Leveraging Anti-Money Laundering Regimes to Combat Human Trafficking
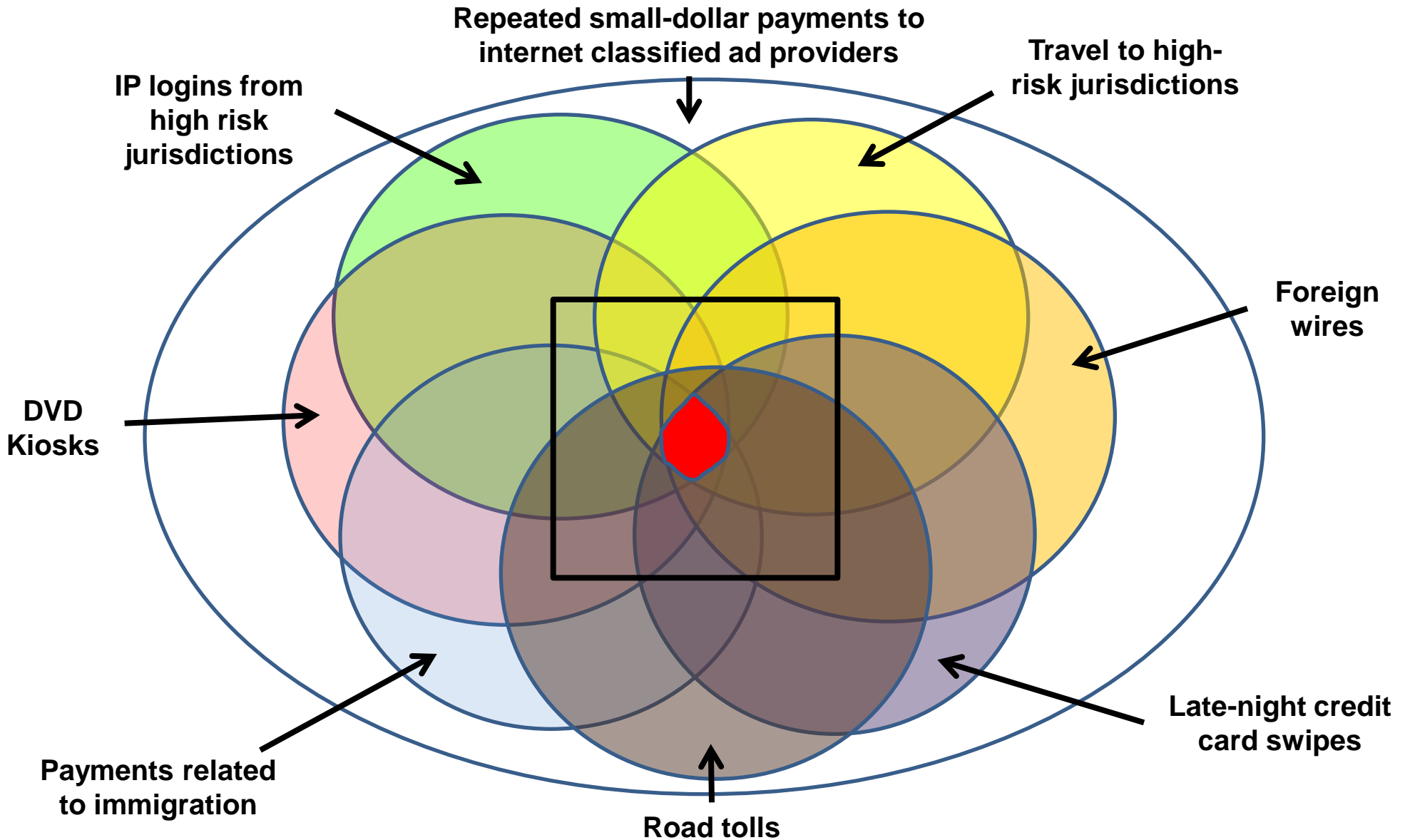## Vienna, Hofburg, Neuer Saal
October 4, 2011

