

INTELLIGENCE FACTSHEET

**STRATEGIC
ANALYSIS ON
MALTESE MASSAGE
PARLOURS AND
THEIR POSSIBLE
EXPOSURE TO
THE SEXUAL
EXPLOITATION OF
WOMEN**



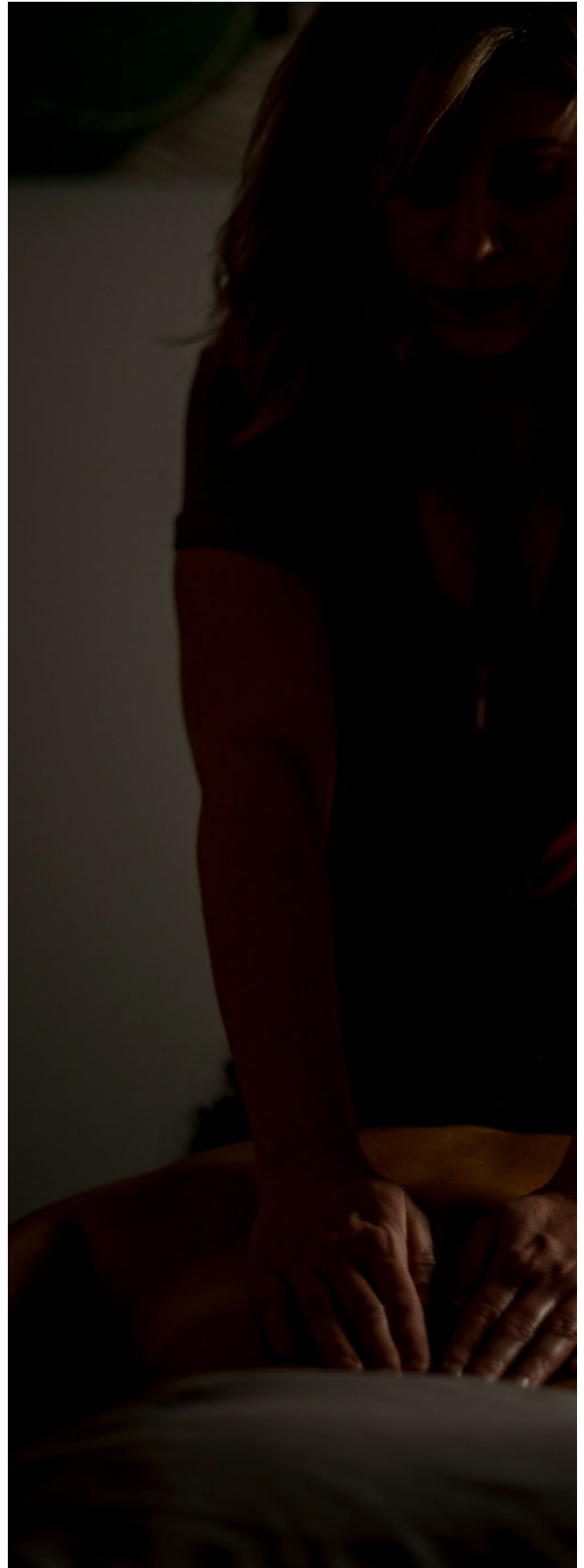
Introduction.

The Financial Intelligence Analysis Unit (FIAU) has recently carried out a strategic analysis on Maltese massage parlours and their possible connection to the sexual exploitation of women. Following a preliminary analysis of available data, the FIAU identified a number of factors, such as the various links between otherwise unconnected massage parlours which warranted further analysis from a strategic perspective. In addition, the extensive prevalence of persons of specific nationalities working within these establishments raises red flags. This exercise was carried out to further understand the risks posed by these establishments in relation to sexual exploitation.

Moreover, an analysis of existing literature further confirmed the need to undertake this exercise, in that, the selected research papers shed light on an increasing propensity to use massage parlours both within Europe and the United States for sexual exploitation purposes. These findings have been summarised in the various sections of this paper.

The findings of this study are based on an analysis of both national and international materials, including but not limited to:

- Information obtained through a thorough literature review.
- Information obtained from the analysis of various data sets.



