Human Trafficking in Canada

Ending human trafficking is often regarded as an issue of 'others', as opposed to a domestic priority. One could argue that this preconception is a derivative of the label given to the acts summed up under its legal definition; recruiting, harbouring, transporting or controlling the movement of a person for the purpose of exploitation (Canada, Government of, 2016). This deconstruction depicts how human trafficking does not have to be transnational in practice to be captured under the term. Additionally, there are many statistics available to further support this notion. In using Canada as an example, one of the nation's leading newspapers, the Globe and Mail, reported in 2016 that most of the country's human trafficking took place within Canadian borders, with 311 of 330 cases (94 percent) investigated by the Royal Canadian Mounted Police (RCMP) having been identified as domestic (Grant, The Trafficked: How sex trafficking works in Canada, 2016).

When analyzing domestic human trafficking in countries with larger populations, such as the United States and the United Kingdom, the statistics are not as stark as those in Canada. However, they do outline the large number of their respective citizens that are also being trafficked domestically. The National Human Trafficking Hotline, operated by Polaris in the United States, indicated that at least 25 percent of the cases it has logged in 2017 involved US citizens (National Human Trafficking Hotline, 2017). In the United Kingdom, the Referral Mechanism Statistics compiled by the National Crime Agency (NCA) on human trafficking between April and June 2017, lists UK citizens as tied for the second highest amongst all human trafficking related referrals (National Crime Agency, 2017).

The aforementioned statistics are a sobering realization that human trafficking is as much a domestic problem, as it is international. However, while this crime is being perpetuated within the borders of some of the most developed nations in the world, prosecution of traffickers globally is alarmingly low. According to the 2017 State Department's Trafficking in Persons (TIP) report, there were only 14,894 prosecutions and 9,071 convictions for trafficking globally in 2016 (Human Rights First, 2017). This pales in comparison to the number of total individuals enslaved today, which is estimated at being between 20 to 30 million (Do Something, 2017). Furthermore, according to the U.S. State Department, 600,000 to 800,000 people are trafficked across international borders every year, of which 80% are female and half are children (Do Something, 2017).

Disparity between those trafficked and prosecuted for trafficking, combined with the emerging realization of a domestic nexus, is now motivating many nations to re-evaluate their approach to combating human trafficking. Canada is one such nation which has dedicated significant resources to this effort over the past two years. Examples of this mobilization include Canada's most populous province (Ontario) pledging 72 million dollars (CAD) to end human trafficking (Grant, Ontario unveils $72-million plan to fight human trafficking, 2016) and the formation of several NGOs, including The Centre to End Human Trafficking (The Centere to End Human Trafficking, 2017). Another initiative that was launched in Canada within this timeframe is known as Project Protect, which adopts a unique approach to disrupting human trafficking through breaking financial chains.

Project Protect

Project Protect was officially launched in January 2016 however its origin spans back a month earlier, when AML professional Peter Warrack accepted a challenge put forth by human trafficking survivor Timea Nagy at an Association of Certified Anti-Money Laundering Specialists (ACAMS) meetup in Toronto, Canada (Grant, Canadian banks, police following money trail to target human trafficking, 2017). The basis of the challenge was to call upon financial institutions in Canada to do more when it came to human trafficking. Nagy chose to levy this challenge to Anti-Money Laundering (AML) professionals given their existing mandate to report suspicious behaviour, pertaining to money laundering, to Canada's Financial Intelligence Unit (FIU) the Financial Transaction and Report Analysis Centre of Canada (FINTRAC). Additionally, human trafficking was already recognized as a predicate offense for money laundering making the challenge seem even more appropriate.

To meet the task which he accepted, Warrack constructed a partnership model with a membership base comprised of individuals from both public and private institutions. Participants represented several major Canadian financial institutions, regulators, law enforcement agencies from the municipal, provincial and federal level, as well as policy makers, NGOs and technology companies. The goal of their combined, (and equal) partnership would be two fold; to increase awareness of human trafficking amongst the members' respective institutions and to increase reporting suspicious transactions pertaining to possible human trafficking to FINTRAC.

