



COMBATING THE SEXUAL EXPLOITATION OF CHILDREN FOR FINANCIAL GAIN

FINANCIAL CRIME GUIDE DECEMBER 2022

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HOW TO USE THIS FINANCIAL CRIME GUIDE

This financial crime guide has been developed to assist government agencies and financial service providers, including remittance service providers and digital currency exchanges, to understand and identify signs of the purchase of child sexual exploitation material, and when appropriate, to report suspicious financial activity.

Financial service providers should use the indicators and behaviours in this financial crime guide to review their profiling and transaction monitoring programs to identify and stop financial transactions associated with child sexual exploitation.

Payments for child sexual exploitation can be difficult to detect because offenders take considered steps to hide their crimes from friends, family, financial institutions and law enforcement. No single financial indicator will reveal if an account is being used for child sexual exploitation purposes.

SUSPICIOUS MATTER REPORTING

If you identify possible child sexual exploitation, 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.

For more information, see the [available resources](#) regarding effective suspicious matter reporting.

ABOUT FINANCIAL CRIME GUIDES

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

This financial crime guide has been developed in partnership with AUSTRAC's Fintel Alliance partners and relevant government agencies, in collaboration with the International Centre for Missing and Exploited Children and the Australian Institute of Criminology (AIC).

ABOUT FINTEL ALLIANCE

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.

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

Fintel Alliance recognises child sexual exploitation as a heinous crime that has devastating and long lasting impacts.

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

INTRODUCTION



TRIGGER WARNING

This guide contains explicit descriptions of child sexual exploitation that some readers may find distressing.

Child sexual exploitation is a heinous crime that extends across borders and adversely impacts victims and communities. Offenders take active steps to conceal their offending from friends, family and law enforcement, while continuing to live and operate within the community.

Technological advancements and increased globalisation has resulted in the world becoming more inter-connected. As a result, internet and related technologies are increasingly becoming a prominent means by which children are exploited for sexual and financial purposes. The internet provides users with anonymity and accessibility, allowing offenders to interact and exploit children on a global scale.

The impact of child sexual exploitation is far reaching and the nature of offending requires a joint approach by government, industry and the wider international community to identify and stop this activity, and prosecute offenders who exploit children.

Child sexual exploitation is a form of child abuse where offenders and facilitators use their power, either physical, financial or emotional, over a child or young person to sexually or emotionally abuse them.

Child sexual exploitation material is generally defined as, but not limited to, material of a child engaged in real or simulated sexual activities or the representation of a child for primarily sexual or offensive purposes, or as the subject of torture, cruelty or abuse.

While motivation for the sexual exploitation of children is varied, there has been an increase in cases where financial payments have enabled offending to occur. Instances of child sexual exploitation that involve a financial footprint include:

- online purchase of child sexual exploitation material
- live online child sexual abuse
- travelling to offend
- sextortion of victims
- domestic self-production
- purchase of child-like sex dolls.

AUSTRAC collects and analyses the information shared by financial service businesses through suspicious matter reporting (SMRs) to generate financial intelligence that contributes to law enforcement investigations. This is critical in helping AUSTRAC and government partners to protect children, the wider community and Australia's financial system from criminal abuse.

CHILD SEXUAL EXPLOITATION OFFENCES IN AUSTRALIA

Australian Commonwealth legislation, including the Criminal Code Act 1995 (Cth) and Customs Act 1901 (Cth), include offences perpetrated by offenders that sexually exploit children through services such as the internet, technology, telephone and the post.

Self-generated child sexual exploitation material can include material created knowingly by someone under the age of 16 that is nude, semi-nude, or sexual in nature. Self-generated child sexual exploitation is an offence under the *Criminal Code Act 1995* (Cth).

Offences against children can include:

- an adult engaging in sexual activity with a child under 16 years
- an adult procuring and grooming a child under 16 years for sexual activity
- a person transmitting, accessing and soliciting sexual exploitation material of a child under 18 years
- sexual activity which occurs remotely by using technology such as the internet and peer-to-peer networks to coerce or manipulate a child to engage in sexual activity with another person.

CHILD SEXUAL EXPLOITATION FOR FINANCIAL GAIN

Child sexual exploitation for financial gain involves children being coerced or manipulated into engaging in sexual activity in exchange for money. It can include the extortion of a victim to produce child sexual exploitation material, or the blackmailing of a victim to make payments in order to stop explicit material being distributed. The victim often receives no money or a nominal amount for their involvement while a facilitator or offender retains the vast majority of the profits.

Offenders are motivated by a desire to consume and produce child exploitation material, paying facilitators and victims to enable abuse to occur. In some instances, offenders also profit or benefit from the abuse.

Facilitators are drawn to the prospect of profits generated from child sexual exploitation, making arrangements for payment and retaining the majority of the profits earned while victims have no control over earnings.

In some instances, victims may be coerced or manipulated into producing child sexual exploitation material themselves and receive financial payment in return.

Child sexual exploitation for financial gain involves a child being coerced or manipulated into engaging in forced sexual activity for financial benefit.



ENVIRONMENTAL AND SOCIAL FACTORS

A range of environmental and social factors have made it easier for offenders to engage with facilitators and victims of child sexual exploitation. Increased globalisation has put children across the world within reach of online facilitators and offenders.

The Australian Centre to Counter Child Exploitation (ACCCE) has identified that as children are spending more time in an online environment, so are child sex offenders. The ACCCE has also identified international organised crime syndicates that are targeting children through online sextortion for financial gain. These groups have limited interest in the child sexual exploitation material which is used primarily to extort money from the victim.