Defining Illicit Massage Businesses

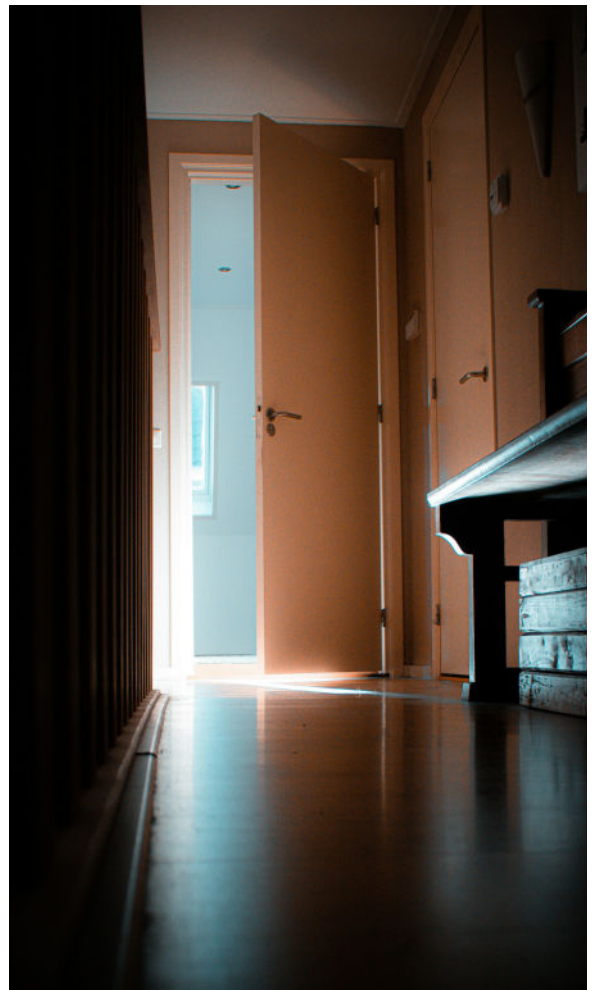
The term 'Illicit Massage Business' (IMB) is used to describe venues that use the cover of a legitimate bodywork or massage business to provide commercial sex acts to a customer base of sex buyers¹. These IMBs have become synonymous with sexual exploitation which can often be considered as a subset of human trafficking.

In view of the material number of massage parlours that operate in Malta, this study was deemed necessary since it could provide insights into whether these parlours are effectively being used as a cover for sexual exploitation in Malta.

Links to Organised Crime

Both national and international illicit massage businesses (IMBs) were found to have links, whether directly or indirectly, to organised crime. The national links can also be seen in the most recent national risk assessment. It states that local organised crime groups are found to be linked to predicate offences in relation to drug or human trafficking, counterfeiting activity, arson, theft, fraud, and tax crimes (undeclared income)². In certain cases, Organised Crime Groups (OCGs) were also found to control the profits generated from the illegal activities conducted within these establishments³.

Additionally, organised crime networks also tend to exert their influence over these businesses by providing a variety of services to the illicit massage businesses, including protection and facilitating connections. Illicit massage business might also form part of complex sexual exploitation networks⁴. An analysis of the aforementioned data sets revealed clusters of massage parlours connected through common business owners and/or administrators, mobile/telephone numbers, email addresses, VAT numbers, common business and residential addresses as well as questionable employee registration patterns.



1 <https://www.justice.gov/usao-md/page/file/1573256/dl?inline>

2 https://www.ncc.gov.mt/wp-content/uploads/2024/02/PublicNRA_Dec2023-3.pdf

3 <https://traffickinginstitute.org/illicit-massage-businesses-the-pervasive-insidious-form-of-trafficking-happening-across-the-united-states/>

4 <https://polarisproject.org/wp-content/uploads/2018/04/How-Corporate-Secrecy-Facilitates-Human-Trafficking-in-Illicit-Massage-Parlors.pdf>

Human Trafficking Victims

Working in IMBs

Despite the existence of individuals that voluntarily seek employment in IMBs to provide sexual services, existing literature suggests that there are thousands of women around the world engaging in commercial sexual activities who are the victims of human trafficking⁵.

1. Debt Bondage

Existing literature⁶ also suggests that most of the trafficked women arrive at their destination with heavy debt burdens⁷ which may often run into five-figure amounts. The low paying jobs held by trafficked women are usually insufficient to sustain the regular loan payments to their family members or to the human traffickers. The latter would have initially convinced them that the loans were an essential part of their immigration process.

The following is a typical list of debt bonding which results in the victim remaining bound to the trafficker:

Existing debt:

- Debt brought forward from the home country. Examples include debt obtained from family members to travel to the destination country.

