

# Legitimate Business or Brothel?



## Investigation Guide

US-Based commercial-front brothels



With RedFlag Accelerator, you know:

## **What** to look for and **How** to find it

....Resulting in efficiently  
and accurately identifying  
customers of concern.

### **What is RedFlag Accelerator?**

RedFlag Accelerator is an international, award-winning source of persona-based human trafficking red flags. It is a next-level, game-changing tool that brings into plain sight what is hidden in billions of lines of data in banking systems. It is developed from extensive research, data gathering, and analysis from over 350 source documents.

# Table of contents

How to use this guide	01
What to look for:	
Understand the typology	02
Source red flags	05
How to find it:	
Make it relevant	09
Reduce the noise	09
Investigation steps	10
Next steps	11



**More than  
9,000 brothels**  
in the United States  
disguised as other  
businesses



**More than 240,000**  
sex trafficking victims  
in the United States

# Our Approach

## How to use this investigation guide

### Purpose:

This is a practical, step-by-step reference guide to help you efficiently and effectively detect commercial-front brothels in your customer data.

### For whom:

This is primarily aimed at financial crime investigators within financial institutions.

### How to use it:

Steps 1 and 2, in the 'What to Look For' section, provide the knowledge you need to identify commercial-front brothels and describe how their financial footprint fits into the wider typology.

Having digested the knowledge, steps 3 to 6 in the 'How to find it' section help you apply it. In particular, when responding to alerts raised on individual customers, jump to steps 5 and 6.

This will help you consider the wider context of the alert and give tips on follow-up actions. When proactively considering a wider investigation across many customers, sequentially work through from step 3.

### The following terminology is used throughout this guide:

**Persona** – a customer profile of socio-economic and financial characteristics that represent a pattern of living.

**Red Flag** – a behaviour or characteristic which can help identify customer instances of a given persona from their financial footprint.



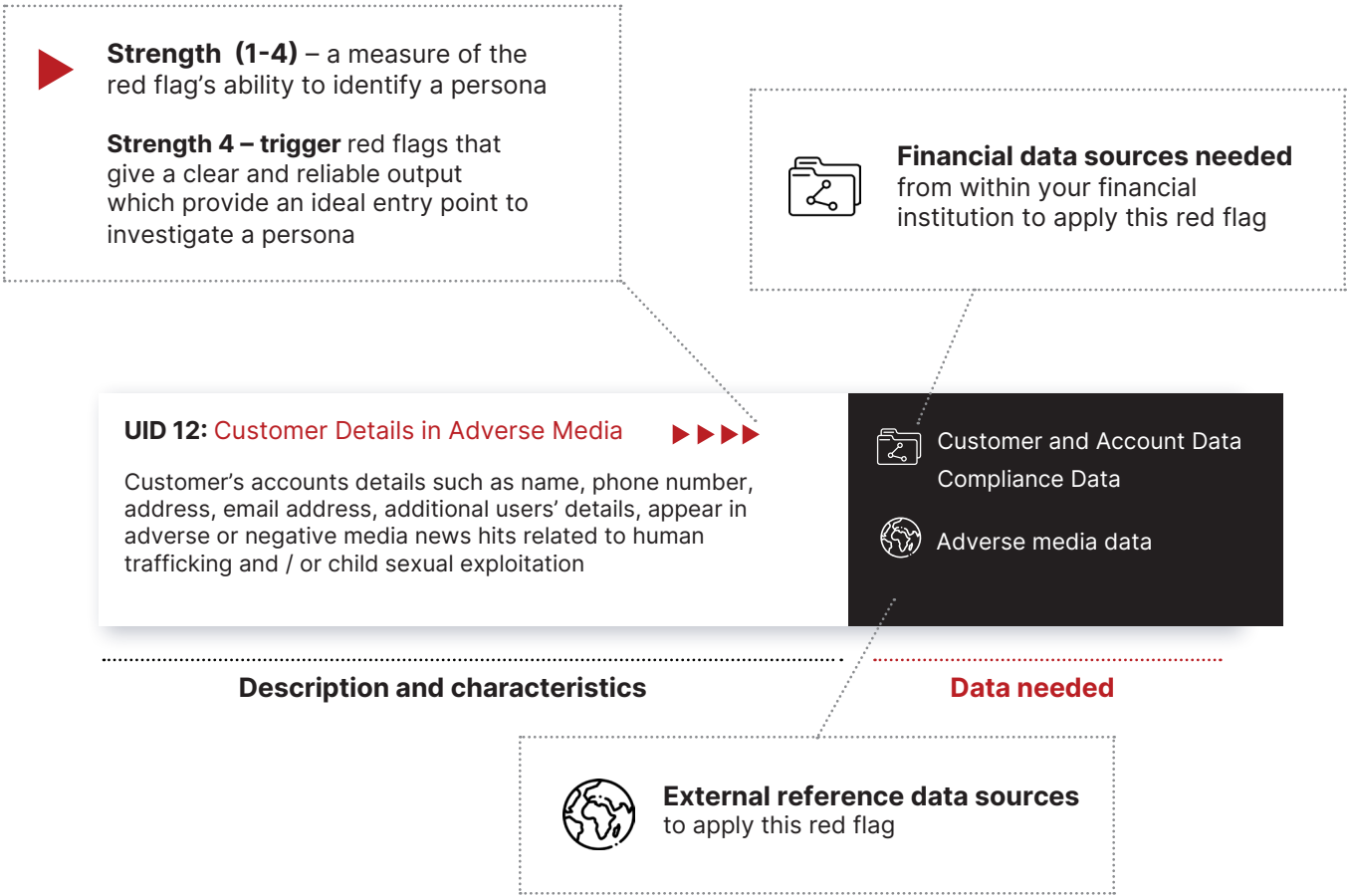
Methodology:

