels or accommodation
- links (mobile number, address, and name) to escort agencies, sex cults, sexual services, online escort services and brothels
- shared ethnicities, common regions include South East Asia or Eastern Europe, however this is not exhaustive
- shared mobile phone numbers used by multiple workers, which may also be linked to advertisements for escort services.

Victims may also claim the following occupations on official documentation:

- cleaner
- student
- beautician
- hospitality
- social work
- home duties
- unemployed.

Similar payment may be made to legitimate brothels and legal sex workers. It's important to consider a range of financial indicators which may indicate forced sexual servitude is taking place rather than legal sex work.



ONLINE FOOTPRINT



When someone accesses financial services online it creates an online footprint. This includes information such as their internet protocol (IP) address, network port number and user agent data to access the internet, for example:

- web browser
- operating system
- device ID
- web beacons
- pixel tags
- ad tags
- cookies
- other software.

This information can assist to identify potential coordinators and their trusted allies.

SUMMARY

COORDINATORS

Coordinators can have a variety of roles in forced sexual servitude. One person can perform multiple roles in the forced sexual servitude cycle, or it can involve a number of individuals performing different roles.

There is consistent demand for paid sex work which is unlikely to go away, creating an ongoing incentive for this offending.

Multiple forums are often used, including social media platforms, to advertise the sexual services.

IP addresses and meta data can assist with identifying the location of coordinators and customers.

VICTIMS

A victim can be a female or male. Victims are forced or coerced into sex work against their will due to financial, visa or living circumstances.

Typically, victims earn below the minimum wage or no wage, work long hours daily, and may work in numerous brothels or locations.

Victims may be linked to each other by nationality, contact numbers, email addresses, residential addresses and common third parties.

FINANCIAL INDICATORS

- Amounts paid for sexual services can vary between approximately \$100 and \$800
- The average amount paid is \$250.
- Payments related to forced sexual servitude may reference female or male names, or include sexually suggestive comments or products.
- There may be a high volume of purchases from clothing, make-up, beauty and lingerie retailers, or frequent purchases from adult stores.
- Victims may receive payments from multiple sources which are then transferred to a regular third party, which may or may not be a brothel or other sex-related business.
- Payments can be made in cash, via domestic transfer or using a debit and credit cards.

CASE STUDY: OPERATION KITRINO

The coordinator and trusted allies of a Melbourne-based organised crime syndicate were arrested after an investigation identified approximately 100 Korean female forced sex workers being exploited. The syndicate operated outside of the licensed system and provided numerous brothels with illegal sex workers. The victims were forced to provide sexual services in Melbourne brothels to pay off a debt to the coordinator and the leaders of the syndicate.

The coordinator was able to facilitate the abuse through the use of 12 phones subscribed in false names and lived a lavish lifestyle; which was at the expense of the foreign sex worker recruits who were trapped in a debt bondage situation living and working in appalling conditions. Trusted allies assisted the coordinator to run the day-to-day operations involving the sex workers, including collecting earnings and organising rosters.

Law enforcement was able to use financial information to disrupt the syndicate and subsequently convict them with money laundering offences, with the coordinator sentenced to two and a half years jail, and trusted allies sentenced to approximately two years imprisonment.



REPORTING SUSPICIOUS BEHAVIOUR

Observing one of these indicators may not suggest illegal activity on its own. If you see a combination of these indicators or observe other activity that raises suspicion, consider submitting a suspicious matter report to AUSTRAC.

High-quality, accurate and timely SMRs give us the best chance to detect, deter and disrupt forced sexual servitude and other criminal activity.

To find out more visit: austrac.gov.au/smr.

FOR MORE INFORMATION

If you have questions about your AUSTRAC compliance obligations, please email contact@austrac.gov.au or phone 1300 021 037.

More information about human trafficking indicators, including forced sexual servitude, is available on the Australian Federal Police website: afp.gov.au/what-we-do/crime-types/human-trafficking/human-trafficking-slavery-indicators.



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