Warrack also laid out a 4 point strategy at the onset of Project Protect for its members to abide by to ensure the goals of the project were met in a timely manner;

- Each financial institution will act independently to identify suspected human traffickers and report suspicious transactions to FINTRAC by submitting Suspicious Transaction Reports (STR).
- FINTRAC will direct intelligence derived from the STRs to relevant law enforcement partners (i.e. Sexual Crimes Units.)
- FINTRAC will work with the Project Protect partners to develop and publish typologies and red flags associated to these crimes, and all partners will be dynamically kept on the same page with respect to ongoing information updates.
- Law enforcement will be able to utilize increased intelligence towards prosecution of new human trafficking cases.

To further elaborate on the STR, which is the main tool of Project Protect members, it is a standard form that every reporting entity in Canada utilizes to convey suspicious activity to FINTRAC. Each reporting member of the project was instructed to indicate 'Project Protect' within the summary section (Part G) of the STR to highlight the nexus to possible human trafficking. FINTRAC would then mine for these STRs through keyword search and disclose relevant information to law enforcement.

Example - FINTRAC Suspicious Transaction Report (STR) - Part G

FINTRAC report number: Reporting entity:

Suspicion

Please describe clearly and completely the factors or unusual circumstances that led to the suspicion of money laundering or terrorist activity financing. Provide as many details as possible to explain what you found suspicious. If this report is about one or more attempted transactions, describe why each one was not completed.

Internal Reference #

This case pertains to Project Protect and the laundering of proceeds of human trafficking. Please note that activity for this client has been previously reported to FINTRAC via Internal Reference #s
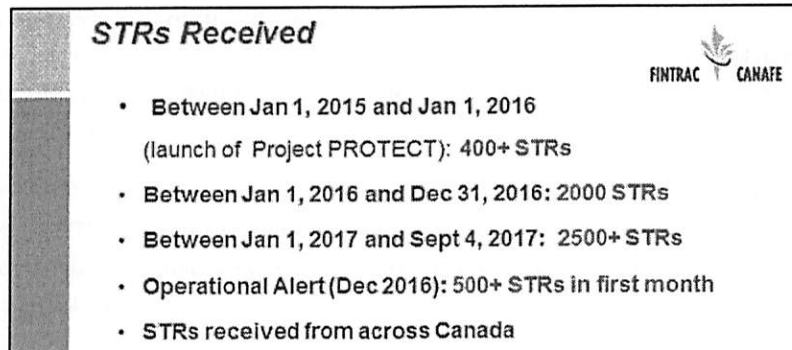
Internal Impact on Members

Project Protect was specifically designed to be a zero-cost initiative that would seek to leverage existing requirements of financial institutions through intelligence-led knowledge building of internal FIUs. Additionally, Protect would also seek to strengthen formal communication channels between financial institutions, FINTRAC and law enforcement through maximizing their efficiency. It is important to note that the format in which the model was setup was conscious to the fact that no breaches of privacy laws, on neither the public or private side, would have to be undertaken in order for the project to be effective. The only information that was to be shared between the members of Project Protect would be macro-trends, typologies, and publically available adverse media pertaining to human trafficking.

Outcome and Achievements

As Project Protect nears its second year anniversary, it has thus far achieved both of its goals in raising awareness and reporting on human trafficking. However, the path towards success involved significant contributions from its membership base both jointly and independent. Collaboratively, the members held two closed-door conferences, one anti-money laundering industry wide conference, hosted by the Toronto ACAMS chapter and their President Stuart Davis, as well as a one year retrospective anniversary seminar to reflect on the first year's achievements. Additionally, a major contribution of the joint efforts of the Protect member-base was the assistance they provided FINTRAC in compiling a list of indicators of possible human trafficking that was distributed to all reporting institutions across Canada via an Operational Alert. (Financial Transactions and Reports Analysis Centre of Canada, 2016).

Sharing and compiling indicators not only assisted in drafting the FINTRAC Operational Alert but also aided in significantly increasing reporting amongst all reporting entities. The diagram below (Image A), provided by FINTRAC to the Globe and Mail, highlights this increase through contrasting the year before and after Project Protect was launched (Financial Transactions and Reports Centre of Canada, 2017).