RedFlag Accelerator consolidates hundreds of sources of human crimes intelligence, such as commercial-front brothels, into a library of contextual financial red flags and personas. All red flags are enhanced and enriched with the attributes, data sources and external reference data types required to apply them.

No one red flag occurring in isolation is sufficient to match a customer to a specific persona with confidence. That’s why we group the red flags by the criminal and victim personas they represent. These personas for different types of financial crimes are further grouped into typologies.

This guide focuses on commercial-front brothels and includes red flags for this persona in the ‘What to look for’ section.

Below is an example illustration showing what is included in each red flag. This covers both their characteristics and the different data types and internal and, where relevant, external data sources needed to evaluate them.



# What to Look For

## 1. Understand the typology

### Link to Finance

To conceal their criminal activity, sex traffickers operate legal entities, outwardly claiming to provide legitimate services, but function primarily as brothels, known as commercial-front brothels.

Commercial-front brothels use legitimate financial institutions to process payments, pay business expenses, control their victims, launder and move their proceeds, and obfuscate who is profiting from the operations. However, their profile and financial footprint may differ from that expected of their specified outward legal entity.

### Persona Summary

Though these businesses can have varied fronts, the industries most associated with commercial-front brothels include spa salons and massage businesses, bars, restaurants and clubs (e.g., hostess clubs, strip clubs, gentlemen clubs).

Details of these business structures or their owners can appear in adverse media related to sex trafficking and/or prostitution. Venues are often located in areas where prostitution is known to occur.

Business websites often include sexualized content and business details may appear in adult services related websites.

---

### Transactions

Frequently traffickers structure deposits to fall just under reporting thresholds which would trigger an investigation. They may also structure their finances across multiple accounts and institutions. Accounts may have a disproportionate amount of cash deposits compared to other businesses of the same type.

Commercial-front brothels actively use online platforms to both identify and recruit victims and advertise the services via commercial sex advertising (CSA), corresponding to payments to the CSA sites in transaction history.

Signs of illicit commercial sex activity include customer payments outside of business hours, frequent double-charge patterns, and beauty related businesses with unusually high proportions of male customers. Commercial-front brothels often have very low and infrequent official payroll expenditure.

