



ARTICLE

Battling Financial Crime & Modern Slavery

The illegal movement of people across borders by means of force, deception or other methods, for them to be exploited at the end of their journey, is a human rights violation and a crime that causes misery and sometimes death. Andrew Pimlott outlines the problem and what is being done about it.

In October 2019, Essex Police discovered the bodies of 39 people in an abandoned lorry container. The 31 men and eight women were thought to have been smuggled into the UK. They were Vietnamese nationals hoping to start a new life in a different country.

The deaths served as a stark reminder of similar tragedies over the years, such as the 58 Chinese who perished in 2000 while being illegally transported across the English Channel. They had each handed over thousands of pounds to make the journey.

It is a type of “modern slavery”. Although it has been more than 200 years since Britain abolished the slave trade, an example followed by most of the rest of the world, various forms of slavery still exist, hidden from sight. Modern slavery takes many forms, including the traditional definition of slavery where ownership is exercised over a person, as well as human trafficking, forced labour and restrictions on freedom.

International Initiatives to Combat the Problem

More than 40 million people are enslaved around the world, according to the United Nations’ International Labour Organisation (ILO), with around 60% in forced labour in the private sector.

Governments, investors, businesses and consumers all have important roles to play in identifying and tackling human trafficking. But as financial institutions, banks play a particularly important role. Human trafficking is one of the most significant generators of criminal proceeds in the world, with revenues soaring from \$31bn in 2011 to \$150.2bn in 2018, according to ILO estimates.



The UN's Palermo protocol, passed almost 20 years ago, stipulates that governments should either adopt or reinforce legislative, educational, social or cultural measures to "discourage the demand that fosters all forms of exploitation of persons, especially women and children, that leads to trafficking".

In a 2018 report, the Financial Action Task Force (FATF), the Paris-based intergovernmental body, stated that money laundering of the proceeds of human trafficking relates to three main categories of trafficking set out in the Palermo protocol – sexual exploitation, forced labour and trafficking for the removal of organs. Financial institutions must be aware of these categories, but they should also be vigilant in identifying potentially other forms of trafficking and specific types of risk indicators as part of their anti-money laundering monitoring procedures.

Red flags include multiple employees being paid into a single account, or wage receipts with rapid withdrawal of funds, or switching into other accounts. Banks should assess such situations to determine whether there is a possibility of laundering and human trafficking and if the level of suspicion is high prompt action should be taken to report it.

Action by the UK

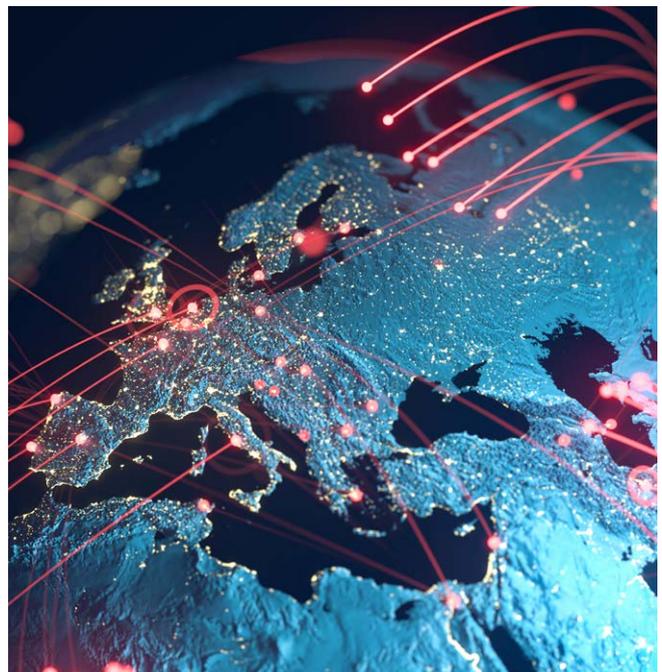
The British government successfully pushed for the establishment of the first UN target for putting an end to modern slavery, adopted in 2015. It forms part of the UN's Sustainable Development Goals, and requires governments to take effective measures to eradicate modern slavery and human trafficking by 2030.

In March 2015, the British parliament also passed the Modern Slavery Act, consolidating existing offences into a single act while ensuring that perpetrators receive suitably severe punishments for modern slavery crimes. It introduced a defence for victims of slavery and trafficking, and enables the secretary of state to make regulations relating to the identification of and support for victims.