The expanding use of technology by facilitators and offenders poses significant risks and challenges for intelligence and evidence gathering transnationally. Other environmental and social factors can increase the risk of the sexual exploitation of children.

ACCESS TO THE INTERNET

The internet has removed the need for offenders to travel in order to gain access to victims and child sexual exploitation material. Virtually it has brought together facilitators and offenders of child sexual exploitation to enable abuse.

SOCIAL MEDIA AND GAMING PLATFORMS

Social media and gaming platforms provide an opportunity for people to be connected around the world, including sharing pictures, videos and stories in real time. This capability can be used for child sexual exploitation, with victims identified and engaged through social media and gaming platforms.

Online communities established on social media and gaming platforms enable content and material to be produced and sold with oversight limitations.

POVERTY OR FINANCIAL POSITION

Poverty or being financially disadvantaged remains a motivating driver of child sexual exploitation, with many children subjected to exploitation for financial gain. Facilitators use technology to connect with paying offenders for the production and distribution of child sexual exploitation material.

REMITTANCE SERVICE PROVIDERS AND FINANCIAL INSTITUTIONS

Access to remittance service providers allows offenders to send payments to facilitators to view and participate in the sexual exploitation of children.

LIMITED KNOWLEDGE OF OFFENDING

The acceptance of the exploitation of children in some communities creates an environment where offending is not reported to authorities. Limited knowledge of the exploitation of children as an offence is underpinned by a lack of education and poses a threat to children, with sexual exploitation accepted as a common practice.

LANGUAGE

There is a prevalence of offending in countries where English is a second language. Offenders, facilitators and in some instances victims, will use a common language and dialogue to communicate via email, video and instant messaging before, during and after offending takes place. Offenders can remotely instruct facilitators and victims to control the actions of children with minimal language barriers or the risk of miscommunication.



ONLINE FOOTPRINT

Browsing and interacting online leaves a digital footprint that can be used to investigate crimes and identify facilitators, offenders and victims. The increase in the online facilitation of child sexual exploitation has led to offenders actively taking steps to hide or conceal their activities.

Offenders are drawn to websites and online services that offer increased privacy or encryption tools, virtual private network services, software to clear online footprints, or other tools or services for online privacy and anonymity.

VIRTUAL PRIVATE NETWORKS

A virtual private network or VPN is a tool that encrypts an internet connection between a computer and the internet, providing a private tunnel for data and communication to travel along. The use of a VPN has many legitimate purposes including protecting the privacy of an individual or company, as well as overcoming location based blocking of internet sites or services.

Payments for virtual private networks can be an indicator of a child offender attempting to disguise their online activity from law enforcement. Payments can be made in different intervals including monthly, quarterly or annual payments.

Payments for a VPN alone is not an indicator of child sexual exploitation offending, and should be considered along with other financial indicators.

BLOCKCHAIN TECHNOLOGY

Facilitators of child sexual exploitation and offending customers adapt to take advantage of new and emerging technologies. This may include the use of blockchain technology over traditional payment methods to facilitate access to child sexual exploitation material.

The use of blockchain analysis software is crucial in detecting activity and payment networks related to the purchase of child sexual exploitation material.

Digital currency exchange providers play an important role in finding links between customers and transactions related to darknet marketplaces and other illicit entities. Digital currency exchange providers can assist law enforcement investigations by reporting suspicious activity related to the purchase of child sexual exploitation material to help identify facilitators and offenders.

SCREEN CAPTURE AND ENABLING SOFTWARE

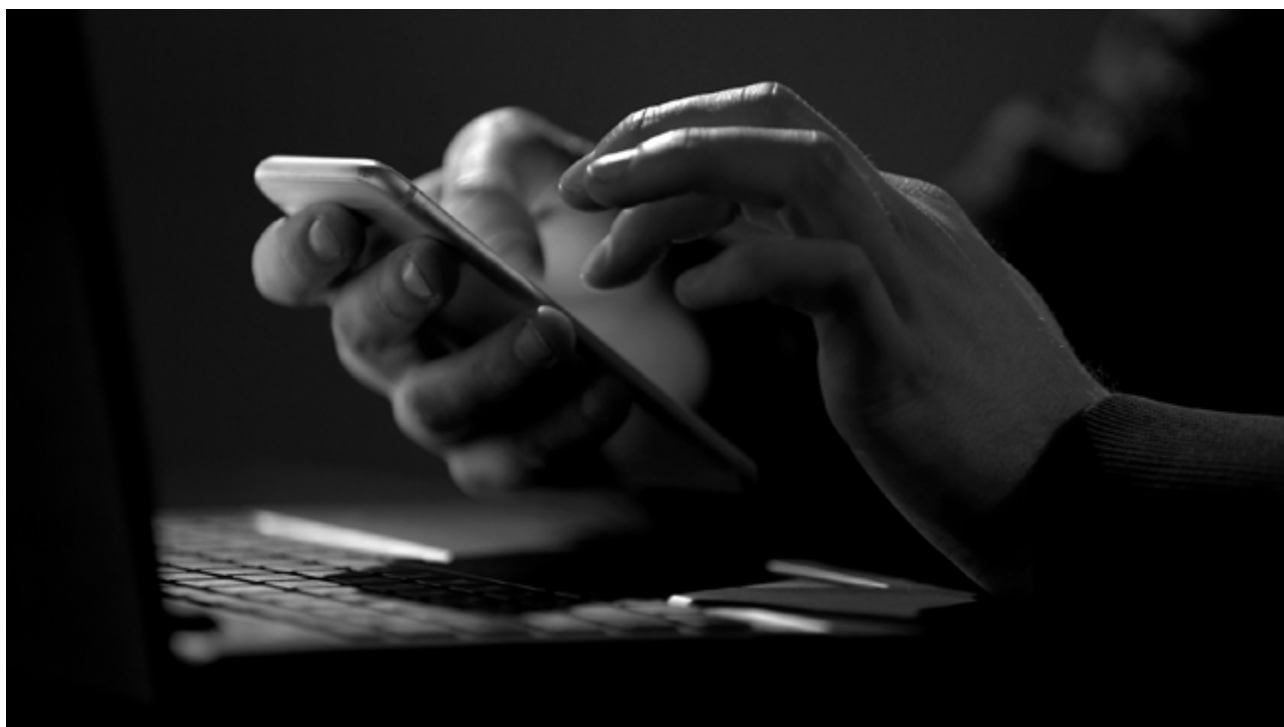
Different types of software may be used by offenders to capture instances of child sexual exploitation or attempt to erase or hide their online footprint.

