

RAPID RESPONSE BRIEF

A POTENTIALLY PERILOUS NEXUS: THE UKRAINE CRISIS AND CONFLICT-INDUCED DISPLACEMENT LEADING TO HUMAN TRAFFICKING

The current crisis in Ukraine has displaced millions of people. Conflict-induced displacement often increases the risk of human trafficking (HT) as refugees and displaced persons are inherently vulnerable and at risk of exploitation. This briefing draws attention to the human trafficking risk arising from the Ukraine crisis, and provides steps to enable financial institutions to more effectively detect and report suspicious activity relating to the exploitation of individuals that may have fallen victim to trafficking.

How can conflict-induced displacement lead to trafficking during the Ukraine crisis?

Human traffickers target vulnerable demographics around the globe. Currently, the UN Refugee Agency (UNHCR) has declared a Level 3 emergency in Ukraine, the highest available level. Around 90% of the fleeing refugees are women and children, inherently vulnerable to traffickers and their tactics.¹ Traffickers often target people in desperate situations, with refugees already at a higher risk for human rights violations, especially in Ukraine with people fleeing conflict. Traffickers can lure women and children into sex and labor trafficking in numerous ways, using tactics like fraudulent travel and employment opportunities. According to news sources, criminals may be masking as volunteers and aid workers at the border, holding up signs offering accommodation and transportation services.² Some sources also indicate that aid groups have reported the kidnapping of children and cases of human trafficking.³

Organizations have taken steps at the border to combat the risk of human trafficking, including the UNHCR. Aid workers and volunteers have been trained to create awareness of trafficking risks and what to do if they see something suspicious.⁴ In addition, “Blue Dot” help desks have been set up near Ukraine borders and at dedicated spaces in Poland and Romania. At the help desks, refugees can enroll for the UNHCR’s cash assistance program, referral services, information and counseling, family reunification, legal advice, first aid, and many other services, including basic necessities.⁵

1. UNHCR, April 2022, “Ukraine crisis creates new trafficking risks”, <https://www.unhcr.org/news/stories/2022/4/62569be24/ukraine-crisis-creates-new-trafficking-risks.html>

2. Catholic Review, March 23, 2022, “At train stations and borders, Ukrainians face human trafficking threat”, <https://catholicreview.org/human-trafficking/>

3. Huffington Post, March 22, 2022, “Inside The Human Trafficking Tragedy Unfolding On Ukraine’s Border”, https://www.huffingtonpost.co.uk/entry/human-trafficking-ukraine-refugees-war_uk_622b15a1e4b0d1329e8332de

4. UNHCR, Op. Cit.

5. UNICEF Romania, “Blue Dot - Providing Critical Support To Refugees From Ukraine”, <https://www.unicef.org/romania/blue-dot-providing-critical-support-refugees-ukraine>

- Over **six and a half million** refugees are estimated to have fled to neighboring countries, with more than **seven million** estimated to be internally displaced in Ukraine.⁶
- Criminal organizations, including traffickers, may be posing as volunteers to lure women and children into accommodation or transportation vehicles. They also may be posting online advertisements with free or “cheap” accommodation.
- Aid organizations and individuals are working together to create awareness campaigns for refugees and volunteers around human trafficking risks. Though, with the chaos of the large-scale crisis, criminal organizations can take advantage of vulnerable women and children fleeing. Therefore, it is imperative that financial institutions raise awareness and monitor for suspicious activity.

How can financial intelligence assist in detecting potential trafficking victims?

Human trafficking is one of the most profitable forms of crime, generating around US\$150 billion worldwide yearly.⁷ Financial institutions are vital in the efforts to combat human trafficking, as the information they collect and analyze can assist in identifying both victims and traffickers. Within the Ukraine crisis, refugees fleeing conflict-affected areas are inherently vulnerable to both human trafficking and human smuggling. Both raising awareness of behavioral red flags for front office workers, and identifying specific suspicious money movements for compliance analysts, are critical in identifying potential human trafficking victims and criminal organizations.