Account activity may also display unusual patterns of excessive expenditure at drug stores, for fast food, sex toys and condoms, women's clothing, lingerie, shoes, cosmetics, and other similar purchases that are inconsistent with the customer's stated business type.



## Wider context – the supply side

Victims of sexual exploitation within commercial-front brothels are often trafficked from developing countries under false promises of legitimate work and become trapped in debt bondage to their traffickers.

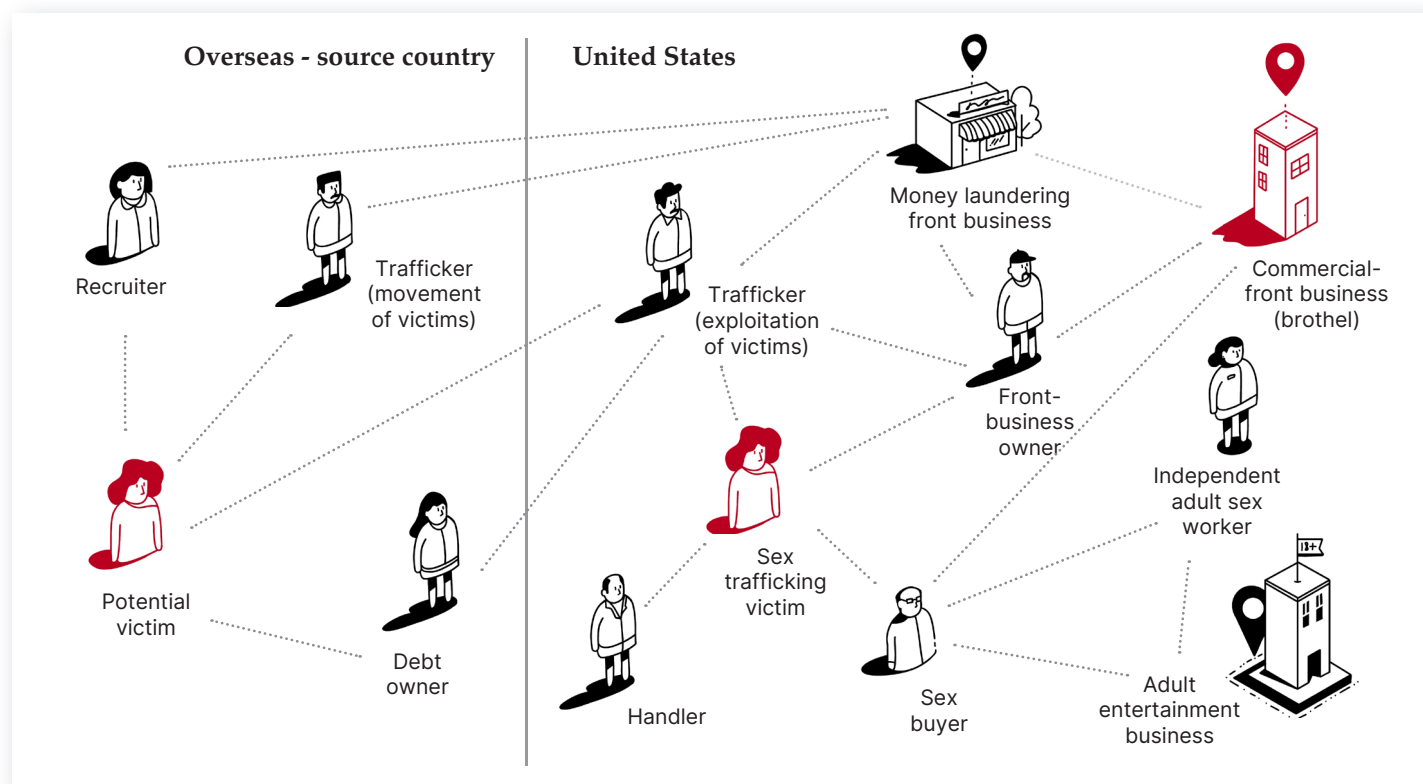
Commercial-front brothels may be connected to Organised Crime Groups (OCGs) which may also be involved in the laundering of money from other sources of criminal activity. OCG activities may be spread across multiple connected businesses.