Payments for screen capture and live-streaming programs may be an indicator of an offender using programs to live-stream and record live online child sexual abuse material. Payments for screen capture and live-streaming programs alone are not an indicator of child sexual exploitation offending, and should be considered along with other financial indicators.

An offender may further try to disguise or erase their digital footprint through the purchase of metadata stripping and anonymising software. Payments for software of this nature should be considered in the context of a person's employment and related financial activity.

PAYMENT APPLICATIONS

In addition to remittance service providers, payments for child sexual exploitation material can be made through an online payment application. Payment applications provide a convenient way for funds to be transferred between individuals or an individual and a company outside of a traditional banking environment. It is important to note that payments to online payment processors in itself is not an indicator of child sexual exploitation and other factors should be considered.



HIGH-RISK JURISDICTIONS

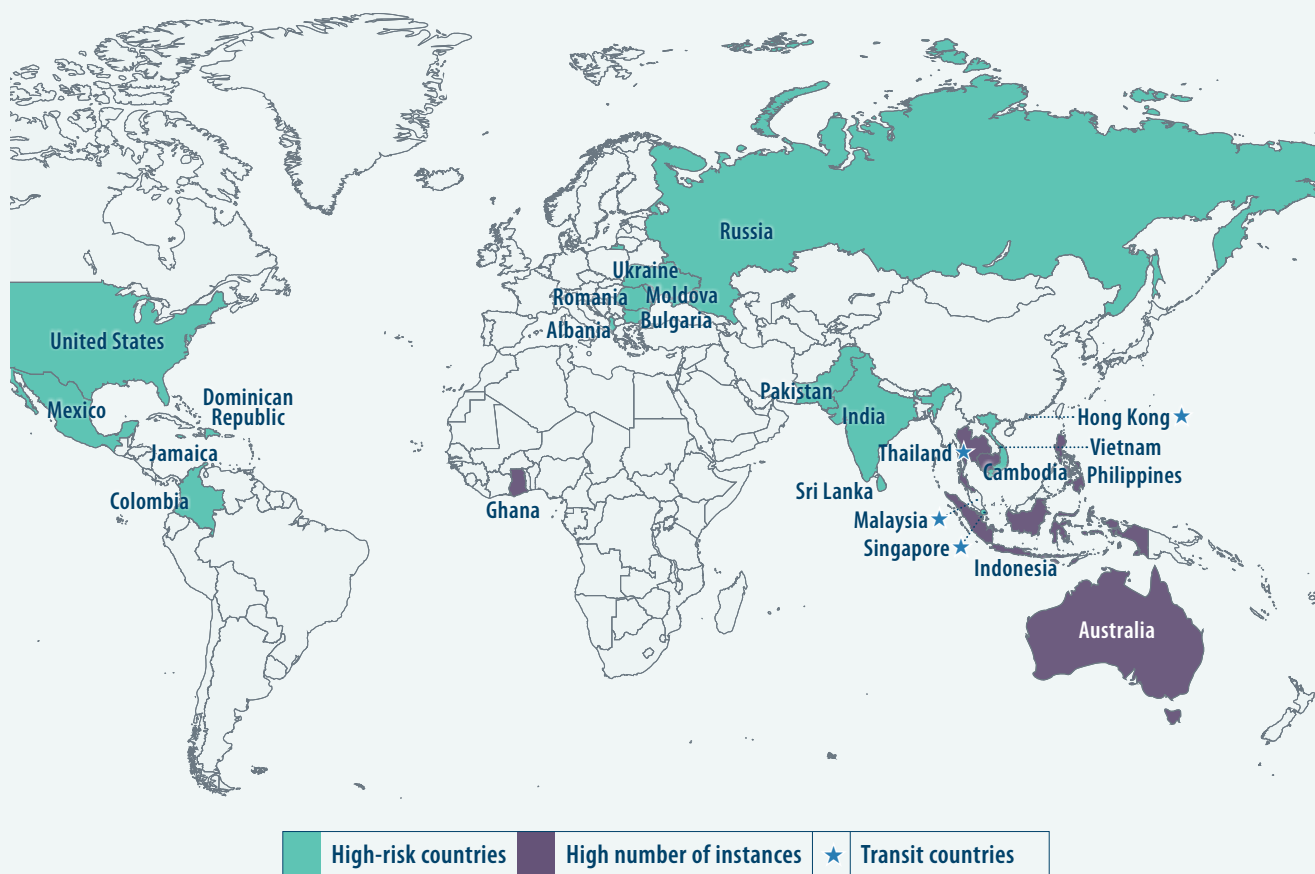
No country is immune from the sexual exploitation of children. Environmental and social factors play key roles, with children from some countries at greater risk.