Image A

STRs Received

FINTRAC CANAFE

- Between Jan 1, 2015 and Jan 1, 2016
  (launch of Project PROTECT): 400+ STRs
- Between Jan 1, 2016 and Dec 31, 2016: 2000 STRs
- Between Jan 1, 2017 and Sept 4, 2017: 2500+ STRs
- Operational Alert (Dec 2016): 500+ STRs in first month
- STRs received from across Canada

Project Protect has been commended by FINTRAC to have contributed greatly to the 500 percent increase in reporting, on suspicious transactional activity pertaining to human trafficking, in the 12 months following the project's launch. Additionally, the above chart also highlights that reporting figures from 2017 are on track to exceed the significant increase noted in 2016.

Further support towards the impact of Project Protect on reporting trends is noticed when comparing Project Protect assisted figures to historical reporting periods dating back to 2011, when human trafficking and smuggling were summed together. The year over year breakdown highlighted in the chart below (Chart A) does not reference the specific number of STRs received on each of the predicate offenses listed but does draw attention to the reporting ratio for each based on total STRs received (Financial Transactions and Reports Analysis Centre of Canada, 2013).

Chart A

Types of Predicate Offences Related to Case Disclosures[1]

| Predicate Offence Category	2010–11	2011–12	2012–13
Fraud	33%	35%	34%
Drugs	26%	27%	27%
Unknown	14%	11%	8%
Tax Evasion	5%	9%	13%
Customs/Excise	5%	5%	4%
Corruption	5%	5%	5%
Human Smuggling/ Trafficking	4%	3%	3%
Theft	3%	6%	5%
Illegal Gambling	1%	1%	2%

*FINTRAC Annual Report 2013

5

International Acknowledgement

This dramatic increase in reporting has not gone unnoticed by the international community. One such example of this acknowledgement was from the Special Representative and Co-ordinator for Combating Trafficking in Human Beings for the Organization for Security and Co-Operation in Europe (OSCE) Madina Jarbussynoval. During her visit to Ottawa in June 2017 Ms. Jarbussynoval stated;

> "The progress made by Canada since the visit in 2011 is exemplary… the 'Project Protect' initiative implemented by the Financial Transaction Analysis Centre (FINTRAC) is an innovative model designed to identify traffickers and follow the money gained through exploitation of victims, thus contributing to the criminal investigation into human trafficking." (Organization for Security and Co-Operation in Europe, 2017).

Other forms of recognition Project Protect has garnered over the past two years include; coverage from CNN's Freedom Project (CNN, 2016) and formal acknowledgement by the Director of Serious and Organized Crime Policy Division for Public Safety Canada, Michael Holmes, to the United Nations General Assembly in September 2017 (see image below).
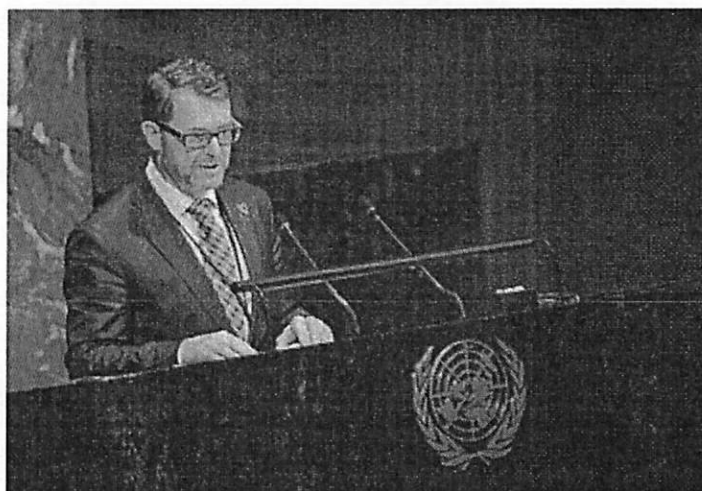
In Director Holmes' address to the General Assembly he stated the following on Project Protect;

> "Mr. President, I would like to highlight one initiative that I believe will be of interest to States Parties present. Launched in 2016, Project Protect is a joint initiative between the Government of Canada and the private sector. It allows Canadian financial institutions to report transactions that are suspected of money laundering related to trafficking in persons for sexual exploitation… Compared to the same 4 month period the year before, in 2016, the Project produced a 400% increase in financial intelligence disclosures to law enforcement linking money laundering to trafficking in persons."

