Uncovering the links between labour trafficking and economic crimes

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FLOW project (2018–2020)

“Flows of illicit funds and victims of human trafficking: uncovering the complexities”

- EU-ISFP-funded, focus on links between labour exploitation and financial crimes
- Finland, Estonia, Latvia, Bulgaria + study trip to Brussels
Crimes related to labour exploitation

Based on our findings from Bulgaria, Estonia, Finland and Latvia, several types of related economic crimes and other offences are commonly committed in connection with labour trafficking and labour exploitation.

In many instances, only some of the related crimes and/or violations of the labour law are identified by authorities, and relevant cases might never be investigated and/or qualified as trafficking. Investigation of such cases is often very labour intensive and requires specialised expertise in labour crimes, economic crimes as well as human trafficking and use of interpreters.

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<td>Illegal recruitment fees</td>
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#FLOW_THB
Cost reduction

- Underpayment/withholding payments
- Longer hours for exploited workers
- Not providing legally required safe and healthy work environment
- Evasion of taxes
- Evasion of social and health contributions
Revenue generation

- Imposition of upfront fees for securing job placement / job trainings
- Inflation of costs
  - Transportation
  - Housing
  - Food
  - Clothes
  - Work equipment and tools
Labour exploitation is a low-risk, high gain form of corporate crime motivated by profit-making.

Legal structures are used to hide grey and illegal activities & illicit flows, e.g.
- Cascade subcontracting
- Posting of workers
- Bogus self-employment
- Use of fronts & straw mem

Links to economic crimes and shadow economy are evident.
Uncovering labour trafficking

Investigation tool for law enforcement and checklist for labour inspectors

Checklist 1. Identification of labour exploitation for labour inspectors and other authorities

Labour inspectors are uniquely placed to identify features of human trafficking or labour exploitation in the course of their inspections. In addition, any facts, hints, and other measures that inspectors identify are also in a position where they can uncover potential cases. An additional inspector may notice features which individually are not significant, but when taken together may lead to an inspection of criminal activity.

Details that may be noted in labour inspections include the following:

- The employer or the employer’s family member is taking in time
- The employer cannot answer all questions or is not in the workplace
- An employee is unwilling to answer any questions and tells the inspector to ask the employer
- When the employee is asked for an ID, it turns out that it is in the employer’s possession and/or the employee brings it out for the inspector to see
- An employer is unable or has no work for the employee
- An employee reports, when asked, that he/she has paid for the job
- The pay slip indicates that the wages of all workers are paid into the same bank account
- The worker cannot eat in a language that the worker does not understand
- There are many persons in the workplace whose shift has already ended according to the shift roster or who should have already left
- An official shift roster is displayed at the workplace, but there is no list of actual working hours
- The wages are paid in a manner which is not in accordance with the country’s regulations
- Employees are required to work without adequate protective equipment, or the working conditions are substandard
- It looks like people are being accommodated as in the workplace, e.g., there is a bed, mattress, a kitchen, and/or many personal items are in one room or a smaller room
- An employee lives with the employer
- Employers show signs of abuse or mistreatment and/or other symptoms
- An employer reports that he/she has no days off or a police holiday
- An employee reports that he/she works over 14 hours a day so that there are violations with wage payments
- The employer has a room or other location where workers are provided with accommodations near the workplace, the living conditions are substandard
- Employees do not have the required work permit, rendering them vulnerable to abuse
- An employee does not know where in Finland he/she is living and working
- An employer reports that employees provided by the employer is the only way to get to the workplace
- There are discrepancies between the details submitted by the employer to the income register and the payroll accounting
Economic crime approach

• Law enforcement tends to prioritize the investigation of economic crimes at the expense of crimes against individuals → both aspects must be considered!

• The proceeds of crime and their confiscation facilitates also victims’ access to justice.

• Business bans also useful.
Financial investigation

- Financial investigation techniques help find evidence of THB → tracking financial transactions and assets of both the suspects and the victims can reveal e.g.
  - Transfers or depositions by offenders to victims’ accounts, and further transfers to abroad or into other assets
  - Evidence of kickbacks where victims pay back their wages
  - Victims’ bank accounts show no payments for living cost expenses etc.
Project publications

• All materials are available on our website [www.heuni.fi](http://www.heuni.fi) in five languages
• **Shady business**
• **Investigation tool and checklists**
• **Business Toolkit**
• **Normative Framework and examples of contractual clauses**

Easy to read [policy briefs](#) in seven languages