
Editorial: Modern slavery coming out of the shadow and its link to money laundering

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The wars in Israel and Ukraine have put the focus on the exploitation of vulnerable women and children. These people are threatened or are subject to violent acts, while others are victims of manipulation, human trafficking, sex trafficking and organ harvesting. Thus, in recent years, the focus of concern and attention has turned towards modern slavery.

As highlighted in the introduction to the *Palgrave Handbook on Modern Slavery* (Krambia Kapardis *et al.*, 2024), modern slavery is a multidimensional and multifaced reality with roots transnationally and internationally. It encompasses various types of oppressive and dehumanizing behaviours, including human trafficking, forced labour, sex trafficking, organ harvesting and trafficking, forced marriage, debt bondage and forced migration. Wilkinson in Chapter 17 of the abovementioned handbook highlights that in 2021–2022 in the UK alone, 2,866 individuals were identified as survivors of modern slavery offenses compared to just under 110 convictions. Globally, according to the Global Slavery Index (Walk Free, 2022), 49.6 million people in 2021 were living in modern slavery across the world. Furthermore, 63% of the 27.6 million people subjected to forced labour are exploited in private economic sectors other than commercial sexual exploitation, including services, manufacturing, construction, agriculture and domestic work, versus 23% who are subjected to commercial sexual exploitation (ILO, 2022).

It has been estimated that proceeds from modern slavery amount to US\$150.2bn annually (Hodal, 2019), and we can say for certainty that because modern slavery is increasing, so will the proceeds of the crime. The estimated amount is further broken down (ILO, 2022) into forced sexual exploitation at US\$99bn, forced labour exploitation at US\$51.2bn (of which US\$43.4bn was generated by non-domestic labour), and domestic work at US\$7.9bn. Furthermore, the ILO (2022) estimated that the global average profit per victim of human trafficking varied based on the type of exploitation, ranging from US\$21,800 annually for sexual exploitation down to US\$2,300 annually for domestic work. Proceeds generated by illegal organ harvesting are not included in the ILO figures but have been estimated, conservatively, to be between US\$840m and US\$1.7bn annually [Global Financial Integrity (GFI), 2017]. As Naheem (2021, p. 491) has stated, the proceeds from modern slavery make this industry “the third-largest criminal enterprise in the world, after drug trafficking and counterfeiting”.

These proceeds of crime need to be “cleaned” and be put back into the market. Naheem (2021, p. 494) drew attention to the fact that “amongst the most integral operations in the supply chain of trafficking organisations is the specialised service of money laundering and document fraud”. Money laundering and document fraud ensures that the proceeds of crime can be “moved back for sales in cross-border and transregional operations to the source organisations while also ensuring that law enforcement are unable to detect victims” (Picarelli, 2009, p. 115).

The modern slavery offender’s goal is to integrate or legitimize the proceeds derived from human trafficking, sex trafficking, etc. In some cases, the syndicates plan to finance future crimes (locate more women or girls so they can use them for sex trafficking) or bribe government officials or bank employees to turn a blind eye. At the same time, the offenders



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will need to clean up the “dirty money” by moving the funds around to conceal their illegitimate origins. They may move the funds to various jurisdictions, place them in “friends” accounts or even the victim’s accounts or, in some cases, buy (normally in the name of another) a property to be used for their sex trafficking “business”.

As Levi (2021) noted, not only should one be interested where the money goes but also where the money came from as these crimes are transnational, complicated and not always easy to “follow the money” narrative. However, Levi does note that the culprits who need to hide the proceeds of crime need “legitimate rackets”, i.e. the professional services of lawyers and or accountants. Corporate and trust vehicles may be used to transfer assets and money or they may purchase or sell property and thus they need lawyers and tax advisors to enable them to complete the “cleaning” of proceeds of crime.

On the one hand, the banking sector may be an enabler for the modern slavery culprit by not undertaking all the expected due diligence checklists, but it is also a useful “tool” in identifying victims. Traffickers may assume control of the use of the victims’ bank accounts, hijack their financial identities or use the victim’s accounts to launder proceeds. Thus, bank tellers need to be able to carry out risk assessments on bank accounts to identify whether a bank account belongs to a modern slavery victim or survivor, and this will lead them to the culprit or trafficker. The 2018 FATF Report, however, did highlight that the financial flows of trafficking can differ significantly from one case to another.

As with many other crimes (drug trafficking), legislation has been enacted to eradicate the crime on one side and on the other to deter the recurrence of the crime through punishment of the offender or by making it difficult for him to launder the money, as has been the case with this crime. Whilst many countries around the globe, including Australia and the UK, have enacted legislation in an effort to eradicate modern slavery, the prosecution of such offenders has not increased. At the same time, are there effective anti-money laundering controls in place to deter the traffickers of money-slaving offenders who need to hide their proceeds of crime and not put them back into circulation to enable them to “reinvest” in their “business”?

As with conventional crime, it is not enough to punish an offender; one needs to ensure that he does not reoffend, and at the same time, support ought to be provided to the victims or survivors. An offender will not reoffend if he/she is deterred, undergoes effective rehabilitation or loses the proceeds of the crime. Finally, modern slavery victims need to be supported to cope effectively with the consequences of their victimization.

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