This short but concise address captures the essence of the project and has contributed towards more foreign countries requesting knowledge on the project for implementation within their own borders.

Forward Thinking

The original mandate of Project Protect, to increase knowledge and suspicious activity reporting, continues onwards. After receiving notable praise for their initial efforts, its members are now refocusing their attention on isolating previously unidentified trends and typologies. One such trend that has been noted is the increasing use of virtual currencies, such as Bitcoin, to facilitate payments and online advertising related to traffickers. Further support has been given to the connection between Bitcoin and human trafficking by Rebecca Portnoff, a UC Berkeley Ph.D. candidate.

Ms. Portnoff and her research team has developed first of its kind automated techniques to identify adult classified ads tied to human trafficking rings by linking the ads to public information available on the Bitcoin blockchain. The following is an excerpt from their research method;

"The researchers deployed their automated author identification techniques on a sampling of 10,000 real adult ads on Backpage, a four-week scrape of all adult ads that appeared on Backpage during that time, as well as on several dozen ads they spike themselves placed as a point of comparison. They reported an 89 percent true-positive rate for grouping ads by author — significantly more accurate than current stylometric machine learning algorithms." (Israel, 2017).

The research conducted by Ms. Portnoff, highlights emerging concerns, such as virtual currencies, that will motivate the initial Project Protect group to continue to work together into the foreseeable future. Additionally, her research has prompted a third goal to emerge for the original members, which is to see the public/private model they have created utilized to address new national issues that affect not only every community within Canada but the international community at large. These issues include mass marketing fraud, uncovering international money launderers and the burgeoning fentanyl crisis that is plaguing North America, all of which have a nexus with cryptocurrency.

Conclusion

Over the past two years, Project Protect has proven to be an effective model to adopt when attempting to address large scale public safety issues that intersect with the financial system. For example, collaboratively combining efforts to tackle macro issues, without divulging personal or private information of customers or citizens, is already starting to achieve results in addressing other predicate offenses to money laundering in Canada, such as mass marketing fraud via Project Chameleon (Artingstall, 2017). Additionally, Protect members are becoming increasingly aware of many other countries that are considering creating similar projects, or modifying existing task forces, to address wide-scale issues within their own borders.

All of these initiatives support the notion that the intelligence advantages gained in utilizing a public/private partnership far outweigh those obtained if institutions were to operate in an independent

or siloed manner. If Project Protect has demonstrated one thing above all else over the past two years it is that all organizations tasked with mitigating risks to society, whether in the public or private sphere, achieve better results, in a timelier manner, when working together than segregated. However, in order for this vision to be realized it has to be accepted that competition does not apply equally across all functions of an institution, particularly within the private sector. For those tasked with ensuring public safety are only in competition with those determined to undermine it.

About the Author

Joseph Mari is the senior manager of major investigations in the AML financial intelligence unit at Bank of Montreal. In this role, he is responsible for coordinating complex cross-compliance investigations on an international client base, as well as leading risk intelligence initiatives associated with money laundering and terrorist financing. In addition, Mari is a subject-matter expert in blockchain and cryptocurrency, with a particular focus on regulatory issues, and he coauthored "When Two Worlds Collide," an ACAMS Today article on blockchain and money laundering. Among other contributions to AML, Mari is the lead coordinator for Project Protect, an initiative to combat money laundering and human trafficking.