The Philippines has traditionally been the primary country for Australian offenders to visit and source child sexual exploitation material.

Australian offenders have been identified sending payments or travelling to different countries to engage in child sexual exploitation.

Offenders may transit through different countries to hide their final destination. Common transit countries for Australian offenders may include Singapore, Hong Kong, Malaysia and Thailand.

COUNTRIES WITH THE HIGHEST RISK AND INSTANCES OF AUSTRALIAN OFFENDERS TRAVELLING TO, AND SENDING PAYMENTS FOR CHILD SEXUAL EXPLOITATION



FINANCIAL LINKS IN OFFENDING

The sexual exploitation of children is a serious crime that adversely impacts victims and their communities. Increasingly, the sexual exploitation of children is being enabled by financial transactions either between an offender and a victim (sextortion or domestic self-production), between an offender and a facilitator (live online child sexual abuse or travelling to offend) or between an offender and a supplier (purchase of child-like sex dolls). These transactions are at the core of child sexual exploitation, with financial intelligence vital in detecting and stopping this activity.

OFFENDER

An offender is the person who pays for sexual activity involving children. While offenders are predominantly male, moving funds to enable offending can be managed by any gender.

Offenders can engage facilitators or victims online or through dating platforms, sometimes moving the communications to a social media platform or messaging application.

Offenders may offer money, gift cards or pay for items to build a relationship with a facilitator or victim. These initial payments may look like small, sometimes regular values of financial support but they often enable future offending to take place.

Offenders are motivated by a desire to consume and produce child sexual exploitation material, sometimes sharing material with other offenders to gain status in offender circles.

Enhanced customer due diligence assists financial service providers to understand their customers better and to identify activity related to child sexual exploitation.

FACILITATOR

A facilitator plays a central role in the organisation and carrying out of the sexual exploitation of children, with financial gain the primary motivator. Facilitators force children to engage in different forms of sexual activity on behalf of, or with an offender. A facilitator will use financial and other incentives, as well as threats, violence, intimidation and detention to coerce victims.

Facilitators have been identified with family and societal links to victims, often using these connections to groom and exploit children. While facilitators involved in producing and distributing child sexual exploitation material can be any gender, women with familial links to victims tend to facilitate live online child sexual abuse.

The facilitator will have no obvious links to the offenders sending funds. Facilitators may receive a series of payments from an offender which appear similar to support payments to a family member or romantic partner to disguise the true reason for payment.

Facilitators are adaptable in how they operate and may work with other facilitators to maximise financial gain. Facilitators are known to engage with offenders from different countries, receiving payments from different parts of the world.

Facilitators have been identified in the following scenarios:

- Individual operations run from private homes or internet cafes generally involving a single child and facilitator.
- Family-run operations occurring when children are coerced to perform sexual acts by parents, relatives, or other caretakers.
- In extremely rare cases, large-scale operations involving a significant number of children hired or trafficked for child sexual exploitation.

Facilitators oversee all aspects of the child sexual exploitation cycle, including:

- how victims are recruited
- the amount paid for child sexual exploitation services
- how many victims are being controlled at a given time
- how funds for services are received and integrated into the financial system
- the locations being used to produce child sexual exploitation.

The amount paid by the offender to a facilitator will depend on the material being purchased, and can be diverse. A variety of payment methods such as credit cards, digital currencies, remittances, online payment applications and bank transfers may be used by offenders.

Higher value payments may indicate an increase in the extreme nature of the child sexual exploitation material being purchased.

VICTIM

A victim is someone who is forced or groomed by facilitators or other members of their community into producing child sexual exploitation material.

Victims are often unpaid or receive a token amount for offending to occur.