New debt:

- Accommodation fees.
- Hygiene products like soap, shampoo, or toothbrushes.
- Necessary products like groceries and takeout food.
- Rent — for living on site or in shared accommodation with other victims.
- Fees for breaking rules imposed by the traffickers.
- Fees for protection services to avoid unsavoury customers.
- Attorney and bail costs.

Traffickers may also provide interpreters or advocates to represent women during law enforcement operations. Women are charged for these services and are prevented from openly speaking to law enforcement.

2. Moral/Cultural Shame

One of the primary factors that allows IMBs to continue operating discreetly is the resistance of the victims to speak out due to the fear of bringing shame on themselves and their family members. Moreover, these individuals often feel that they are morally indebted to the human traffickers who have 'invested' in them.

According to existing literature, when encountering law enforcement, the human trafficking victims operating through IMBs often insist that they are providing the sexual services consensually. Studies find that these individuals often find it very difficult to explain the situation that they are in and more often than not provide false statements to the police.

A common misconception about human trafficking in its various forms is that it most frequently involves physical restraint or kidnapping. This form of extreme control over the victims' liberties is uncommon in most trafficking situations, and illicit massage parlour trafficking is no different. The majority of women trapped in massage parlours often find themselves controlled by powerful mental and emotional chains built on lies, shame, manipulation and terror, rather than physical restraint.

5 <https://polarisproject.org/wp-content/uploads/2018/04/How-Corporate-Secrecy-Facilitates-Human-Trafficking-in-Illicit-Massage-Parlors.pdf>

6 <https://polarisproject.org/wp-content/uploads/2018/04/How-Corporate-Secrecy-Facilitates-Human-Trafficking-in-Illicit-Massage-Parlors.pdf>

7 <https://www.nytimes.com/2019/03/02/us/massage-parlors-human-trafficking.html>

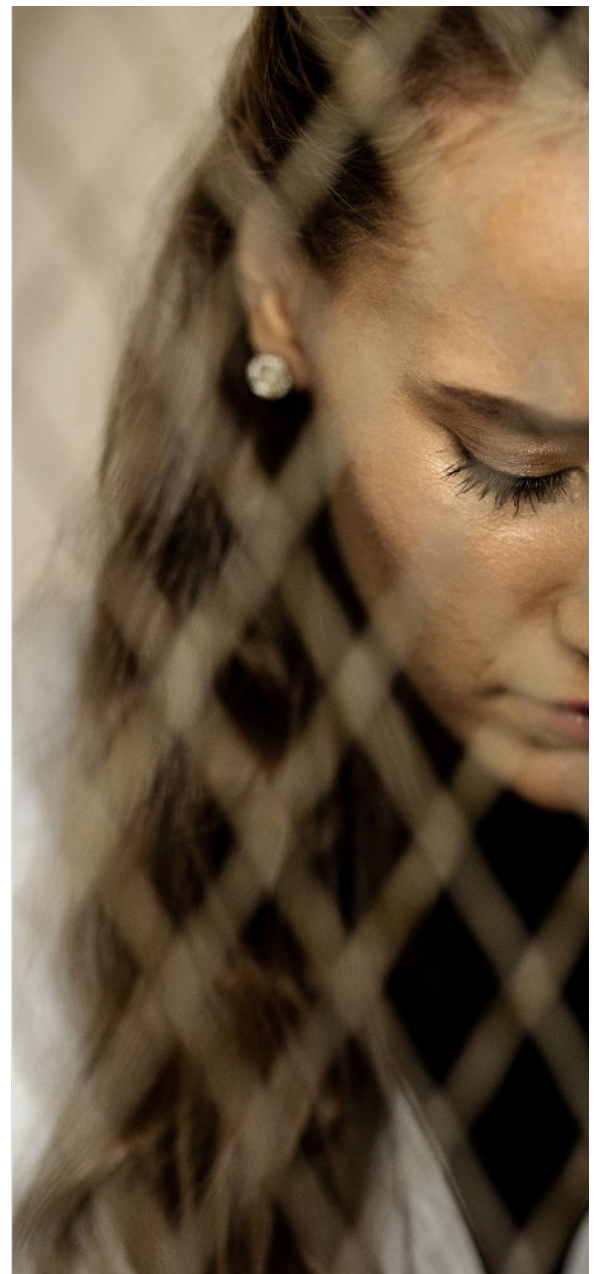
Red Flags of Human Trafficking through Illicit Massage Businesses and possible relevant indicators on goAML

The following are the typical red flags that a massage parlour is possibly operating as an IMB. One should note that the below list contains red flags that have been obtained from either the literature review⁸ or from the results obtained through the data analysis.