The act also requires companies over a certain size to disclose every year what steps they have taken to make sure there is no modern slavery in their business or supply chains.

Charities have a role to play too. Charity asset manager CCLA has partnered with other investors and the UN's Principles for Responsible Investment (PRI) organisation, to launch the "Find It, Fix It, Prevent It" initiative, working to encourage UK companies to identify and help any modern slavery victims within their supply chains.

Other UK charities taking action include Unseen, and Stop the Traffik. The latter uses an intelligence-led approach, using information sharing and collaboration to build a global picture of trafficking trends and hotspots.





Recent announcement by the UK Government of the creation of the International Modern Slavery and Migration Envoy follows Justice and Care recommendations, ensuring continuous global co-ordination on the fight against human trafficking post-Brexit.

Justice and Care, an NGO run by Christian Guy, has also launched a pioneering partnership with two police forces putting their workers in the heart of investigation teams – to engage with survivors and help them secure justice.

Two Victim Navigators have been employed to work with officers in Surrey Police and Kent Police, with more forces also expected to take part in the pilot programme early next year. The Navigators will help provide specialist knowledge about slavery as investigations are taking place, and provide support to survivors in recovery.

I certainly believe that the UK is on the right track when it comes to tackling human trafficking, and the introduction of the Modern Slavery Act was just one example of the progress it is making. However, a National Audit Office report in 2017 warned that until the government is able to establish effective oversight of the modern slavery system as a whole, it will not be able to substantially decrease the prevalence of slavery.

Since then, following an independent review of the Modern Slavery Act and towards the end of her tenure as prime minister, Theresa May pledged more money to help end modern slavery and announced the creation of a Migration and Modern Slavery Envoy to help coordinate efforts with other nations. She also disclosed plans to launch a central registry of modern slavery transparency statements.

The issue does not seem to have fallen from the agenda under Boris Johnson's term of office. The government has recommitted its support for victims, with home secretary Priti Patel promising that she will “not stop until slavery is truly consigned to the history books”.

The Home Office released its 2019 Annual Modern Slavery report in October, revealing that there were more than 1,400 active investigations into modern slavery cases in the year to July 2019 – an increase of more than 64% on the previous year. Also in October, Jennifer Townson was appointed as the first Migration and Modern Slavery Envoy.

The same month a government “Hidden in Plain Sight” campaign was launched in London to help frontline professionals in certain sectors spot signs of modern slavery and to “take a second look” at the people they interact with for tell-tale signs of exploitation.

With this drive to eliminate human trafficking, the UK is beginning to catch up with the scale of the problem.

Update on the Vietnamese case

A 23-year-old male lorry driver was arrested in connection with the Essex lorry deaths and has since pleaded guilty at the Old Bailey to plotting with others to assist illegal immigration between May 2018 and October 2019. At the time of writing, Essex Police had also announced that a 36-year-old man had been arrested on suspicion of manslaughter, conspiracy to traffic people and conspiracy to assist unlawful immigration in connection with the inquiry.

These advances in the investigation are a step forward in terms of identifying and prosecuting the perpetrators, but it may be of little consolation to the victims' families.

All 39 bodies have now been repatriated. While their families may be relieved after weeks of waiting, in addition to bereavement, some could also be facing significant debts incurred by assisting their relatives' travel to the UK. For Example, the BBC reported in November, that the family of Pham Thir Tra My claimed they handed over £30,000 to people smugglers.



Piling on the Pressure

Governments, financial institutions, charities and other organisations around the world are taking big steps to stamp out trafficking and prevent cases like this one, but unfortunately more progress needs to be made.

To help eradicate the practice, banks should be using their position in the payments system to strengthen their anti-money laundering checks, keep a careful eye on financial data and report any unlawful profits and proceeds – all with a view to applying more pressure on traffickers and tearing their business models apart.

Research Methodology

This research was conducted by FTI Consulting's Strategy Consulting & Research team in London via a CATI (Computer Assisted Telephone Interviewing) research methodology. Fieldwork was conducted from 29th October to 11th November 2014 involving n=50 organisations who supply retailers in the United Kingdom, representing a sum total of £11.8 billion in annual sales.

Please note that the standard convention for rounding has been applied and consequently some totals do not add up to 100%.

For more information on the research methodology, please email market.research@fticonsulting.com

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