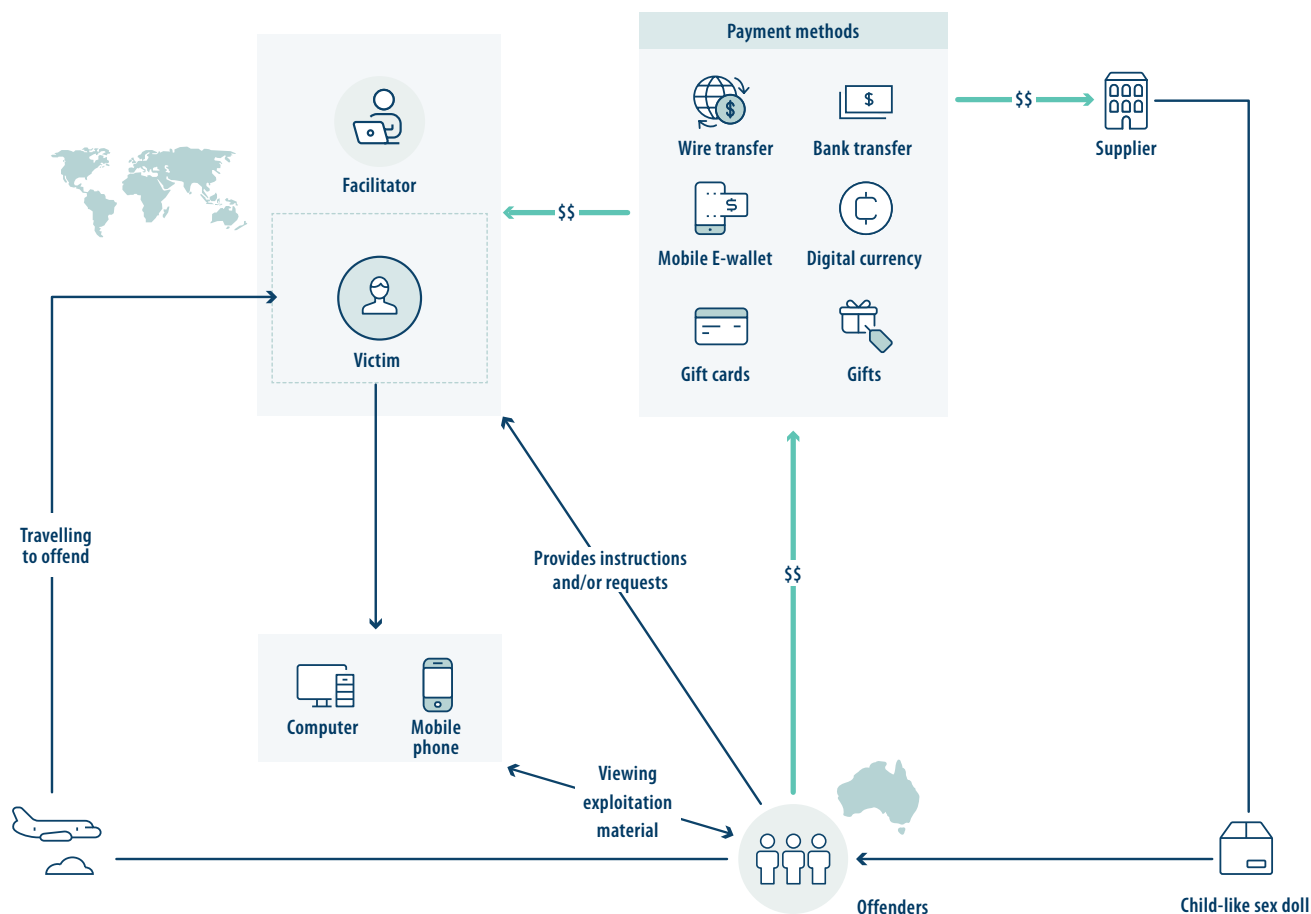
Victims who are subjected to child sexual exploitation not only suffer physical harm but endure long-term trauma resulting in psychological, social and economic problems throughout their lifetime.

FINANCIAL PAYMENTS ENABLING OFFENDING

Financial activity associated with child sexual exploitation can involve a single payment or multiple payments. Payments are negotiated between an offender and a facilitator or victim, with payments enabling the offending to take place. Payments can be sent through different channels to either a facilitator or victim.

Financial transactions are central to child sexual exploitation because payments enable the offending to take place. It is crucial for law enforcement agencies, government agencies and financial institutions to work in partnership to disrupt payments for child sexual exploitation material and stop the abuse of victims.

EXAMPLE OF HOW PAYMENTS ENABLE CHILD SEXUAL EXPLOITATION



FINANCIAL INDICATORS OF CHILD SEXUAL EXPLOITATION

The financial indicators and behaviours in this guide can be used to review profiling and transaction monitoring programs to identify and stop financial transactions associated with child sexual exploitation.

Financial service providers should use a combination of the financial indicators and knowledge of their business to monitor, mitigate and manage suspicious activity. Where a suspicion is formed, financial service providers must take steps to reduce any risk and submit an SMR to AUSTRAC.

Child sexual exploitation that involves a financial footprint includes:

- live online child sexual abuse
- travelling to offend
- sextortion of victims
- domestic self-production
- purchase of child-like sex dolls.

LIVE ONLINE CHILD SEXUAL ABUSE

Live online child sexual abuse is the live streaming of child sexual exploitation over the internet and can occur through online chat rooms, social media platforms, and communication applications with video features. Offenders viewing child sexual exploitation material can be passive (pay to watch) or active (communicating with a facilitator or instructing the child).

Facilitators of live online child sexual abuse are primarily women residing in the same country as the victim and use family and community members to source children. The majority of facilitators act alone, committing interfamilial sexual abuse in a home-based context.



CASE STUDY: OFFENDER IDENTIFIED THROUGH PAYMENTS TO KNOWN FACILITATOR

Financial intelligence identified a West Australian man sending payments to a known child sexual exploitation facilitator in the Philippines. Analysis of the payments identified they were for the purchase of child sexual exploitation material, and that the offender watched online while victims were exploited in the Philippines. Additional payments identified were sent to multiple adult facilitators and victims within the Philippines, and telecommunication applications to enable the live online child sexual abuse to occur.

Following referral to law enforcement, the offender was arrested and charged with 58 offences including persistent sexual abuse of a child outside Australia, procuring a child to engage in sexual activity outside Australia and soliciting and possessing child abuse material.

The West Australian man pleaded guilty and was sentenced in May 2022 to over 14 years in prison after paying more than \$400,000 to sexually abuse children overseas through a home webcam. The man procured children as young as seven to engage in sexually explicit acts or be sexually abused on camera which he watched live from his home.

Offenders are generally proficient internet users and able to locate facilitators overseas willing to provide child sexual exploitation material. Offenders usually start relationships with facilitators online, often through social media sites. Offenders may offer gifts or money to build a relationship with a facilitator or victim. These initial payments can appear as support but they enable offending to take place.