- Prices of services provided are well below the market level (for example: A massage which usually costs €60 is advertised at €30).
- The masseuses requesting large tips to pay for expenses, food and family. These tips may often be the largest source of income for these victims and are what they rely on for their day to day needs. The traffickers can either demand that the masseuse requests this tip from her clients or else it can be that the masseuse requests such a tip to make up for the wage that she would not be receiving.

The FIAU has also been made aware of instances when these funds are shared or completely confiscated by the trafficker. Subject persons are required to take note of such questionable cash deposits (usually carried out in small but frequent batches) and whenever applicable, the subject person should select the most appropriate cash related indicators upon submitting a report. Both the perpetrators and victims can also become uncooperative when questioned on the source of the concerned funds. In such an instance, the RS-2 (Customer became uncooperative) and RS-3 indicators (Customer inexplicably stops contact) could be appropriate for selection. These scenarios can also allow for the unknown SOW/SOF indicators to become relevant (RS-40 & RS-41).

- Massage parlours opening at irregular hours, or even being on call at all times.
- Massage parlours serving primarily a male clientele.
- The front doors of the massage parlours are locked and customers can only enter if buzzed in.
- Parlour windows are covered so passers-by cannot see into the establishment. While legitimate massage parlours tend to have an inviting reception area, these illicit massage businesses tend to have dark and uninviting entrances which are obstructed with odd décor or posters. The location of some of these establishments also raises questions especially when located in areas and roads which are unlikely to attract a legitimate clientele.
- Regular rotation of women among the various massage parlours owned by the same persons.



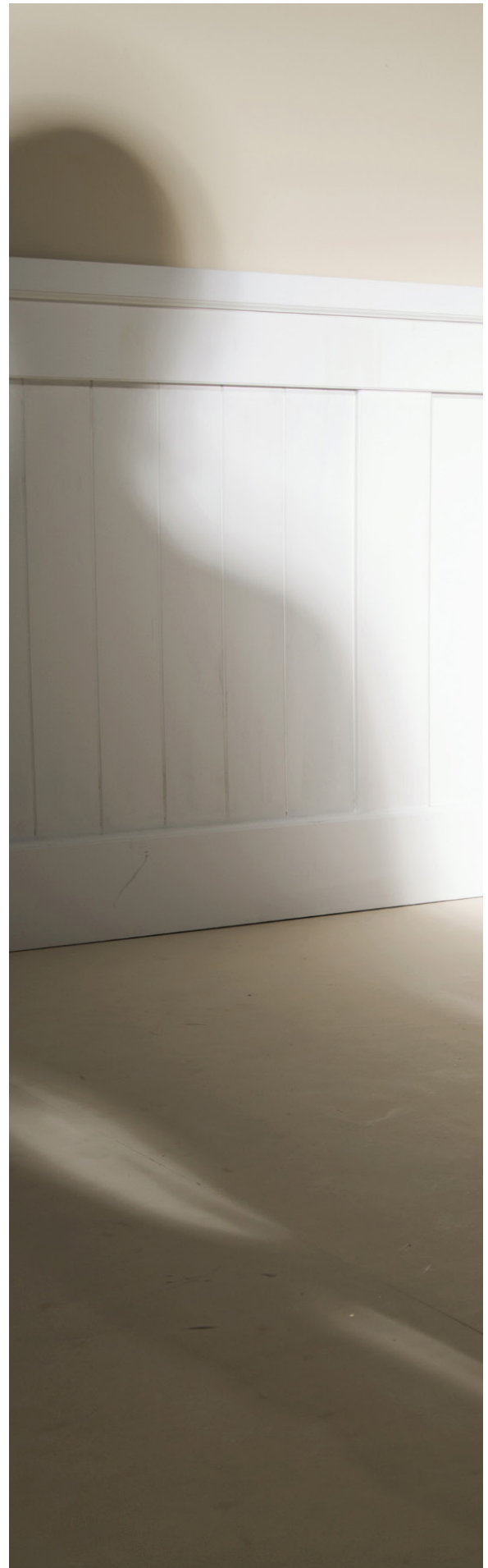
8 <https://projectnorest.web.unc.edu/wp-content/uploads/sites/8686/2019/07/IMB-Training-guide.pdf>

