

SEX TRAFFICKING AND MONEY LAUNDERING: THE CASE OF BULGARIA

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THE CASE OF BULGARIA**

RiskMonitor Foundation

Georgi Petrunov



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SEX TRAFFICKING AND MONEY LAUNDERING: THE CASE OF BULGARIA

EXECUTIVE SUMMARY

Trafficking in persons (human trafficking) is a crime generating considerable proceeds on a global scale. Analysts rank it among the top three most lucrative criminal activities. For criminal organizations in Bulgaria, human trafficking is one of the top ways for making big money quickly. Statistics from international institutions indicate that Bulgaria, with its population of only eight million, is among the primary source countries for victims of trafficking in the European Union, leaving larger countries behind. Most of the victims are trafficked for sexual exploitation. The estimated number of trafficking victims from Bulgaria ranges from 8,000 to 12,000.

Bulgarian traffickers mostly apply the so-called „soft methods“ in recruiting their victims; physical violence is rarely used. The victims are predominantly Bulgarian, between 18 and 20 years of age. Prior to being trafficked, most of them have been either students, unemployed or working in low-qualified jobs. The recruitment methods involve, most often, an intimate relationship with a pimp or a promise for a well-paying job by a friend of the victim. Victims are transported through border crossing checkpoints with legal IDs. The countries of destination are primarily European Union member-states and, less often,

the USA and South Africa. The main methods of control and punishment of the victims are financial, but examples of abuse – physical, emotional, sexual, etc. – have also been identified.

The study identifies four main groups of actors in human trafficking:

- *Loners* – usually working with one prostitute;
- *Independent pimp* – working with 2–5 prostitutes;
- *Partners* – groups of pimps working together, each with their own prostitutes;
- *Organizations* – large hierarchical structures with a clear division of duties and responsibilities, sometimes working with hundreds of prostitutes.

Criminal organizations aim to monopolize the sex trafficking market and force the other actors out through racketeering. Corruption is widely used to accomplish various goals: hassle-free trafficking, protection against or during investigations, reduced sentences, the elimination of rival criminal groups, and access to legitimate businesses and public office positions. Criminal bosses are sometimes public figures with legitimate businesses or hold public office as mayors, municipal councilors, and senior officers in government institutions.

The main share of the proceeds generated from human trafficking for sexual exploitation goes to the criminal organizations. The profits represent a significant percentage of the country's GDP, and according to estimates they reach between 900 million and 1.3 billion EUR a year. Some of the funds go to cover the criminals' expenditures in the destination countries, and between 50 and 80 percent of the funds return to Bulgaria. Various schemes for money laundering are used; the laundering process consists of three main phases:

- *Transfer of the money* from the destination country to Bulgaria. Traffickers employ different techniques, such as wire transfers, couriers („mules“), or importing goods to be sold in Bulgaria.
- *Preparation for investment*, which is only applicable in some cases. It usually involves converting the funds into Bulgarian currency or proving the legitimate source of the funds to be invested.
- *Entry in legitimate economy*. Generally, traffickers invest their money in agriculture, construction and real estate, commerce, tourism, etc.

One specific feature of money laundering related to sex trafficking is that the proceeds are generated over time in a foreign country. For that reason, traffickers need to use laundering techniques to transfer money to Bulgaria on a regular basis. High levels of grey economy in the country, loopholes in the legislation, and weak law enforcement create an ideal environment for money laundering. As a result, Bulgarian traffickers employ relatively simple laundering schemes, and often directly invest the dirty money in business without disguising their unlawful source.

Despite the significance of the issue, the measures against human trafficking are not effective. Looking at the total number of indictments for human trafficking, there is a tendency to disregard the cases of trafficking associated with organized crime groups. Often, the state institutions consider human trafficking a crime committed by individuals, not by organizations.

Consequently, the prosecution targets criminals at low and mid-level positions in the criminal hierarchy who appear to be autonomous and their ties with the criminal organization remain beyond the reach of the investigation.

Law enforcement officers rarely conduct investigations of crimes regarding large amounts of money parallel with investigations tracing the cash flows related to these crimes.

To overcome these negative trends, the efforts should be concentrated on the money laundering process. Only by following the money trail can the investigation get to the top of the criminal organizations. New provisions requiring parallel investigations of money laundering and the predicate crime must be introduced in order for law enforcement and investigation services to be effective.