### Business profile: Commercial-front brothels

- Complex business structure
- High-risk sex trafficking business type
- Businesses with false aliases in hospitality sector

This shows recurring profile characteristics evident for this persona. However, customers not matching this profile may still represent the persona.

## Personas network map (US)



The above persona network map shows the wider view of the commercial-front brothels business model, where the exploitation is taking place in the US. Links between these personas represent the expected flows of money.

In this network map, personas can be split between those located within the US and those within the typical source country of victims.



# What to look for

## 2. Source red flags

### UID 17: Business-related Details in Adult Ads ▶▶▶▶

Business customer's details (such as company's name, trading name, personnel names or details, phone number, address, email address) appear in commercial sex advertising (CSA) sites and escort/ sex/ adult service advertisements



Customer and Account Data  
Compliance Data



Classified Ads Websites  
Customer Details in Sex Ads

### UID 346: Business on Sex-buyer Review Board ▶▶▶▶

Business customer is referenced on a "sex-buyer review board," with multiple users alleging they have received commercial sex services at the venue



Customer and Account Data  
Transaction Data



Sex buyers review board

### UID 418: Customer Details in Sex Trafficking-related Adverse Media ▶▶▶▶

Customer details such as the company's registered or trading name, phone number, registered address, business email address or owner's/director's/user's name or contact details appear in adverse media news hits related to sex trafficking



Customer and Account Data  
Compliance Data



Sex Trafficking Adverse  
Media Data

### UID 419: Customer Details in Sex Trafficking-related OSINT ▶▶▶▶

Customer details such as the company's registered or trading name, phone number, registered address, business email address or owner's/director's/user's name or contact details appear in Open Source Intelligence related to sex trafficking



Customer and Account Data  
Compliance Data



Sex Trafficking OSINT Data

### UID 345: Overtly Sexualized Advertisements ▶▶▶▶

Advertisements associated with the business customer and/or business website contain overtly sexual content (i.e., include images of women in lingerie, include physical descriptions of employees, etc.)



Customer and Account Data  
Compliance Data



CSA sites  
Adult services sites

### UID 348: Frequent Payments to Commercial Sex Advertising (CSA) Sites



Business customer's account is showing a pattern of frequent low-value payments to CSA sites and classified services involved in the sex industry, or to escort agencies, or to online payment providers associated with adult services and entertainment, incommensurable with customer's stated business type, activity and location



Customer and Account Data  
Compliance Data  
Transaction Data



CSA sites  
Adult services sites  
Escort agencies

### UID 178: Commercial Sex Signs in Premises



Business premises display physical signs of commercial sexual activity. This may include advertising signs for 'spa' or 'massage' treatments which do not match customer's stated business type and activity and/or an unusually high number of staff considering the business size



Customer and Account Data  
Compliance Data



Adverse media feed

### UID 432: Transacting Parties in Sex Trafficking-related Adverse Media



Customers' frequent transacting parties such as trusted creditors appear in adverse or negative media news hits related to sex trafficking. This may indicate a criminal network



Customer and Account Data  
Compliance Data  
Transaction Data



Sex Trafficking Adverse  
Media Data

### UID 433: Transacting Parties in Sex Trafficking-related OSINT



Customers' frequent transacting parties such as trusted creditors appear in Open Source Intelligence related to sex trafficking. This may indicate a criminal network



Customer and Account Data  
Compliance Data  
Transaction Data



Sex Trafficking OSINT  
Data

**UID 292: Excessive Spending for Beauty-related Products**

Business customer's account with high volume and value of beauty-related expenses that are inconsistent with the customer's stated business type, activity and size and have no logical business purpose



Customer and Account Data  
Compliance Data



Transaction Data  
Beauty stores  
Cosmetic Stores

**UID 27: Business Address in Red-light District**

Business customer's registered address is located in red-light district or in the areas where prostitution is known to occur (as reported by media, law enforcement, or as it assumed by prevalence in classified ads)



