



# NCA

National Crime Agency

## Indicators of Modern Slavery and Human Trafficking in the Accountancy Sector

This is a United Kingdom Financial Intelligence Unit (UKFIU) product, in conjunction with the Modern Slavery and Human Trafficking Unit on behalf of the National Crime Agency. It is aimed at all reporters of Suspicious Activity Reports (SARs) and is produced in line with the National Crime Agency's commitment to share perspectives on the SARs regime.

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We would welcome any feedback on the information provided in this document in relation to its usefulness and any improvements.

Please email all feedback to [\*\*MSHTU3Psteam@nca.gov.uk\*\*](mailto:MSHTU3Psteam@nca.gov.uk)

## Overview

Modern Slavery and Human Trafficking (MSHT) is a significant threat to the UK and brings horrendous harm to its many victims, from both the UK and abroad. A case study presented at the end of this document outlines the different types of harm that can be endured through a series of victim stories and explores how businesses can be infiltrated by MSHT organised crime groups (OCGs). The accountancy sector and its clients are just one area that may be unwittingly involved in this crime.

This document is being issued by the UK Financial Intelligence Unit (UKFIU) in collaboration with the Modern Slavery and Human Trafficking Unit on behalf of the National Crime Agency. This version was constructed following consultation with the Accountancy Affinity Group, Accountancy Suspicious Activity Report (SAR) Working Group and other SAR anti-money laundering (AML) specialists.

It will set out some high risk accountancy type services relating to MSHT and outline red flag indicators which are intended to raise awareness and recognition of MSHT for those working in the accountancy sector. It is recommended that this document is used to complement any existing knowledge and general awareness of indicators of suspicious activity.

**Please note:** These indicators should not be treated in isolation and it is often a combination of factors that strengthen suspicion assessments.

## What we would like you to do

If you identify suspicious behaviour where there are indicators of modern slavery in relation to money laundering please use the SAR glossary code **XXMSHTXX** in your SAR. This will help analysis and the fast-tracking processes in place to protect the public.

In parallel, if you suspect modern slavery or human trafficking is taking place, please contact the police as follows:

In an emergency dial **999**

For non-emergencies dial **101**

For additional advice, you can contact the Modern Slavery Helpline which operates 24/7 on **08000 0121 700**

## **Highest risk areas for accountancy type services**

Whilst it is possible that all accountancy services may be exposed to MSHT exploitation, the key areas where there seems to be greater visibility are:

- Audit and bookkeeping services
- Insolvency
- Payroll
- Tax compliance

## **Indicators relating to MSHT can be found in the following areas:**

1. Business profile indicators
2. Workforce profile
3. The jurisdictions of risk for victims
4. Victim profiles
5. The jurisdictions of risk for offenders
6. The difference between MSHT and smuggling

# **1. Business profile indicators**

## **1.1 Generic business patterns**

- Cash based business potentially used to exploit victims and pass unexplained funds through e.g. cleaning, car wash, nail bars, restaurants, and agriculture.
- Patterns of connected businesses set up specifically to exploit individuals.
- Business output not proportionate with size and staffing levels.
- Lack of funds being invested into the business.
- Businesses on the brink of insolvency – these are vulnerable to manipulation by exploiters and traffickers.
- Adverse media on the client and linked individuals.
- Abuse of the terms and conditions of client accounts.
- The presence of multiple accounts/corporate vehicles.
- The use of an accountant for transactions not usually requiring an accountant body or professional.
- Client claims to be an accountant, but research indicates they are not registered with a professional body.

## **1.2 Some of the businesses known to be linked to exploitation based on victim narratives and analysis**

- Agriculture.
- High cash generative personal service businesses (e.g. beauty salons, nail bars, spas and massage parlours, restaurants).
- Cleaning companies.
- Construction and maintenance businesses.
- Transport and freight.

### **1.3 Unusual business activity**

- Client holds a diverse portfolio of businesses in high risk industries e.g. construction, takeaways, care agencies.
- Unusually complex structures in place.
- Unclear beneficial ownership.
- Lack of AML compliance and evasive behaviour.
- Unclear source of funds/wealth.
- Falsifying documents for clients.
- Strange business approach to audit e.g. for a company to claim an audit exemption, it must meet two of the following criteria:
  - Turnover less than £10.2 million
  - Asset value is less than £5.1 million
  - Fewer than 50 employees in the company.

Given the nature of exploitation, it is likely that those carrying out MSHT offending will seek to remain out of sight and may not claim audit exemption.

### **1.4 Unusual payment systems and financial flows**

- Extended family involvement in business or transactions e.g. bulk of funds paid to family members.
- Certified tax returns via the accountant which have little bearing to the client's obvious wealth.
- Undertaking complicated financial transactions without a clear business rationale.
- Evidence of cash transfers to high risk countries particularly through Informal Value Transfer System (IVTS) and money service businesses (MSBs).<sup>1</sup>
- Payments/income received at unusual times of the day.
- Card statements showing payments processed between hours that do not correlate with the type of business it is.

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<sup>1</sup> IVTS is a system, mechanism or network of people that receives money for the purpose of making the funds or an equivalent value payment to a third party in another geographical location. IVTS generally take place outside of the conventional banking system.

