

## Case 36

**Contributor: Agenfor International**

**Assessed case number: No. Case 2:18-cr- 00464 -DJH, United States Attorney District of Arizona**

**Title:** Trafficking in persons, money laundering through facilitating prostitution and sex trafficking

- What type of trafficking/exploitation is being analysed?**

Sexual THB	Forced Labour	Forced Criminal Activities	Minor Exploitation and forced adoption	Polycrime	Other (Specify the type)	All the aforementioned
X					Money Laundering through facilitating prostitution and sex trafficking	

- Please provide a brief description of the case (about 500 words)**

On April 9, 2018 the US Department of Justice seized Backpage.com, the Internet’s leading forum for prostitution ads and a place where sex traffickers frequently advertised children and adults. Backpage earned hundreds of millions of dollars from facilitating prostitution and sex trafficking and served as a platform for human traffickers. In addition, seven Backpage executives were indicted for their role in a conspiracy to facilitate prostitution and were charged with 40 counts of money laundering in various forms. On April 12, 2018, the Justice Department announced that Backpage’s cofounder and CEO, Carl Ferrer, 57, of Frisco, Texas, pleaded guilty to conspiracy to facilitate prostitution using a facility in interstate or foreign commerce and to engage in money laundering. Additionally, several Backpage-related corporate entities, including Backpage.com LLC, have entered guilty pleas to conspiracy to engage in money laundering. In his plea agreement, Ferrer admitted that he conspired with other Backpage principals to engage in various money laundering offenses. Specifically, Ferrer admitted that since 2004, Backpage has earned hundreds



of millions of dollars in revenue from publishing “escort” and “adult” ads. Over time, many banks, credit card companies, and other financial institutions refused to do business with Backpage due to the illegal nature of its business. In response, Ferrer admitted that he worked with his co-conspirators to find ways to fool credit card companies into believing that Backpage-associated charges were being incurred on different websites, to route Backpage-related payments and proceeds through bank account held in the name of seemingly unconnected entities, and to use cryptocurrency processing companies for similar purposes. Backpage advertisers used the proceeds of crime (money earned from pimping/prostitution) to purchase ads on Backpage; additionally, the fees which Backpage collected for posting prostitutions ads also constituted the proceeds of unlawful activity.

- **Which is the *modus operandi* of the entities using cyber tools for trafficking and/or exploitation?**

MODUS OPERANDI	Yes/No	Description
Internet: Backpage.com	Yes	The website was initially created to be rival to another advertisement site called Craigslist. The website has been used to facilitate prostitution services and posting of such advertisements.
Other		

- **Please provide more details on the perpetrator(s):**

Was/were the perpetrator(s) male or female?	Male
Which is the nationality of the perpetrator(s)?	American
In which country was he/she, were they operating?	Multiple
Was it an individual or a group?	Individual
Were there any preliminary indicators for early detection?	Yes
Which other aspects are important?	The investigation revealed that laundering of criminal proceeds was conducted through numerous US-based financial institutions and banks in ten foreign countries. The indictment unsealed by the US District Court for the District of Arizona further alleged that Backpage pursued an array of sophisticated money laundering strategies.



• **Which were the main characteristics of the victim(s)?**

THB Victims	Involved (x)	Please describe in more detail
Men		
Women	X	
Minors	X	
LGTBI	X	
Country of origin	X	Multiple
Country of exploitation	X	Multiple
Capturing Method		
Coercion Method (debt-bonded, victims' families threatened...)		
Handing over the passport		
Other		
Unknown		

• **What were the money laundering mechanisms used by traffickers?**

Money Laundering Mechanisms	Involved (x)	Please describe in more detail
Checks and money orders to anonymous post office boxes	X	Instructing advertisers to send checks and money orders to anonymous post office boxes, depositing those payments in bank account held in the name of entities with no apparent connection to Backpage, and then giving the advertisers a corresponding "credit" on Backpage to purchase new advertisers.
Back accounts in foreign countries	X	Wiring the proceeds of Backpage's business to bank account in foreign countries and then redistributing the funds to Backpage executives (as compensation) or redepositing the funds in bank account held in the United States (to conceal the nature of those funds and promote Backpage's ongoing operations).
Funnel account(s)		
Route cash from different cities		
Money Mules		
Hawala System		
Purchase of corporate vehicles or real estate		
Cash business entities such as restaurants or bars		



Other	X	Converting advertisers' payments, and the proceeds of Backpage's business, into and out of cryptocurrency.
Unknown		

• **Has the case been tried or is it still under investigation?**

Legal Procedure	Yes/No	Please describe in more detail
Case with judgment	Yes	No. Case 2:18-cr- 00464 -DJH, United States Attorney District of Arizona
Under investigation	No	

• **What was the economic evidence of the crime?**

Economic evidence	Yes/No	Please describe in more detail
Money Transfers	No	
Banks Accounts	No	
Unjustified Financial Wealth	No	
Network Accountancy	No	
Financial Study of the Victim	No	
Wallet Cards	No	
Suspicious transactions	Yes	Instructing advertisers to send checks and money orders to anonymous post office boxes, depositing those payments in bank account held in the name of entities with no apparent connection to Backpage, and then giving the advertisers a corresponding "credit" on Backpage to purchase new advertisers.
Cryptocurrency exchanges or payments	Yes	Converting advertisers' payments, and the proceeds of Backpage's business, into and out of cryptocurrency.
Cash payments	No	
Faster Payments Inwards (FPI) from the same entity	No	
Same mobile number or email address	No	
Hawala Payments	No	
Various bank accounts beneficiaries	No	
Others	No	
Unknown	X	



• **What activities in internet were considered suspicious?**

Internet Activities	Yes/No	Please describe in more detail
money transfers	No	
Purchases at online gaming sites	No	
Ads on Backpage.com or similar sites	Yes	The case concerns the entire backpage.com LLC, and the content shared since the establishment of the website.
Social media to recruitment	No	
Use of digital platforms to advertise deceptive job offers and to market exploitative services to potential paying customers	Yes	
Fishing potential victims by posting advertisements	No	
Use of video equipment to stream and broadcast exploitative services	No	
Used of multiple online profiles	No	
Use of specific apps: Please circle the relevant apps or add the name at the end if not listed	No	Ex: 1) <b>For Advertising:</b> Facebook, Instagram, TikTok, etc.; 2) <b>For Recruitment and Communication:</b> FaceTime, IMO, Messenger, Signal, Signal, Skype, Viber, WA, WeChat, Zalo, etc. 3) <b>For Logistic:</b> video-sharing platforms distributing essential logistic instructions, satellite images and photos, planned routes, Google Maps waypoints, GPS data, etc.; Guidance, including mapping applications (Maps.me, Google Maps) for remotely guiding migrants across borders through tailor-made tutorials and YouTube videos containing detailed guides on how to navigate migrant routes, where to cross borders or buy fake documents, how to find smuggling hotspots, shelter or assistance, etc.; 4) <b>For Payments,</b> online transfer of fees and documentation of payment proof via messaging services, hawala, etc. 5) <b>Countermeasures adopted by smugglers to anonymize their services,</b> AppLocks, Secure Folders, burner applications, DiskDigger, private VPN connections, or clone apps, Fake GPS and modified display caller ID (Numberbook). 6) Other:
Others	No	



- **Other relevant information or important case specificities:**

		Please describe in more detail