Presented by Barry Koch
Managing Director & Associate General Counsel

J.P.Morgan

Financial Footprint

Repeated small-dollar payments to internet classified ad providers

Travel to high-risk jurisdictions

IP logins from high risk jurisdictions

Foreign wires

DVD Kiosks

Late-night credit card swipes

Payments related to immigration

Road tolls
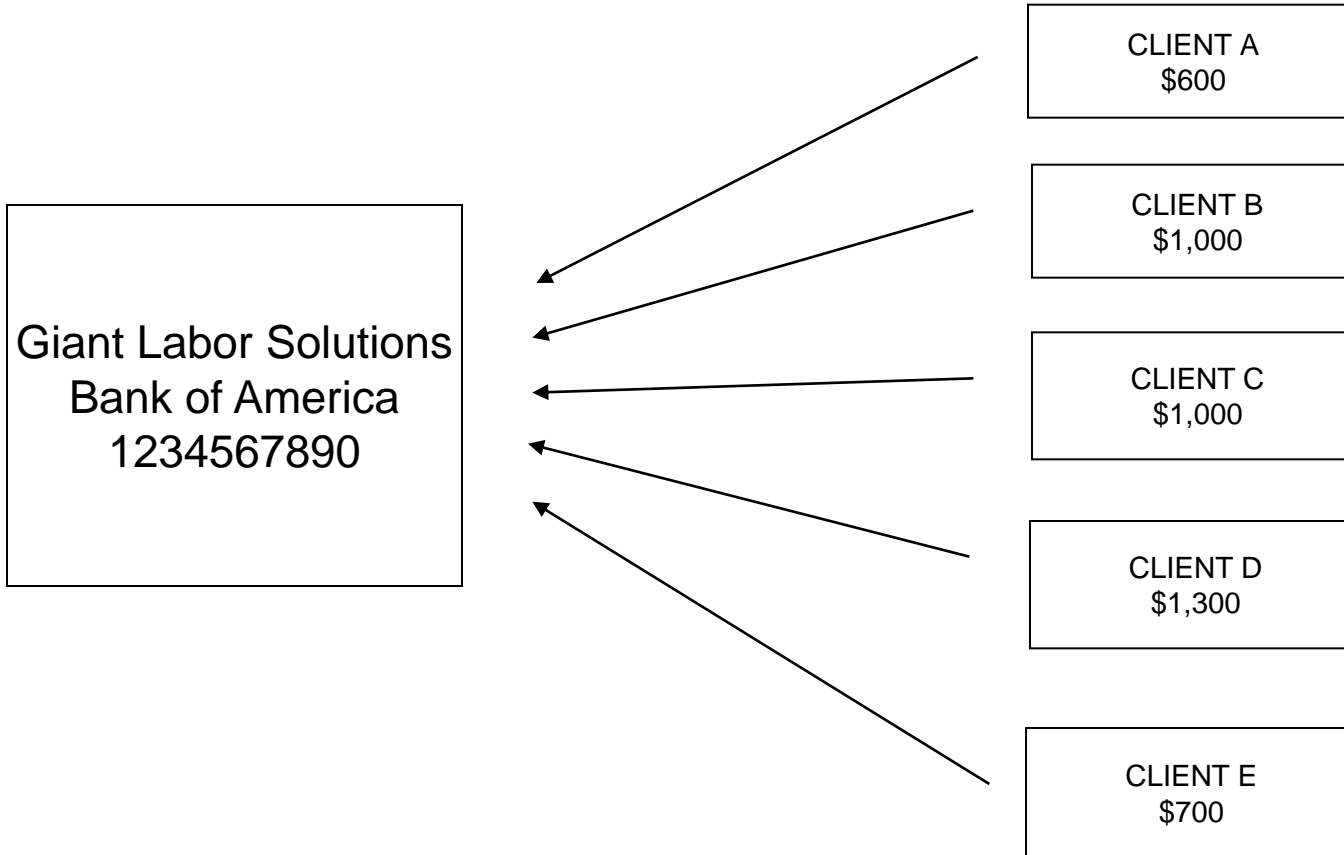
Scoping the Project

- Decide what you want to look for: methods used vs. the spoils and the profits
  - Initially, we looked for the methods - the business model of running a trafficking operation (what do the financial transactions look like? How is the organization paying its expenses?)