TYPE	FACILITATOR	OFFENDER
	DESCRIPTION	
Frequency	<ul style="list-style-type: none"> multiple payments being made by an offender to a facilitator on a single day or over a number of consecutive days facilitator can receive payments from different offenders at the same time (common when broadcasting child sexual exploitation) payment is sent prior to the offending taking place. 	
Amounts	<ul style="list-style-type: none"> approximate ranges between \$13 and \$50 higher amounts are paid depending on the extreme nature of the child sexual exploitation material for the involvement of multiple children or acts of torture, payments can vary between \$500 and \$1,000. 	
Payment patterns	<ul style="list-style-type: none"> small in value, generally under \$500 per transaction amounts are typically rounded in the native currency of the high-risk jurisdiction or offender's country multiple same and consecutive day payments to facilitators there may be days or weeks between payments offenders can establish long-term relationships with facilitators and their financial history can extend many years. 	
	<ul style="list-style-type: none"> receiving small value transfers from multiple payers payments made for domain registration or to website hosting companies receiving funds from payment processors, including digital currencies. 	<ul style="list-style-type: none"> purchases on webcam or livestreaming platforms, including those providing adult entertainment purchases on dating platforms, dating websites or websites that also offer adult entertainment purchases on online gaming platforms or gaming stores payments or international transfers made to mobile wallets low value but high frequency spend on digital technology products that present a risk for child sexual exploitation.
Related person or group involvement	<ul style="list-style-type: none"> may use friends and/or family to collect payments from remittance service providers or offenders to distance themselves from the offending. 	<ul style="list-style-type: none"> may use the account of a family member or friend that they have access to in order to send payments.

TYPE	FACILITATOR	OFFENDER
	DESCRIPTION	
Payment descriptions	<ul style="list-style-type: none"> • family support • school fees • assistance or support • medical bills • accommodation • education • financial assistance • gift • purchase of clothing and toys • uniform • description may include declared relationship (friend, boyfriend, girlfriend, sponsor). 	
Payment methods	<ul style="list-style-type: none"> • remittance service providers • bank transfers • digital wallets and mobile money • digital currency • prepaid debit or credit cards • global phone recharge top-ups • online payment applications. 	

TRAVELLING TO OFFEND

Child sexual exploitation is not restricted to a single country or region and can take place anywhere in the world. An increase in online engagement could lead to offenders travelling to any country to contact and abuse victims.

Offenders may travel to another country to engage in child sexual exploitation activity where favourable environmental and social factors exist. Offenders look to exploit environmental and social factors including poverty, limited community knowledge of offending and common language to gain access to vulnerable children while maintaining anonymity. These relationships are developed through online engagement with an agreement for child sexual exploitation to occur in exchange for financial payment.

In many cases, travelling to offend occurs following the escalation of live online child sexual abuse, with offenders taking steps towards overt abusive behaviour. Offenders may transit through different countries before arriving at a destination for offending.

CASE STUDY: TRAVELLING CHILD SEX OFFENDER SENTENCED TO 25 YEARS IMPRISONMENT

Financial intelligence identified a 68-year-old South Australian man making payments consistent with the purchase of live online child sexual abuse. Additional payments were identified for accommodation and travel in South-East Asia, suggesting the man was travelling overseas to offend against children.

Following referral to the Australian Border Force, the man was arrested returning to Australia in February 2020. He had offended against female victims aged between three and nine years of age, with more than 52,000 images and videos of child exploitation material found in his possession.

The man was sentenced to 16 years in prison for travelling overseas to sexually abuse children. The offender pleaded guilty to 50 offences, including 41 counts of engaging in sexual activity with a child outside of Australia, using a carriage service to access child exploitation material and possessing child exploitation material.

Following investigation by the Australian Federal Police, five alleged facilitators of the abuse were arrested in the Philippines and 15 victims were rescued.



OFFENDER	
TYPE	DESCRIPTION
Frequency	<ul style="list-style-type: none"> escalation in payments to a high-risk jurisdiction for child sexual exploitation, prior to the purchase of an airline ticket, accommodation booking or other travel-related expenses.
Amounts	<ul style="list-style-type: none"> amounts are usually negotiated prior to the offender travelling, with payment made when the offender meets the victim.
Payment patterns	<ul style="list-style-type: none"> travel-related expenses (e.g. passport purchase, flight bookings, airline baggage fees) that occur closely before or after payments to a high-risk country payments for accommodation in a high-risk country financial activity in transit countries (e.g. Singapore, Hong Kong, Malaysia) followed by spending in a high-risk country purchase of a travel money card/pre-paid credit card payments to hotel staff and transport providers accessing accounts and financial services from a high-risk country (e.g. ATM cash withdrawals, credit card transactions and online banking logins) purchase or payment for a SIM card, payphone card or telecommunications services in a high-risk country purchase of mobile phones for facilitators while in the country. The phones can then be used to facilitate live online child sexual abuse once the offender returns to their home country.
Payment descriptions	<ul style="list-style-type: none"> payment descriptions may be similar to live online child sexual abuse payment descriptions but in most instances the amounts will be higher travel-related.
Payment methods	<ul style="list-style-type: none"> cash withdrawals overseas bank transfers prepaid travel cards money transfer businesses.

SEXTORTION

In instances of sextortion, also known as sexual extortion, children are groomed or coerced by offenders they meet online into self-producing child sexual exploitation material.

Domestic and international authorities are seeing a growing number of Australian children falling victim to sexual extortion. Offenders in Australia and internationally are contacting children through messaging applications and social media platforms, and then grooming or coercing them into sending sexually explicit content. Offenders will often pose as a peer to obtain explicit material, later threatening to share the material with friends and family if the victim does not produce more explicit material, or pay a negotiated sum of money, gift cards or online gaming credits.

