

CARIBBEAN FINANCIAL ACTION TASK FORCE



**COMMUNIQUE: Financial Flows from
Human Trafficking**

LII Plenary and Working Group Meetings
May 17th, 2021
Virtual Meeting

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Communique Caribbean Financial Action Task Force

PORT OF SPAIN – Delegations from the 25 Member States of the Caribbean Financial Action Task Force (CFATF) held their Plenary meeting as a virtual event on May 21, 2021, under the Chairmanship of the Hon. Carl Wiltshire Bethel, Attorney General of The Bahamas. At the meeting, inter alia, members approved a Project Report of the CFATF Risk, Trends and Methodologies Group (CRTMG) on “**The Financial Flows From Human Trafficking and the Smuggling Of Migrants**”. The project was led by the Cayman Islands under the direction of Robert Berry, Director of the Financial Reporting Authority (FRA), with support from project team members Anguilla, Bermuda, Curacao, Guyana, Trinidad & Tobago and Turks and Caicos Islands and assisted by the CFATF Secretariat and the CRTMG Co-Chairs.

Human Trafficking (HT) and Smuggling of Migrants (SOM) are two predicate offences which generate criminal proceeds by exploiting individuals worldwide. The CRTMG recognizes the immense suffering and dehumanization brought upon the victims of HT/SOM and the illicit proceeds generated by these crimes. According to the International Labour Office, human trafficking alone generates more than \$150 billion¹ in criminal proceeds per year, of which commercial sexual exploitation and forced economic exploitation are two main contributing crimes. It was with this in mind that the project was initiated.

Project Aim: The project aims to complement previous studies, by the FATF and a 2014 CFATF Report on human trafficking, by providing a regional perspective on HT and SOM whilst identifying indicators and trends, with a focus on the financial flows relevant to HT/SOM activities within the Caribbean region. The findings of the analyses of the responses to the project questionnaire will assist stakeholders in creating awareness of HT/SOM and related ML/TF activities.

Methodology: The methodology included the utilisation an online questionnaire, sanitized cases and a review of existing reports on the topic. Responses were received from 65% of the CFATF Membership. This was achieved, notwithstanding the challenges of resources reallocation during the pandemic and limitations brought about by the various public health measures instituted in various CFATF member countries. HT/SOM was identified as a crime in 94% of the countries which responded, while 81% indicated that their jurisdictions have considered the threat of either HT or SOM in their National Risk Assessments (NRA), or another risk assessment. Almost half, 46 %, of this cohort identified the risk level for human trafficking as “high” in their jurisdiction.

Banks and Money Services Businesses were the most common sources of Suspicious Activity / Transaction Reports (SARs/STRs) relative to suspected HT/SOM. Nevertheless, the number of SAR/STR submissions in the CFATF region appeared to be somewhat low. The report indicated

¹ Source: The Role of FIUs in Combatting Illicit Finance Associated with Human Trafficking (White Paper, July 2020)



that 63% of responding jurisdictions have requested additional information from other jurisdictions in relation to HT/SOM investigations.

Project Challenges: Some of the challenges identified during this project included, financial data not usually accompanying the SAR/STR thus leading to difficulties in assessing the magnitude of suspected financial flows associated with these crimes in the region. Also, jurisdictions categorized themselves as either net importers or net exporters of victims of HT/SOM and identified industries, via intelligence and the experiences of law enforcement, where exploitation is most visible and most frequently detected, however, information was not garnered from those industries. The transnational element of the crime necessitated a transnational response by way of effective international cooperation.

The project assisted in identifying ML Indicators / Trends² in relation to HT/SOM activities and common obstacles throughout the region such as language barriers, lack of victim cooperation in the investigation, lack of safe houses, etc. encountered by authorities involved in the investigation and prosecution of HT/SOM offences. There is a recognized effort towards training, which creates awareness and builds capacity in the fight to combatting HT/SOM offences.

Recommendations: The Project Report concluded with recommendations which would assist the jurisdictions in creating awareness and deterring the HT/SOM activities. These recommendations include:

1. **The development of a Caribbean HT/SOM task force** (among FIUs);
2. **Specialized training courses** for investigators/analysts with regard to HT/SOM;
3. **Formation of a regional data repository** for HT/SOM statistics with the intention of filling the data gaps and increasing cooperation among jurisdictions;
4. **Training for reporting entities** on identifying indicators/red flags for HT/SOM (in light of the low reporting).
5. **Public-Private-Partnerships (PPPs)** between FIUs, law enforcement and reporting entities to enhance reporting of HT/SOM. In addition awareness / educational campaigns could sensitise the broader civil society of the risk of HT/SOM.

Reports, like this and the typologies from affected jurisdictions, help to show financial trends and provide indicators of the practices employed by human traffickers and smugglers within the region. Financial institutions and Designated Non-Financial Businesses and Professions (DNFBPs) are encouraged to take note of money laundering indicators³ associated with human trafficking. This exercise demonstrates the commitment of members of the CFATF in the fight against this global issue.

Background

The Caribbean Financial Action Task Force (CFATF) is an organisation of 25 states of the Caribbean Basin, Central and South America, which have agreed to implement common countermeasures to address money laundering, terrorist financing and proliferation financing of weapons of mass destruction. The main objective of the CFATF is to achieve effective

² Utilization of cash intensive businesses such as bars and restaurants; utilization of third-party accounts for laundering illicit proceeds from HT; transactions of equivalent value or amounts separated by a small difference; multiple individuals sending to one beneficiary for various reasons; and remittance of funds to high-risk jurisdictions related to HT.

³ Please see the 2018 FATF/APG report, more specifically, Annex B which lists indicators of laundering the proceeds from human trafficking. <https://www.fatf-gafi.org/media/fatf/content/images/human-trafficking-2018.pdf>



implementation of, and compliance with, the Financial Action Task Force (FATF) recommendations to prevent and control money laundering and to counter the financing of terrorism and proliferation financing of weapons of mass destruction. The Secretariat was established as a mechanism to ensure achievement of the above objective and undertakes Mutual Evaluation of Members; Co-ordination of, and participation in, training and technical assistance programmes; Bi-annual plenary meetings for technical representatives, and Annual Ministerial Meetings