- Understanding Your Data vs. Understanding the Information
  - (What's the difference? Who has which?)
    - Examples: authorization on cards for car rentals and hotels (prosecutors/subpoenas); time of round-dollar card charges (nail salons)
  - In order to have an effective partnership with law enforcement, each side needs to understand what it has and what it needs

- Public Source Research *FATF Report July 2011*
  - Types of businesses that are high risk (intermediaries and users)
    - Travel management companies (travel agencies, tour operators, shuttle and vans)
    - Labor contractors (hotel mgt svcs, janitorial svcs, temp help, farm support/labor)
    - Labor users—low margin, labor-intensive businesses (textile and garment manufacturing, animal processing, sawmills, stuffed toy manufacturing, nurseries and garden centers, landscaping, drinking establishments, nail salons, spas/massage parlors)
      - Data Mining: conducted transactional analysis and peer comparisons
  - (NAIC codes for client onboarding (for client risk/monitoring purposes))
  - High risk geography (source, transit and destination countries)
  - Travel routes for traffickers (networks); cash typologies

- Google search: "human trafficking indictment" *(without the indictment, the following activity would have been unremarkable and unreported)*.

JPMORGAN CHASE & CO.

US v. Askarkhodjaev et al.

IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION

UNITED STATES OF AMERICA,	)	No._____
Plaintiff,	)	**Count One**
	)	Title 18, U.S.C. § 1962©
v.	)	(Racketeering)
	)	Defendants Askarkhodjaev, Yunusov,
ABRORKHODJA ASKARKHODJAEV,	)	Shukurov, Dougherty, Fazilov, Simon,
a.k.a. Alex, Abdumajid Maksudov, Abror	)	Abdoollayev, Cole, Agzamov and Kakhkharov
[DOB: 10/24/1978]	)	NMT 20 Years Imprisonment
	)	NMT $250,000 Fine
NODIR YUNUSOV, a.k.a. Nick,	)	NMT Three Years Supervised Release
[DOB: 09/15/1986]	)	Class C Felony
	)	
RUSTAMJON SHUKUROV,	)	Defendants Giant Labor Solutions, LLC, Five
a.k.a Rustam	)	Star Cleaning, LLC, and Crystal Management,
[DOB: 10/13/1987]	)	Inc.
	)	NMT Five Years Probation
KRISTIN DOUGHERTY,	)	NMT $500,000 Fine
[DOB: 09/06/1960]	)	
	)	**Count Two**
ILKHAM FAZILOV,	)	Title 18, U.S.C. § 1962(d)
[DOB: 09/11/1964]	)	(Racketeering Conspiracy)
	)	Defendants Askarkhodjaev, Yunusov,
VIOREL SIMON, a.k.a. Victor,	)	Shukurov, Dougherty, Fazilov, Simon,
[DOB: 06/10/1981]	)	Abdoollayev, Cole, Agzamov and Kakhkharov
	)	NMT 20 Years Imprisonment
NODIRBEK N. ABDOOLLAYEV,	)	NMT $250,000 Fine
a.k.a. Bek	)	NMT Three Years Supervised Release
[DOB: 04/08/1982]	)	Class C Felony
	)	
ANDREW COLE,	)	Defendants Giant Labor Solutions, LLC, Five
[DOB: 08/12/1955]	)	Star Cleaning, LLC, and Crystal Management,
	)	Inc.
SANDJAR AGZAMOV,	)	NMT Five Years Probation
[DOB:10/20/1981]	)	NMT $500,000 Fine
	)	
JAKHONGIR KAKHKHAROV,	)	
[DOB: 03/06/1980]	)	

US v. Askarkhodjaev et al.