- There are multiple payments from industry to the same account and overlapping receipts, e.g. multiple wages received from different companies in the same period.
- Payments diverted through different countries in order to reach its destination.

## 2 Workforce profile

- Businesses involving low paid manual labour workforce are more vulnerable to MSHT.
- Irregular hours or pay, yet all staff are paid the same.
- Lower National Insurance contributions.
- Round sum salaries.
- Discrepancy within wages of workforce (this can indicate a mix of legitimate and exploited workers).
- Suspicious lack of staff costs - the person or business is in a service industry with little or no staff, or has contractor costs but has reported an income higher than the owner of the business being able to generate themselves.

## 3 The jurisdictions of risk for victims (non-British)<sup>2</sup>

<b>Nationality of potential victims identified through the National Referral Mechanism (NRM)</b>
Albanian
Vietnamese
Chinese
Romanian
Sudanese
Eritrean
Nigerian
Indian
Pakistani

<sup>2</sup> The highest proportion of victims of MSHT are in fact British. Please do not exclude this nationality from your risk assessment should you find yourself in contact with a potential victim.

## 4 Victim profiles

Please note this is not an exhaustive list and indicators can change over time.

<b>Victim indicators – appearance and behaviour</b>	Appears scared, anxious or withdrawn and is often fearful of others and/or the authorities.
	Has little or no English language skills.
	Is accompanied by a third party who often acts as a translator.
	Appears to be under the control or instruction of a third party.
	Appears unkempt/malnourished/visible signs of injury/appears in need of medical attention.
	May be subject to threats or violence to themselves or their family.
	Has few personal possessions.
	Has limited contact with their family or with people outside of their immediate environment.
	Is unable to move freely and unwilling or scared to leave their situation.
	Their narrative is not consistent and they may not remember key pieces of information.
<b>Victim indicators – money and identity documents</b>	Has been forced to set up one or multiple bank accounts, but may not have control of their bank card or have access to their own bank account. Alternatively it may appear that they are managing their own account but are made to empty their account to give to the exploiter.
	Does not have possession of their own ID documents or holds false ID documentation.
	Does not know their work or home address.
<b>Victim indicators – accommodation</b>	May live and work at the same address.
	Does not have access to their tenancy agreement/bills.
	Is housed in overcrowded, poorly maintained accommodation.

	Has no choice where they live or who with.
	Works excessively long hours with little or no pay.
<b>Victim indicators – work related</b>	Holds no work contract or is unable to negotiate working conditions.
	Is unable to choose where or when they work.
	Has no access to their earnings.
	Lacks basic training and protective equipment for the work undertaken.
	May be under the perception they are bonded by debt to the trafficker, for example to pay for transport to the UK or for work provided to them in the UK.
	Is reliant upon their employer for food, shelter, work and/or transportation.

## 5 The jurisdictions of risk for offenders (non-British)<sup>3</sup>

<b>Nationality of offenders identified through MSHT investigations</b>
Albanian
Romanian
Vietnamese
Chinese
Lithuanian
Polish
Slovakian
Irish
Hungarian

<sup>3</sup> The highest proportion of offenders of MSHT are in fact British. Please do not exclude this nationality from your risk assessment, should you find yourself in contact with a potential offender.

## 6 The difference between MSHT and smuggling

**MSHT** can be across international borders or within one country. It can include being moved within and between cities, towns and rural location by force, coercion or deception. A victim can be exploited during the journey and/or at the final destination.

**Smuggling** is a mutually agreed service, usually involving transportation and/or fraudulent documents to enter a foreign country illegally. The person being smuggled is consenting to the movement. Once this exchange is complete the person is free to make other choices.

### Case study – Operation Fort

*This case study shows how businesses can be infiltrated by MSHT OCGs. In this case a recruitment agency was infiltrated by a member of the group who kept the group activities below the detection radar. This demonstrates that accountancy clients may be unwittingly involved in this crime, thus making money laundering harder to spot.*

A law enforcement investigation came about through the identification of victims who had been in the UK for a number of years. It is believed that the offending went back further with hundreds of people exploited by the OCG. Over the period that the OCG was in operation it made profits in the region of £2m, all from exploiting others, which demonstrates how this is very much a financially motivated crime. This was done through recruiting vulnerable people in Europe and transporting them to the UK on the promise of a better life through offering to give them a job and good wages. Once the victims realised that this was not the case they were forced to work long hours for little or no pay, with the OCG having sole access to the wages being earned through legitimate jobs. The OCG used threats and coercion to prevent their victims from escaping or seeking help. In 2019 the majority of the OCG was prosecuted, receiving extensive sentences for the roles they played.

The following [link](#) takes you to an 11 minute clip from a recent BBC Panorama documentary featuring this case study, including a number of the victims safeguarded who were able to share their experiences at the hands of the exploiters.

The full documentary entitled 'The Hunt for Britain's Slave Gangs' is available on [BBC Iplayer](#)

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## **About this product**

To discuss the core contents of this document further, please contact the Modern Slavery and Human Trafficking Unit who can be contacted on [MSHTU3Psteam@nca.gov.uk](mailto:MSHTU3Psteam@nca.gov.uk)