Victims are often reluctant to come forward and seek help as they are embarrassed, concerned about their parents' response or are unaware they are victims of a crime.

Offenders may recruit money mules to assist with the movement of funds obtained through sextortion. Offenders exploit members of the community to act as money mules or collectors to move proceeds of crime on behalf of the offender. The mules do this via transactions through their personal bank accounts or by collecting cash and depositing it into banks on behalf of the offender.

The ACCCE and ThinkUKnow Australia have created an online [blackmail and sexual extortion response kit](#) to help victims and their parents manage serious incidents of online blackmail, including sextortion.



SEXTORTION IS A GROWING THREAT

Sextortion is a growing threat in Australia, with overseas facilitators and offenders coercing Australian children into producing explicit images and extorting the victims for money. The coercion and sextortion used by the online offenders can cause significant fear and trauma to victims.

In order to engage victims, offenders will create fake online profiles often identifying as females to engage with potential victims. Offenders will use social media platforms that enable images and videos to be sent, or will engage with victims through video calls. Offenders will encourage sharing sexualised images and videos, which are then used to ask for a large amount of money before threatening to share the sexualised content with family or friends through social media. Despite paying an offender, the victim may continue to be threatened or extorted for additional money.

CASE STUDY: FOREIGN NATIONAL SEXTORTING AUSTRALIAN CHILDREN

In March 2022 a Sri Lankan national residing in Melbourne was sentenced to 13 years in prison for coercing young girls into sending sexually explicit images and videos of themselves and threatening to distribute the intimate content to their family and friends, and posting it onto adult websites. The offender contacted multiple girls in Australia, the United Kingdom, and United States using a fake social media identity. After gaining their trust, the girls sent intimate content to the man. He then used these images and videos to blackmail the victims for money and more content, threatening to share the material.

Financial intelligence allowed investigators to identify further victims sextorted by this offender and a network of additional offenders targeting Australian minors. The offender pleaded guilty to 25 online child abuse-related offences.

TYPE	VICTIM	OFFENDER
	DESCRIPTION	
Frequency	<ul style="list-style-type: none"> payments may be irregular as children usually need time to arrange funds and a payment method. 	<ul style="list-style-type: none"> single or multiple payments in a week payments can be irregular depending on targeting of children.
Amounts	<ul style="list-style-type: none"> the average child pays between \$50 and \$1,500 in total before they run out of funds, but some victims have paid up to \$10,000. 	<ul style="list-style-type: none"> offenders initially demand a large payment, then negotiate a lower amount to be paid.
Payment patterns	<ul style="list-style-type: none"> payments made to offenders with which the victim has no identified link most victims are between 15 and 16 years of age (however some victims have been as young as 10 years of age) use of payment platforms and processors to send funds payments referencing social media platforms. 	<ul style="list-style-type: none"> payments from multiple senders third party payment funds quickly moved out of accounts holds multiple bank accounts at different institutions with accounts held for a short period of time payments for additional features on social media platforms payments to vendors supplying software for capturing video from websites or social media platforms purchases on online gaming platforms or gaming stores purchase of spyware applications.
Payment descriptions	<ul style="list-style-type: none"> sexual commentary threatening or pleading language social media usernames references to explicit material taken including photos and videos social media site titles with reference to where the content is situated offender's name or online nickname time or date child sexual exploitation material occurred or was requested. 	
Payment methods	<ul style="list-style-type: none"> domestic bank transfers online gaming/gift cards payment platform payments digital currency. 	

DOMESTIC SELF-PRODUCTION OF CHILD SEXUAL EXPLOITATION MATERIAL

Australian law enforcement and agencies including the eSafety Commissioner and the Australian Cyber Security Centre have seen increased reports of self-produced child exploitation material.

The domestic self-production of child sexual exploitation material involves a victim (usually aged between 14 and 17, but can be as young as 10) performing the role of both facilitator and victim, receiving small payments from one or multiple offenders for self-generated material.

Increased access to technology including the internet, messaging applications, social media and interactive online games present increased risks of child sexual exploitation.

Self exploitation poses a high risk to the child, as it is common practice for offenders to seek out children in their own geographic location, to attempt to build rapport based on a common link, and to make efforts to identify where the child lives.

Instead of engaging and making payments through a facilitator, an offender directly communicates and pays the victim for child sexual exploitation material. Initial payments may be made to build trust by grooming the victim.

In serious cases, children may be exploited by an adult in a trusted position, a person of similar age or someone they know to produce child sexual exploitation material. This kind of activity usually involves threats or coercion for children to produce material of themselves. The production of sexual exploitation material can escalate to the offender and victim meeting in person.

GLOSSARY OF TERMS USED BY OFFENDERS

To assist in the identification of offenders grooming or engaging children for sexual purposes, the Australian Federal Police-led ACCCE has released a **glossary of acronyms and emojis used by offenders engaging in sexualised communication.**

TYPE	VICTIM/FACILITATOR	OFFENDER
	DESCRIPTION	
Frequency	<ul style="list-style-type: none"> multiple payments from a single or multiple offenders on a single day or over a number of consecutive days payments may be irregular as victims usually need to find time and privacy to create exploitation material (this can include live-streaming) days/weeks between payments. 	<ul style="list-style-type: none"> single or multiple payments in a week payments can be irregular depending on when exploitation material becomes available for purchase.
Amounts	<ul style="list-style-type: none"> between \$5 and \$500 depending on the type of material being shared the victim usually negotiates with the offender for the amount to be paid. 	
Payment patterns	<ul style="list-style-type: none"> payments from multiple people not tied to family and from various Australian jurisdictions offenders are typically male aged between 18 and 60 years use of payment platforms and processors to receive funds victims may live close to each other, suggesting a social connection. 	<ul style="list-style-type: none"> payments relating to the purchase of adult content payments to vendors supplying software for capturing video from websites or social media platforms purchases on online gaming platforms and/or gaming stores purchase of spyware applications payments to adult websites and social platforms.