Giant Labor Solutions
Bank of America
1234567890

CLIENT A
$600

CLIENT B
$1,000

CLIENT C
$1,000

CLIENT D
$1,300

CLIENT E
$700

Clients A – E received electronic payroll deposits from XYC Hotel Chain

US v. Askarkhodjaev et al.

- **Instruction Date:** 11/26/2008

- **Transaction Amount:** $40,000

- **Order Party:** 382510' **BBBBBBB LIMITED**' AKOO UNP: 3336 HONKONG CONNAUGHT ROAD CENTRAL148 18 B HKHONG KONG

- **Order Bank:** NORDIC INVESTMENT BANK CORPORATIONMINSK BELARUS

- **Debit Party:** 702991 RAIFFEISEN ZENTRALBANKOESTERREICH AGAM STADTPARK 91030 VIENNAAUSTRIA

- **Details of Payment:** INV 2487287 DD 21/11/08 **FOR CARS** CHFAKTURA 2487287 DD 21/11/08AVTOM OBIL'

- **Credit Party:** ABA/**101000967 INDUSTRIAL ST BK INDUSTRIAL STATE BANK KANSAS CITY KS**
- **Account Party:**/*1300238* **AXXXX KXXXXX, PRESIDENT - ADMINISTRATION GIANT LABOR SOLUTIONS, LLC (607 WESTPORT ROAD SUITE700 KANSAS CITY, MO 64111), US**
- _____

- **Instruction Date:** 12/15/2008
- **Transaction Amount:** $40,000.00
- **Order Party**: /34010' **BBBBBBB LIMITED'** AKOO UNP: 102366636 GONKONG CONNAUGHT ROAD CENTRAL148 18 B HKHONG KONG
- **Order Bank:** NORDIC INVESTMENT BANK CORPORATIONMINSK BELARUS
- **Debit Party:** 0044701RAIFFEISEN ZENTRALBANKOESTERREICH AGAM STADTPARK 91030 VIENNAAUSTRIA
- **Details of Payment: FOR CAR** INV 3U64BV4R7U DD 12/12/08
- **Credit Party: ABA/101000967 INDUSTRIAL ST BKINDUSTRIAL STATE BANK KANSAS CITY KS**
- **Account Party:** /*1300238* **BEST CCCCCC AUTO**, INK 600 N 10TH STREET KANSAS CITY, KS 66102 , US