Customer and Account Data



CSA sites  
Adult services sites  
Red-light district locations

**UID 33: Same Owner for Multiple Businesses**

One individual acts as an owner / director in control of accounts for multiple different business customers. In particular, if these multiple businesses are engaged in non-complementary lines / types of business



Customer and Account Data  
Compliance Data



Public companies database

**UID 48: Beauty-related Business with Predominantly Male Clientele**

Business customer providing beauty services (such as nail bars, massage salons, or spas) with payments made predominantly by male customers (or names of card holders are primarily identified as male in the event where gender-specific information is not recorded)



Customer and Account Data  
Compliance Data  
Transaction Data



Beauty salons

**UID 46: Double-Charge Patterns in Short Time**

Customers with high-risk commercial sex trafficking business types, such as massage establishments, spas, nightclubs, and adult entertainment establishments, etc., show frequent double-charge patterns, where two transactions for the same card account are submitted within one hour of each other



Customer and Account Data  
Compliance Data  
Transaction Data



High-risk sex trafficking  
businesses

**UID 107: Customer Payments Outside Business Hours**

Business customer's accounts show a high volume of incoming transactions during off-peak, overnight, or outside of usual business hours



Customer and Account Data  
Compliance Data  
Transaction Data



**UID 60: None or Very Low Payroll Expenditure**



Payroll expenditure is non-existent or significantly lower than expected for the customer’s size or business type with no apparent reason



Customer and Account Data  
Compliance Data  
Transaction Data

**UID 347: Frequent Purchases in Drug Stores**



Business customer’s account with high frequency of purchases at drug stores buying goods such as contraceptives or painkillers in excess that is inconsistent with customer’s stated business type, size or location



Customer and Account Data  
Compliance Data  
Transaction Data



Drug stores

**UID 351: Frequent Airline Bookings from High-Risk Sex Trafficking Countries**



Business customer’s account is showing a pattern of airline bookings for flights for unrelated females from one or more high-risk countries that are recognized as key source countries for sex trafficking victims (such as Latin America or South East Asia in case of North America)



Transaction Data



Airlines  
High-risk sex trafficking  
source countries

**UID 11: Non-complementary Lines of Business**



High-risk commercial sex trafficking business type customer is involved and frequently transacts with parties that are engaged in non-complementary lines of business such as nail salons, beauty shops, grocery stores, dry cleaners, or taxi services, with no apparent business purpose or indications of consolidated ownership



Customer and Account Data  
Compliance Data  
Transaction Data



High-risk sex trafficking  
businesses

# How to find it

Include steps 3 and 4 when assessing the risk of the commercial-front brothels crime type and personas being present throughout your customers data. For individual customer's alert, skip to step 5 (page 9).

## 3. Make it relevant

Use the 'data needed' part of the red flags in the previous section to identify the flags where you can access reliable data.

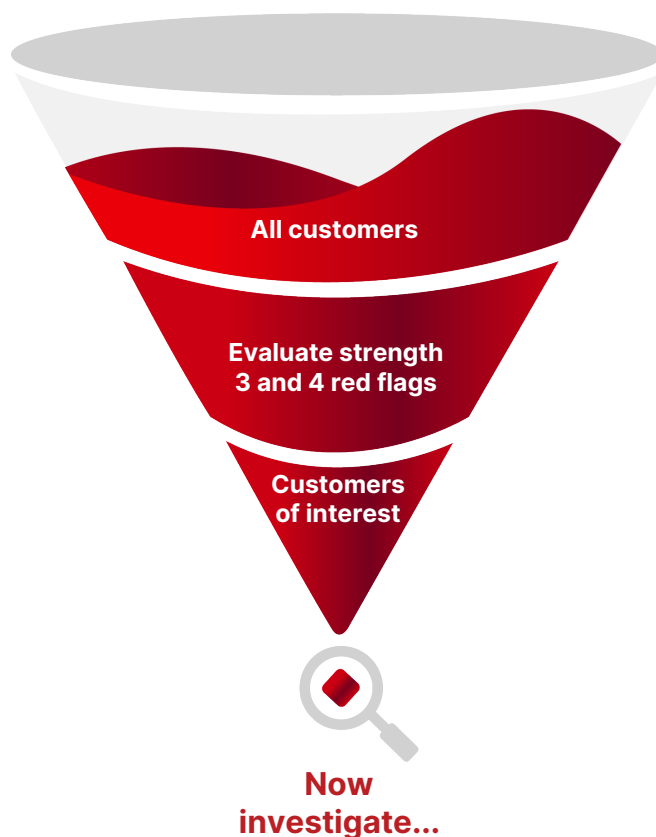
Gather the necessary external reference data to evaluate the red flags.