Many victims of trafficking do not have regular contact with others outside their trafficker(s). Therefore, it is vital that front office staff within financial institutions are aware of potential **behavioral** red flags tied to human trafficking. Below is a list of behavioral red flags that front office bank workers can use in order to identify possible trafficking victims:

- A customer has an overall disheveled appearance: poor hygiene, malnourishment, fatigue, signs of abuse (physical or sexual)
- A customer defers all questions to a third party, even basic ones, indicating a lack of whereabouts; third party may even attempt to speak for them
- A third party has access to, or controls, the customer’s documents and identification
- A third party attempts to open an account on behalf of someone else or an unqualified minor
- A third party insists on being present and having access to the account
- A customer appears to be clearly uncomfortable or has a fearful demeanor
- A customer has limited freedom of movement or is monitored/transported by others
- A customer works in an industry vulnerable to sex trafficking, such as strip clubs, illicit cantinas, go-go bars, or massage businesses⁸
- A customer describes moving or changing jobs often and suddenly
- A customer is unfamiliar with the neighborhood they live or work in

In addition to behavioral red flags, suspicious money movement can be tied to human trafficking or smuggling organizations. As there is not one specific indicator related to human trafficking, it is important that financial institutions use wider **contextual information** to identify suspicious activity. It will be easier to identify trafficking at the victim level or at the lowest level of a criminal organization, as for higher-level persons within criminal organizations suspicious activity may look like a number of different crimes.⁹ Contextual information and suspicious money movement may include:¹⁰

6. UNHCR, “Ukraine emergency”, <https://www.unhcr.org/ukraine-emergency.html>

7. FinCEN, October 15, 2022, “FinCEN Advisory, FIN-2020-A008”, https://www.fincen.gov/sites/default/files/advisory/2020-10-15/Advisory%20Human%20Trafficking%20508%20FINAL_0.pdf

8. Polaris, “Recognizing Sex Trafficking”, <https://polarisproject.org/sex-trafficking/>

9. FATF, July 2018, “Financial Flows from Human Trafficking”, <https://www.fatf-gafi.org/media/fatf/content/images/Human-Trafficking-2018.pdf>

10. Ibid.

- Residency details, living expenses, and utility company information, or lack thereof, that cannot be mitigated from moving through short term housing during the refugee crisis
- Continued and excessive accommodation and travel expenses, including airline tickets, train tickets, taxi fares, and hotel/motel rooms that cannot be mitigated through leaving a conflict area (Ukraine)
- Third-party cash deposits or money transfers from various and/or numerous individuals with no established relationship; the deposits are not in line with the client’s stated income or employment
- Third party depositors may reside in various geographical areas, likely near the conflict areas or refugee areas
- A telephone number or email address listed on the account is common to other customers
- Suspicious transfers of funds made through a company to different people with no verified business relationship
- As traffickers and/or smugglers primarily use cash or Hawalas, funnel accounts and bulk cash smuggling may be used to make deposits into a victim’s account for use by the criminal organization
- A wage deposit may be made into a single account for numerous “employees”, or a deposit is followed by rapid withdrawal/transfer into single accounts
- Numerous clients are listed at the same address, likely in substandard accommodation like a single bedroom, that cannot be mitigated by due diligence regarding refugee housing
- Transactions may occur outside of normal business operating hours¹¹
- Customer may frequently purchase and use prepaid access cards¹²
- Customer may send or receive funds using cryptocurrencies to or from Darknet marketplaces, online marketplaces known for selling pornographic materials, escort advertising agencies, or online classified sites
- Frequent transactions using third party payment processors to conceal originators and the beneficiaries of transactions¹³

For further information and red flags related to human trafficking, please see FinCEN advisory [FIN-2020-A008](#) and the 2018 FATF [Report](#) on Financial Flows from Human Trafficking. Also see the UNODC 2020 Global [Report](#) on Trafficking in Persons and the OCSE/FAST Financial Investigations [tool](#).

Financial inclusion within the context of the Ukraine crisis

Financial institutions can assist refugees fleeing the Ukraine conflict by making banking more accessible and increasing financial support.¹⁴ Some financial institutions within the EU and UK are offering payment accounts and cards to Ukrainian citizens, residents, and refugees fleeing the conflict. Banks and payment systems are waiving monthly fees, transfer fees, and sign-up fees for refugees. They also offer Ukrainian speaking assistance, quick access and account set up, online access to set up accounts and virtual cards, and identification through a passport, ID, or proof of refugee status only. It is important that EU and UK financial institutions make banking accessible, especially for Ukrainian refugees fleeing conflict, while also managing risk. The European Banking Authority (EBA) released a [statement](#) on ensuring access to the EU financial system, protecting vulnerable customers from abuse by criminals, and managing sanctions risks while continuing to

11. FinCEN, Op. Cit.

12. Ibid.

13. Ibid.

14. ACAMS Financial Crime Matters Podcast, June 2, 2022, “Working to Protect Refugees Fleeing Russia’s Ukraine Invasion, with Daniel Thelesklaf”, <https://soundcloud.com/financialcrimematters/daniel-thelesklaf>

monitor the situation and sharing best practices for financial institutions. By closely monitoring the situation and guidance from regulatory authorities, financial institutions can make banking accessible while also managing risk.