US v. Askarkhodjaev et al.

```
┌─────────────────────────────┐
│   Giant Labor Solutions     │
│   Industrial State Bank     │
│     Kansas City, KS         │
│       #30041238             │
└─────────────────────────────┘

┌─────────────────────────────┐
│   Best CCCCCC Auto, Inc.    │
│   Industrial State Bank     │
│     Kansas City, KS         │
│       #30041238             │
└─────────────────────────────┘
```

```
┌─────────────────────────────┐
│      BBBBBBB Limited         │
│   Nordic Investment Bank     │
│       Minsk, Belarus         │
└─────────────────────────────┘
```
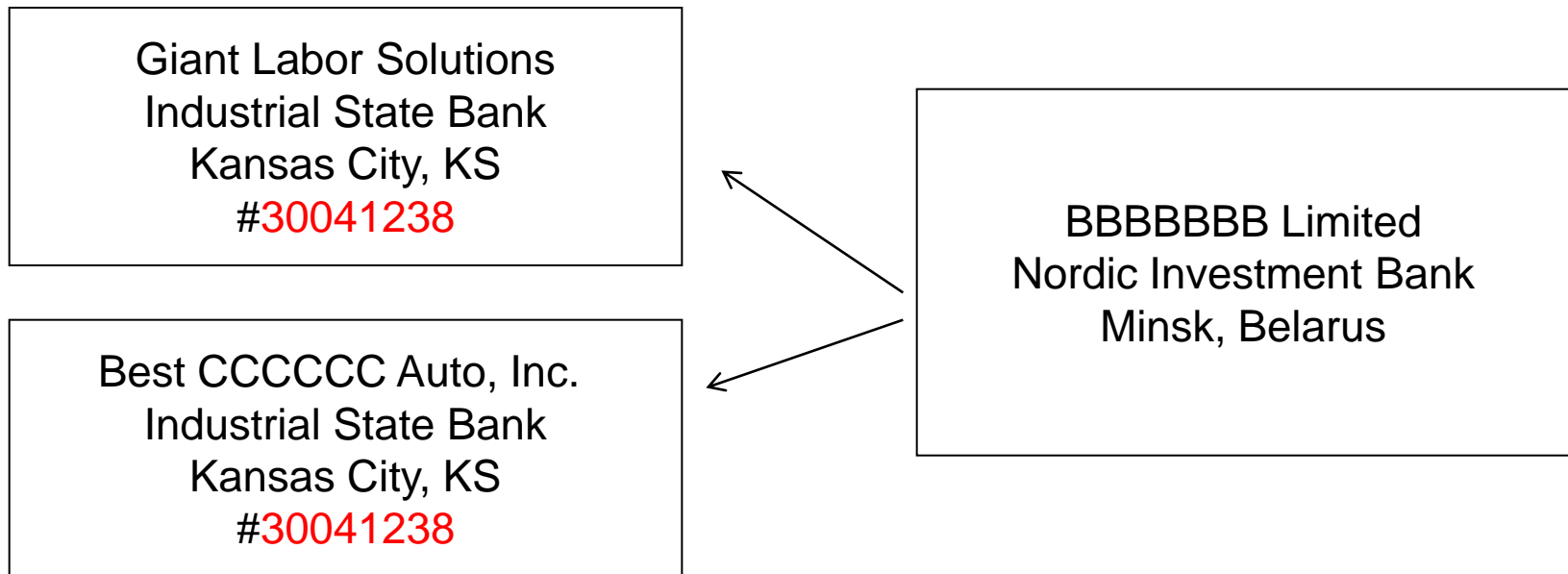
NOTE: Same account number but different names; identified link between defendant in the indictment and a second entity.

US v. Askarkhodjaev et al.

- **Instruction Date:** 1/16/2009
- **Payment Date:** 1/16/2009
- **Transaction Amount:** $20,000.00
- **Order Party:** /340105 GIANT LABOR SOLUTIONS LLC 607 WESTPORT RD KANSAS CITY MO 64111-3160
- **Debit Party:** MBR/0959 BANK OF AMERICA N.A. 100 WEST 33RD STREET NEW YORK NY 10001
- **Credit Party:** 0066196 TTTTTT LIMO NY INC 888 XXXXX AVE BROOKLYN, NY 11111

US v. Askarkhodjaev et al.

- **Transaction Amount:$12,000.00**
- **Order Party:** /817097 **MMMMM AND ASSOCIATES** 32 CW ROAD **KINGSTON**
- **Order Bank: BANK OF NOVA SCOTIA JAMAICA** LTD PREMIER BRANCH
- **Debit Party:** 010588THE BANK OF NOVA SCOTIA JAMAICASCOTIABANK CENTRE CORNERDUKE AND PORT ROYAL STSKINGSTON JAMAICA 00000-
- **Bank to Bank Info: /BNF/PRE-TRAINING FOR LABOUR PROGRAM PARTICIPANTS**
- **Credit Party:** ABA/02659BK AMER NYCBANK OF AMERICA N.A.NEW YORK NY 10001
- **Account Party:** BANK OF AMERICA 4724 W 60TH STREET MISSION KS 66205
- **Bene:/101100045 ABOR KHODJA GIANT LABOR SOLUTIONS LLC 607 WESTPORT RD SUITE 700 KANSAS CITY MO64111**

From the foregoing, you can start to develop investigative protocols and rules-based surveillance

Applying public source information to prove the concept—

- In April 2010, 𝔗𝔥𝔢 𝔑𝔢𝔴 𝔜𝔬𝔯𝔨 𝔗𝔦𝔪𝔢𝔰 reported that Craigslist derived one-third of its $36 million annual revenue from advertising adult services. Posting fees for adult services: $10 initial posting, renewal charge of $5. (Important for data mining purposes)