## 4. Reduce the noise

Trigger red flags which have the highest strength should be evaluated for all customers.

Filter customers to select only those for which one of these trigger red flags is activated.

Now you are ready to investigate these customers in step 5.

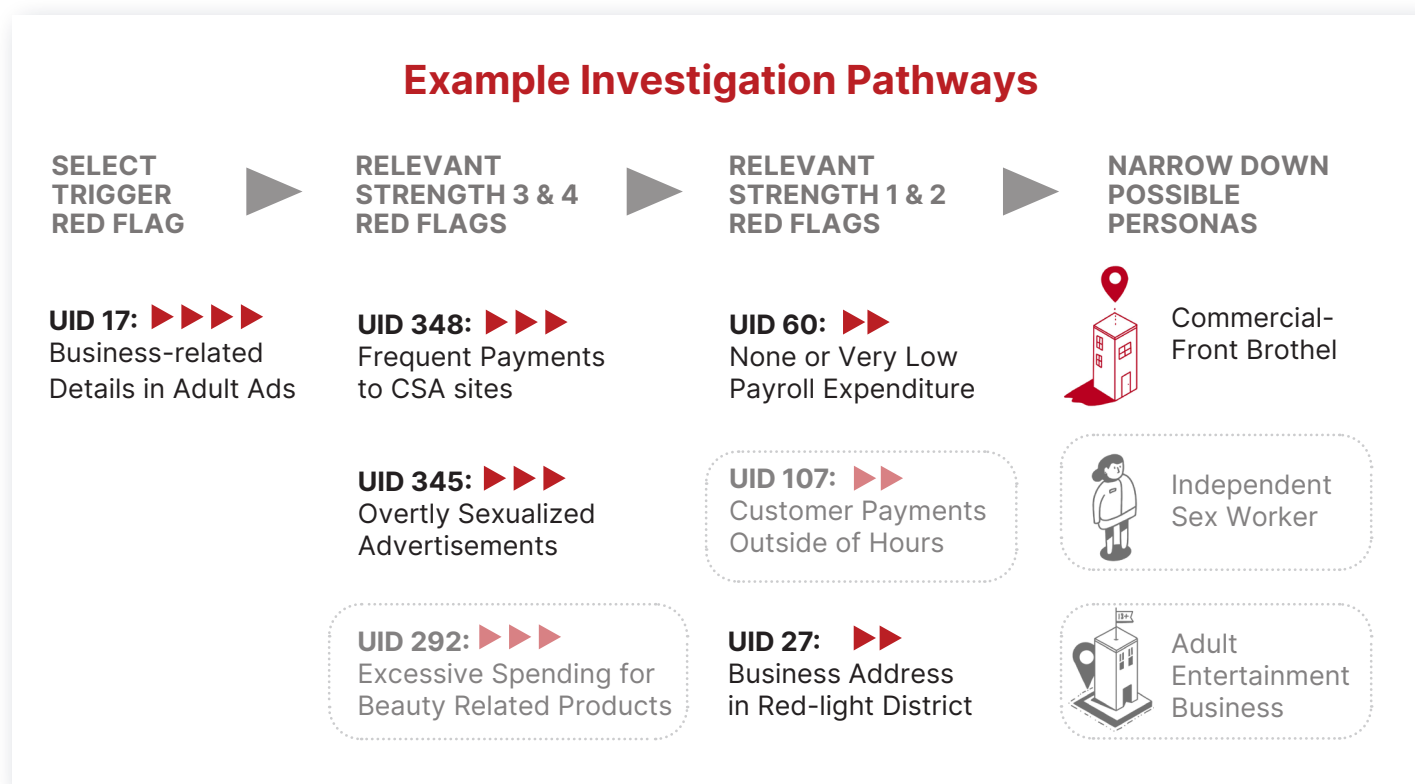


# How to find it

This step helps you investigate customers for whom a trigger event has raised concern. This may be following step 4 or another trigger.