- Advertising on commercial sex websites or mentioned on blogs that customers use to write about their sexual experience.
Upon identification of this open-source intelligence, subject persons should select the RS-23 indicator (Adverse Media - Subjects, or persons linked to subjects of a STR are adversely known on open sources) upon submitting a report to the FIAU.
- Common mobile numbers, email addresses, VAT numbers and/or other registration details provided to authorities and subject persons are alike for different establishments. These details may allow for the formation of networks and links between message parlours and possible organised crime groups.
- Individuals working within message parlours and residing at the same address.

When looking at the accounts of human trafficking victims, transactions tend to be very limited and may mainly relate to purchases at certain outlets such as fast-food restaurants. Moreover, in other instances, one should bear in mind that when carrying out a financial analysis of the victims' accounts, one of the biggest red flags can also be the lack of ordinary spending activity. Victims are usually alienated from ordinary life, and, as a result, do not carry out the same transactional activity which is commonly noted for most people's accounts.

One should also note that in isolation a red flag might not raise suspicions. However, when looking at various red flags collectively, suspicions of human trafficking may be formed.

Moreover, no single modus operandi can be used to describe the various methods by which the victims are trafficked and controlled. The funds can also be laundered in any number of ways. Therefore, any identifiable red-flags, typologies and other relevant facts should be taken into consideration and the relevant report indicator should be selected upon submitting a report to the FIAU.



The Situation in Malta

In view of the various limitations faced in the data collection phase of this exercise, the FIAU was unable to gather a complete list of parlours operating in Malta and had to resort to various different data sources to carry out its analysis.

Through extensive research carried out on existing literature, the FIAU determined that the population of possible victims should be based on female individuals who work or have previously worked as massage therapists. An initial analysis of this population revealed that in recent years registered employment of women within massage businesses has somewhat decreased. Further analysis revealed that a significant number of individuals forming part of the concerned population were Chinese nationals. A large number of Thai nationals were also identified. Therefore, when aggregating the nationalities into their respective continents, it emerged that whilst 49% of the nationals in the dataset were European (including Malta), 47% were Asian. One should also note that Maltese individuals only accounted for 34% of the whole population. The FIAU also identified a limited, yet material, number of individuals who held both Chinese and Maltese citizenships. This group of individuals formed part of the aforementioned 34% cohort.

An analysis of the age groups of these individuals revealed that the majority were aged between 25 and 42 years when they were registered for employment within this sector.

A more detailed analysis was then carried out to identify the extent to which subject persons are recognising and reporting cases of sexual exploitation or human trafficking through massage parlours to the FIAU. The findings of this analysis revealed that a very limited number of such reports are reaching the FIAU, possibly due to the limited financial footprint of the suspected victims. From the reports in which there was a material risk of massage parlours being used as fronts for sexual exploitation earning illicit funds, it emerged that in most cases the only suspicion was an element of unexplained wealth in the name of the owner of the massage parlour or a close associate. A number of these reports also spoke about Asian individuals who were depositing cash which was deemed to be excessive and not in line with their known profile. In several of these cases, the funds would then be transferred to the country of origin of these individuals. Further research revealed that this person would probably not be a suspected victim, but rather a trusted person of the same nationality as the suspected victims. Existing literature suggests that this person is typically referred to as the 'madam' or 'mamasan' and is often left to manage the IMB. One should note that there can also be reasonable explanations behind these cross-border transactions, including the remittance of funds to family members as a means of financial support.