Practical Steps for Compliance

- It is important to include behavioral red flags in SARs/STRs where appropriate.
- When incorporated into SAR filings, it is important that behavioral indicators, and the staff who witnessed them, are included in the SAR narrative so that information may be effectively searched for, and later used by, law enforcement.
- Financial institutions should maintain photos and video, if possible, in supporting SAR documentation.
- If a bank employee has communication with a subject or victim conducting suspicious activity, and the information obtained during the communication or witnessed during the transaction is pertinent to the SAR/STR filing, the bank should retain the name of the employee, position, date, and time of communication as part of the SAR supporting documentation.
- Where possible, employ survivors of human trafficking within the institution in order to accurately train analysts and identify potential suspicious activity.

For institutions within the UK, it is important to ensure compliance with the POCA, the Terrorism Act, and MLR 2017 while communicating to the National Crime Agency (NCA) through SARs when vulnerable persons and cases of human trafficking are suspected. To ensure compliance, the following should be included within the SAR filing:

- Relevant SAR Glossary Codes:¹⁵
 - XXV2XX – Risk to vulnerable people, particularly including sexual abuse and exploitation
 - XXOICXX – Organized immigration crime
 - XXMSHTXX – Modern slavery/human trafficking
- If the suspicious activity is suspected to include modern slavery/human trafficking or children and vulnerable persons at risk of immediate harm, call the police on 999
- Priority is given to high-risk victims of crime, including children and vulnerable adults, which is relevant to the Ukraine refugee crisis
- As much information should be given as possible, including all available customer due diligence (CDD) data; in addition, it is important to correctly populate all fields with valid identifying information, including the date of birth field
- Use the word “UNKNOWN” to make it clear the information for the particular SAR Field is not known

For further guidance on filing an effective SAR, see the NCA [Guidance](#).

15. National Crime Agency, June 2022, “Suspicious Activity Report (SAR) Glossary Codes and Reporting Routes”, <https://www.nationalcrimeagency.gov.uk/who-we-are/publications/597-glossary-codes-and-reporting-routes-june-2022/file>

For institutions within the EU, it is important to ensure compliance with the Sixth AML directive. To ensure compliance within the specific region's financial intelligence units (FIUs), please visit the member state's FIU for specific guidelines in reporting suspicious activity related to human trafficking.

To ensure compliance **within the United States**, financial institutions filing SARs related to human trafficking should ensure the following is completed as part of the SAR filing:¹⁶

- SAR Field 2: HUMAN TRAFFICKING FIN-2020-A008
- Mark the checkbox for human trafficking on the SAR form: SAR Field 38(h)
- The potential victim should not be reported as the subject of the SAR, all available information on the victim should be included in the narrative
- Financial institutions wanting to expedite the reporting of suspicious transactions that may relate to the activity noted in this alert should call the FinCEN financial institutions toll-free hotline at (866) 556-3974

Note that ACAMS' online training program includes a number of resources that address human trafficking including:

- Free [certificate](#): Fighting Modern Slavery and Human Trafficking
- Free [certificate](#): Fighting Modern Slavery and Human Trafficking Part 2: US Sex and Exploitation Cases
- Financial Crime Matters [Podcast](#) with Daniel Thelesklaf, Project Director for Finance Against Slavery and Trafficking (FAST), discussing protecting Ukrainian refugees
- Upcoming [webinar](#): Global Conflict Fueling Human Trafficking
- ACAMS Today [article](#): Introducing Project Hades: Dark Web Revealed

Looking ahead

The unprecedented and tragic conflict currently happening in Ukraine will lead to more displaced people around the globe. It is imperative that financial institutions continue to monitor accounts for suspicious activity and stay vigilant, in order to effectively fight the potential exploitation of displaced people fleeing conflict areas. Criminals exploit vulnerable refugees fleeing the conflict by offering shelter or by offering jobs. Therefore, it is important that official information about refugee assistance is clearly marked, and financial institutions make banking as accessible as possible for refugees. ACAMS will continue to monitor the situation and will give guidance via our [Ukraine Crisis Hub](#).

16. FinCEN, Op. Cit.

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ACAMS is the largest international membership organization dedicated to providing opportunities for anti-financial crime (AFC) education, best practices, and peer-to-peer networking to AFC professionals globally. With over 90,000 members across 180 jurisdictions, ACAMS is committed to the mission of ending financial crime through the provision of anti-money laundering/counterterrorism-financing and sanctions knowledge-sharing, thought leadership, risk-mitigation services, ESG initiatives, and platforms for public-private dialogue. The association's CAMS certification is the gold-standard qualification for AFC professionals, while the CGSS certification is its premier specialist qualification for sanctions professionals. ACAMS' 60 Chapters globally further amplify the association's mission through training and networking initiatives. Visit www.acams.org/sanctions for more information.