- Internet articles detailing law enforcement crackdowns of prostitution rings believed to have used Craigslist to obtain a client base. FBI case from April 2010 alleges that members of organized crime operated a prostitution service on the adult services section of Craigslist, offering the sexual services of about 15 girls, ages 15-19. See http://newyork.fbi.gov/dojpressrel/pressrel10/nyfo042010.htm

- Per literature review:
  - Adult service providers that advertise using **internet classified ad services present high trafficking risk**
  - Internet classified advertising services require small-dollar payment for ad placement ($5 and $10 posting: important for data mining)

- **Code words used in ads to promote juvenile sex trafficking**:
  - "rent boys", "new to business", "fresh meat", "young and tender", "pretty young thing"

Examples…

NEW AND VERY READY YOUNG AND TENDER Cityvibe > Posts > eroticservices.cityvibe.com/escorts/php?do+view&p=145215

A PRETTY YOUNG THING LOOKING FOR A GOOD TIME best of craigslist. A PRETTY YOUNG THING LOOKING FOR A GOOD TIME – w4m – 22 (OUT CALLS ONLY). Date: 2010-9-11, 12:59AM EDT. Reply to this post…londonon.en.craigslist.ca/ers/1947827680.html

THE EROTIC REVIEW: Innocent Amie, I'm new to TER..Welcome me…2 posts – 1 author – Last post: June 21, 2009 The Erotic Review Boston Board: Discussion – Innocent amie, I'm new to TER….I'm the fresh meat that AR broke in last week ;)…

FRESHMEAT!! NEW AND VISITING 2 GIRLS FOR THE PRICE OF 1 SPECIAL…June 18, 2010…Cincinnati. Hotel or house. Freshmeat!! New and visiting 2 girls for the price of 1 special!! – 21.cincinnati.backpage.com/…/freshmeat-new-and…2…/5257066

Applied conditions:

      Debit card purchases ("transaction type"),

            More than x times ("frequency"), at

                  Craigslist.com ("high risk merchant").

Investigated all accounts in population produced. Reverse phone look-ups, for example, showed listings for high-risk customer types; noted activity consistent with sex trafficking and sex trafficking of minors.

Model Development

Attributes and Scoring Methodology

- Customer Profile

  - Customers with an excessive number of individual accounts
  - Business industries that are easily exploitable by traffickers, including immigration attorneys/labor intermediaries that handle visa paperwork
  - Accounts reported for identity theft
  - New accounts (under X time period)
  - Consumer customers with nominal occupation information or discrepancies between account funding and known customer profile

- Transaction Traits

  - Sources
    - High volume of round-dollar deposits via wires, ACH (e.g., Western Union, Paypal) or cash in the range of $X,XXX - $Y,YYY
    - Frequent cash deposits less than $X,XXX each at multiple branches during day
    - Numerous incoming wire transfers or personal checks deposited into business accounts with no apparent legitimate purpose
    - Payments from State and/or Federal welfare agencies in conjunction with alternate funding

- Transaction Traits

  - Uses

    - High volume of debit/credit card transactions with airlines, rental cars, bus or taxi charges in multiple cities or states
    - Frequent hotel charges
    - Extensive payments to web advertisers that cater to the sex industry
    - Payments to multiple cell phone companies or to the same company referencing an excessive number of cell phones
    - Excessive purchases of money orders to pay bills

- Other Transaction Traits

  - Wires to/from origin or staging countries that are inconsistent with the customer's known profile
  - High-risk postal codes; Recruiters, sending brokers, staging brokers, receiving brokers

Scoring Methodology

- Transaction Characteristics

  - Highest aggregate transaction amount to specified websites

  - Web site "bias"

    - Account Profile
      - [deleted]

    - Foreign Logins and Card Swipes
      - [deleted]

    - Account Transactional Activity
      - [deleted]

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