## 5. Investigation steps

- Consider the possible criminal, victim and legitimate personas for the behaviour which has triggered the concern. The persona network map in the 'Understand the typology' section may help.
- For each identified possible persona, consider their likely profile characteristics and use the red flags from step 2 that best distinguish the commercial-front brothel from the other possible personas. Focus on red flags for which the 'data needed' is easily accessible.
- Of the identified red flags, first evaluate those of higher strength and only progress to lower strength red flags if these point to high-risk personas.



**Investigation steps above illustrate an example where a TMS system has flagged a customer for posting adult ads on Commercial Sex Advertising (CSA) Sites.**

- Three possible personas are identified as explaining the TMS system trigger.
- Using the 'Source red flags' section of this guide and availability of data needed, three other strength 3 and 4 red flags are identified as helping differentiate the target persona from the other two possible personas. Additionally, three relevant strength 1 and 2 red flags are similarly identified and assessed.
- The results point to the commercial-front brothel being the most likely persona, and so we proceed to step 6.



# How to find it

This step gives tips on how to proceed with customers which are likely to represent identified criminal or victim personas for which further action is required.

## 6. Next steps

Having matched a customer to a potentially criminal commercial-front brothel persona, prior to raising a SAR it may be helpful to conduct some additional manual checks on their court records, social media presence and other online footprint.

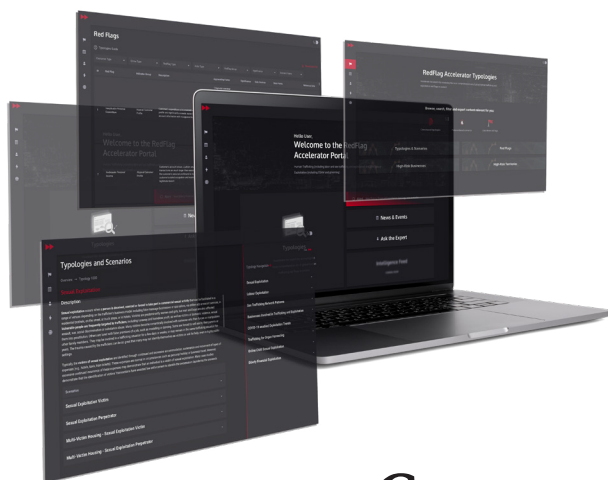
### When raising a SAR relating to Human Trafficking, FinCEN advise:

In SAR Field 2, include 'HUMAN TRAFFICKING FIN-2020-A008', and reference the code within the narrative.

Select SAR Field 38(h) and include the term 'HUMAN TRAFFICKING FIN-2020-A008'.

Include in the narrative all relevant details regarding the red flags that have been detected.

Additionally, if the matter appears particularly time sensitive, you may wish to call the National Human Trafficking toll-free hotline at 1-888-373-7888



To fight human trafficking in financial data, you need to know **what to look for**, and **how to find it**. With RedFlag Accelerator, you can.

## Contact us to learn about **Investigation and Detection Packs** including:

- Exclusive Portal Access
- External Reference Data from trusted sources
- Scientific Anti-bias Risk Scoring Algorithms
- Advanced AI Data Analytics

- Seamless Integration via ready-to-use Microservices
- Industry-leading Professional Services, to support on:
  - Knowledge transfer and training
  - Technical integration
  - Data science

# Learn more

Register for the new RedFlag Accelerator Portal



# RedFlag

## Accelerator

[WWW.REDFLAGACCELERATOR.COM](http://WWW.REDFLAGACCELERATOR.COM)