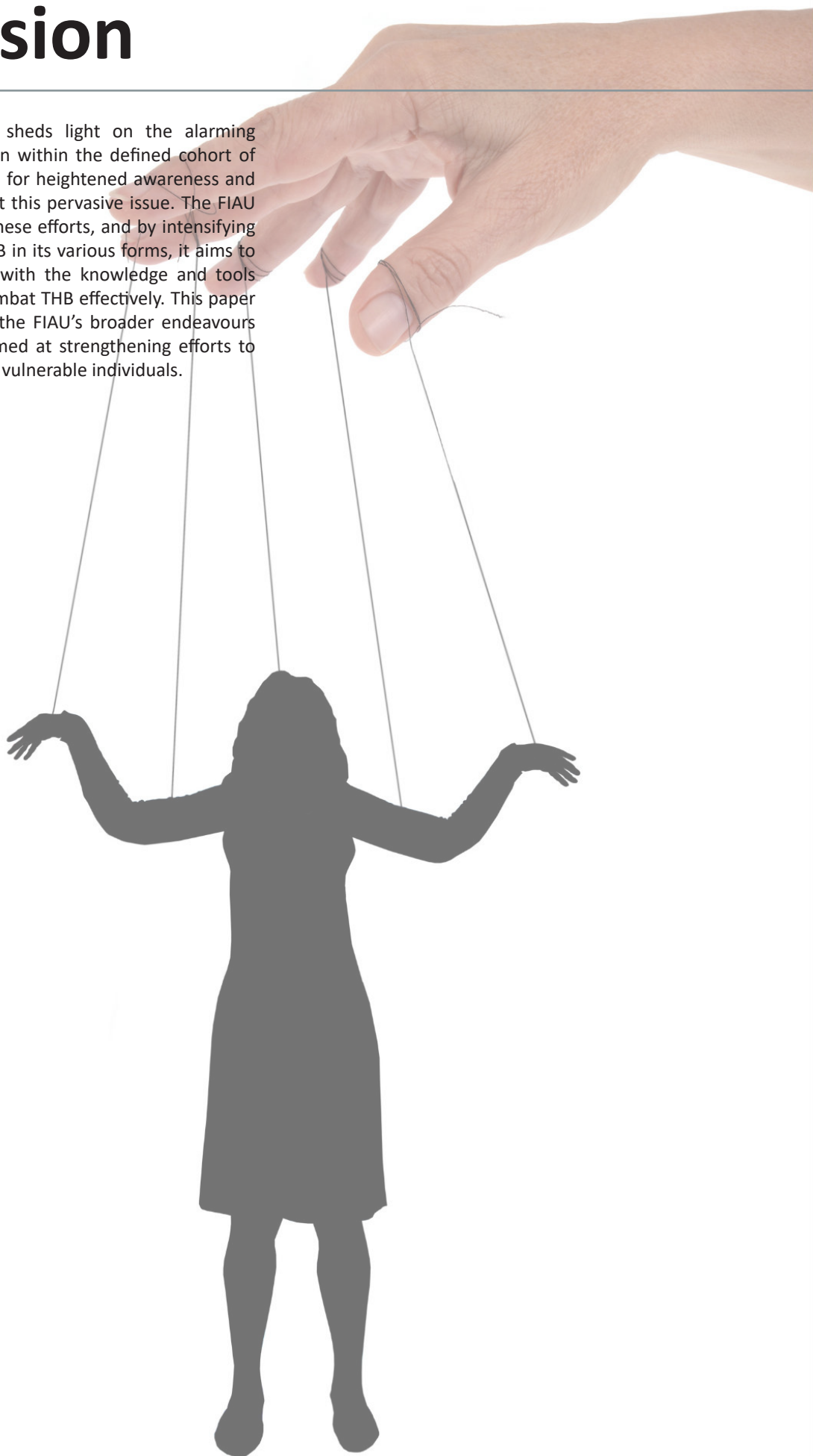
An analysis of the residential addresses of a subset of individuals who were heavily linked with a number of red flags was also carried out and it emerged that St. Paul's Bay was found to be the most popular locality for these persons to reside in. The same town was also found to be the most popular locality where the employers registered their business. One should note that the latter address does not necessarily mean that it is the address from which the parlour is running its operations.

An analysis of IBAN accounts visible on the Centralised Bank Account Register (CBAR) revealed that the Asian nationals forming part of the dataset were less likely to hold accounts than their Maltese counterparts. In fact, while over 71% of the Maltese nationals were found to hold accounts, only 17% and 35% of the Chinese and Thai individuals, respectively, forming part of the dataset were found to hold accounts with a Maltese registered credit and/or financial institutions.



Conclusion

In conclusion, this paper sheds light on the alarming reality of sexual exploitation within the defined cohort of IMBs, highlighting the need for heightened awareness and concerted efforts to combat this pervasive issue. The FIAU stands at the forefront of these efforts, and by intensifying its initiatives to address THB in its various forms, it aims to empower subject persons with the knowledge and tools necessary to detect and combat THB effectively. This paper serves as a component of the FIAU's broader endeavours in this area, collectively aimed at strengthening efforts to tackling THB and protecting vulnerable individuals.



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