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FinCEN's red flags for identifying human smuggling and/or trafficking

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The Financial Crimes Enforcement Network ("FinCEN") recently released advisory regarding indicators related to human smuggling and human trafficking. FinCEN states that that human smuggling involves: (1) acts or attempt to bring unauthorized aliens to or into the United States, (2) transporting them within the United States, (3) harbor unlawful aliens, (4) encourage entry of aliens or (5) conspire to commit these violations, knowingly or in reckless disregard of illegal status. FinCEN states that human trafficking involves: (1) recruiting, (2) harboring, (3) transporting, (4) providing or (5) obtaining a person for forced labor or commercial sex acts through the use of force, fraud or coercion.

Examples of Smuggling Red Flags:

1. Wire transfers generally kept below the $3,000.00 reporting threshold, send from various locations across the United States to a common beneficiary located in a United States of Mexican city along the Southwest Boarder of the United States and Mexico; and
2. Multiple wire transfers conducted at different branches of a financial institution to or from United States of Mexican city along the Southwest Boarder of the United States and Mexico on the same of consecutive days.

Examples of Trafficking Red Flags:

1. A business customer exhibits less than normal payroll expenditures such as wages, payroll taxes, Social Security contributions, and payroll costs that would be inconsistent with the size of the customer's operations, workforce or business line; and
2. Substantial deductions from employees' wages for housing and food, leaving such employees with only a small fraction of their wages.

The FinCEN advisory includes an appendix listing of the various potential red flags and what frontline staff are most likely to see the red flag (depending on the type of transaction).

A copy of the advisory can be found here.

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