TYPE	VICTIM/FACILITATOR	OFFENDER
	DESCRIPTION	
Payment descriptions	<ul style="list-style-type: none"> • sexual commentary or requests • names of offenders (first name, last name or both, or their social media username) • social media site titles with reference to sexual content • emojis • offenders online nickname or alias • payments referencing hotel purchases may indicate escalation to contact offending • payments to social media applications or tools • in some instances an influx of payments may be followed by excessive expenditure (luxury items, stores) with no other clear source of income • adult-related expenditure also noted (sex items, clothing) • terms: gift, resent, deal • references to time paid for activity or specific request. 	
Payment methods	<ul style="list-style-type: none"> • domestic or bank transfers • payment platforms • digital payment applications • digital currency. 	

CHILD-LIKE SEX DOLLS

Child-like sex dolls are anatomically correct, life-size dolls, made to look like a pubescent or prepubescent child.

In February 2020, legislative changes in Australia made it an offence to possess a child-like sex doll, punishable by 15 years in prison. The legislative change makes it an offence to import a child-like sex doll, domestically manufacture a child-like sex doll and alter imported body parts to form a child-like sex doll.

Since 2019, the Australian Border Force has reported substantial increases in the importation of child-like sex dolls and parts of dolls into Australia.

CASE STUDY: FIRST SENTENCING OF AN AUSTRALIAN FOR IMPORTATION OF A CHILD-LIKE SEX DOLL

A Fintel Alliance project to identify purchases of child-like sex dolls resulted in the sentencing of a 32-year-old South Australian man to three years in prison. The man pleaded guilty to five charges, which included importing a child-like sex doll and possessing child exploitation material.

The man was identified through analysis of financial transactions, identifying payments consistent with the purchase of a child-like sex doll from China. The offender was also identified due to making multiple purchases of children's clothing including school uniforms and underwear.

A child-like sex doll potentially normalises behaviour and desensitises an offender from the harm that child sexual exploitation causes.

BEREAVEMENT OR GRIEF DOLLS

Bereavement dolls are anatomically correct and custom made to replicate a deceased child to assist parents with the grieving process, or provide solace to those unable to conceive. The purchase of custom made grief or bereavement dolls by offenders has been identified as an emerging trend. Financial service providers should use enhanced customer due diligence to determine the legitimacy of a purchase.

OFFENDER PROFILE	
TYPE	DESCRIPTION
	<ul style="list-style-type: none"> • predominantly male • aged between 30 and 80 years of age.
Amounts	<ul style="list-style-type: none"> • transaction values are between \$500 and \$2,500 • customised dolls can be purchased worldwide and cost approximately \$800 for standard dolls and up to \$2,500 for high-end dolls.
Payment patterns	<ul style="list-style-type: none"> • payments are primarily made to suppliers located in China, Hong Kong, Japan or Singapore • payments directly to manufacturers or online marketplaces • payments to freight forwarders or express mail services • payments can be one off or multiple smaller payments to the same supplier. Depending on the total value this may indicate multiple dolls or doll parts being purchased. • travel-related expenses to high-risk countries • along with a doll purchase, purchasing associated items including: children's clothing or school uniforms, underwear, wigs, accessories/toys, computer equipment, sex toys, herbal sex supplements, heating sticks and payments to virtual reality software companies • operating manuals for general maintenance and instructions on how to engage in sexual intercourse with a mannequin • payments to virtual reality software or communities and 3D virtual reality gaming companies • multiple computer accessories such as external hard drives, flash drives, memory sticks and 'sun glasses' with hidden camera devices.
Payment descriptions	<ul style="list-style-type: none"> • purchases are described as children's clothing (swimwear, underwear, school uniforms), doll parts, wigs, heating rod or inflatable doll.
Payment methods	<ul style="list-style-type: none"> • bank transfers • credit or debit card • online payment platforms • buy now, pay later.

WORKING TOGETHER TO STOP CHILD SEXUAL EXPLOITATION

The impact of child sexual exploitation is far reaching. Identifying and stopping this heinous crime requires a joint approach by government, industry and the wider international community. AUSTRAC has partnered with key government agencies, international partners, private industry and not-for-profit organisations to assist in the fight against child sexual exploitation to protect victims and the community.

Financial service providers play an important role in combating child sexual exploitation for financial gain. Through the periodic audit and review of their profiling and transaction monitoring programs, financial service providers can identify and stop financial transactions associated with the sexual exploitation of children.



REPORTING SUSPICIOUS BEHAVIOUR

Observing one of the indicators included in this guide 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 (SMR) to AUSTRAC.

High-quality, accurate and timely SMRs give us the best chance to identify and stop child sexual exploitation to help protect victims and the community.

WHEN TO SUBMIT AN SMR TO AUSTRAC

If you see something suspicious and report it to police, you must also report it to AUSTRAC. To find out more about when you must submit an SMR to AUSTRAC 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 child sexual exploitation including financial and non-financial indicators is available on the [Australian Federal Police website](#) and the [Australian Centre to Counter Child Exploitation website](#).



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