Works Cited

Artingstall, N. J. (2017, October). *The Role of Financial Information-Sharing Partnerships in the Disruption of Crime*. Retrieved October 22, 2017, from Royal United Services Institute: https://rusi.org/sites/default/files/201710_rusi_the_role_of_fisps_in_the_disruption_of_crime_maxwwell_artingstall_web_2.pdf

Canada, Government of. (2016, October 25). *Department of Justice - What is Human Trafficking?* Retrieved October 23, 2017, from Government of Canada: http://www.justice.gc.ca/eng/cj-jp/tp/what-quoi.html

CNN. (2016). *Freedom Project: Taking on the traffickers*. Retrieved October 22, 2017, from CNN: http://www.cnn.com/videos/world/2016/05/20/cfp-timea-nagy-canada-trafficking-freedom-project-sebastian-pkg.cnn

Do Something. (n.d.). *11 Facts About Human Trafficking*. Retrieved October 22, 2017, from Do Something: https://www.dosomething.org/us/facts/11-facts-about-human-trafficking

Financial Transactions and Reports Analysis Centre of Canada. (2013, September 27). *Government of Canada Publications*. Retrieved October 22, 2017, from Publications: http://publications.gc.ca/collections/collection_2013/canafe-fintrac/FD1-2013-eng.pdf

Financial Transactions and Reports Analysis Centre of Canada. (2016, December 15). *FINTRAC Guidance and Directives*. Retrieved October 22, 2017, from FINTRAC: http://www.fintrac.gc.ca/guidance-directives/overview-apercu/operation/oai-hts-eng.pdf

Financial Transactions and Reports Centre of Canada. (2017, February 21). *Canadian banks, police following money trail to target human trafficking*. Retrieved October 22, 2017, from The Globe and Mail: https://beta.theglobeandmail.com/files/editorial/News/0219-nw-na-trafficking/PROJECT-PROTECT.pdf

Grant, T. (2016, June 16). *Ontario unveils $72-million plan to fight human trafficking*. Retrieved October 22, 2017, from The Globe and Mail: https://beta.theglobeandmail.com/news/national/canada-continues-to-be-a-source-for-sex-trafficking-annual-report/article30700484/?ref=http://www.theglobeandmail.com&

Grant, T. (2016, February 10). *The Trafficked: How sex trafficking works in Canada*. Retrieved October 22, 2017, from The Globe and Mail: https://beta.theglobeandmail.com/news/national/the-trafficked-how-sex-trafficking-works-in-canada/article28700689/?ref=http://www.theglobeandmail.com&

Grant, T. (2017, February 21). *Canadian banks, police following money trail to target human trafficking*. Retrieved October 22, 2017, from The Globe and Mail: https://beta.theglobeandmail.com/news/national/canadian-banks-police-following-money-trail-to-target-human-trafficking/article34093888/?ref=http://www.theglobeandmail.com&

Human Rights First. (2017, January 7). *Human Trafficking by the Numbers*. Retrieved October 22, 2017, from Human Rights First: https://www.humanrightsfirst.org/resource/human-trafficking-numbers

Israel, B. (2017, August 16). *In a step toward fighting human trafficking, sex ads are linked to Bitcoin data*. Retrieved October 22, 2017, from Berkeley News: http://news.berkeley.edu/2017/08/16/in-a-step-toward-fighting-human-trafficking-sex-ads-are-linked-to-bitcoin-data/

National Crime Agency. (2017, August 1). *National Crime Agency - National Referral Mechanism Statistics*. Retrieved October 22, 2017, from National Crime Agency: http://www.nationalcrimeagency.gov.uk/publications/national-referral-mechanism-statistics/2017-nrm-statistics/824-modern-slavery-and-human-trafficking-national-referral-mechanism-statistics-april-to-june-2017/file

National Human Trafficking Hotline. (2017, June 30). *Hotline Statistics*. Retrieved October 22, 2017, from National Human Trafficking Hotline: https://humantraffickinghotline.org/states

Organization for Security and Co-Operation in Europe. (2017, June 27). *Canada's "Project Protect", an innovative model to hit traffickers' finances, says OSCE Special Representative on official visit.* Retrieved October 22, 2017, from Organization for Security and Co-Operation in Europe: http://www.osce.org/secretariat/325876

The Centere to End Human Trafficking. (2017). *The Centere to End Human Trafficking*. Retrieved October 22, 2017, from The Centere to End Human Trafficking: The Centere to End Human Trafficking