A comparison of the amount of criminal assets confiscated by the state with the total amount of proceeds generated from human trafficking for sexual exploitation shows that the percentage of property recovered is below 0.001 percent of all the proceeds transferred back to Bulgaria. This is a strong indication that a new approach is needed to combat the criminal activity. The investigation and prosecution of the dirty money should not be a goal in itself. More efforts should go to restricting and reducing the sources that generate the dirty money in the first place, instead of following the money trail as an afterthought. The investigation of dirty money should be the main instrument used in uncovering and getting to the core of criminal organizations.

INTRODUCTION

It is hard to tell what specific motives drive people to participate in a criminal enterprise. One reason could be the opportunity to make big money quickly, and organized crime provides that opportunity. The push factor for criminals is not simply money, but the possibility to spend it freely, enjoying what they have gained. But „dirty“ money, money acquired from criminal activity, comes with some certain inconveniences. Criminals must be cautious where and how they spend it, careful to avoid the risk of being exposed and eventually being caught. As opposed to dirty money, one is free to invest clean money in any legitimate business or buy any goods, without fearing investigation or confiscation. Handling the money acquired through criminal activity is a hazardous business – there is always the possibility that its illicit origin and the crime that generated it will be discovered. This is why criminals focus most of their efforts on „laundering“ the dirty money, i.e., on concealing the real criminal genesis of the proceeds, making them appear as legitimate income. Money laundering therefore becomes an inseparable part of any criminal activity used to generate illegal profits.

Historically, the idea of money laundering goes back to the time of the gangsters in the Prohibition era in the USA in the 1930s. The key figures are the notorious Al Capone, prosecuted and convicted in 1931 for tax evasion in the years 1925–1929, and Mayer Lansky. The latter began a legitimate Laundromat business, which he used as a cover-up for his illegal income, thus avoiding the fate of Capone. This, in fact, is the origin of the term „money laundering.“ Money laundering entered the stage when the criminals finally realized that tax evasion is far less successful than declaring profits larger than the actual ones.

The first reference to the term „money laundering“ was during the Watergate scandal in the US in the middle of the 1970s, and since then the term has been widely accepted. The expression first appears in a judicial or legal context in 1982 in the US in a case involving confiscation of Columbian drug money. Until the second half of the 1980s, money laundering received attention as a legal issue primarily in the States, in relation to illegal profits generated from drug trafficking.

The history of the anti-money-laundering legislation is closely linked with the UN *Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances* adopted in 1988, better known as the *Vienna Convention*. The Convention was an important step because it criminalized the profits from the production, trafficking and trading in drugs and psychotropic substances. In other words, initially, the only criminals subject to prosecution for money laundering were those engaged in laundering the proceeds from drug-related crimes. A Group of Seven (G-7) Summit held in Paris established the Financial Action Task Force (FATF) in 1989. FATF proposed a set of *Forty Recommendations*, containing a wide range of counter-measures on money laundering, which have been accepted as the international standards regarding money laundering. In the last twenty years money laundering has drawn the attention of many politicians and international organizations, and a number of counter-measures have been adopted on global, regional, and national levels, seeking to reduce it. As Richard Strafer writes (Strafer 1989), money laundering became *the* crime of the 90s. As a result of the efforts of

FATF and the Council of Europe's *Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime*, the list of crimes related to money laundering has been amended. Currently, in many countries including Bulgaria, any criminal offence resulting in financial gains may be qualified as money laundering, no longer just the proceeds from drug trafficking. From a legal perspective, a „tremendous paradigm shift“ has taken place (Unger and Busuioic 2007: 7), so that now the illicit money laundering associated with a wide spectrum of criminal activities constitutes a crime in its own right.

In addition, the investigation of money laundering is also a major instrument in the investigation of organized crime. Following the money trail, the investigation can get to the criminal activity that generated it in the first place. Thus the investigation of money laundering, besides providing evidence of the money-related crime in itself, is also a method for uncovering the predicate crime and reaching to the core of criminal organizations.

Some authors (Savona 1997: 12) have presented data showing that, similar to drug-related crimes, other criminal activities can generate sizeable amounts of funds that have to be laundered. One example is human trafficking. According to the Deputy Secretary General of the United Nations Organization, Pino Arlacchi, this is the fastest growing criminal business in the world. Human trafficking is a crime that seriously violates human rights and many regard it as a modern form of slavery. Traffickers often pursue different ends: sexual exploitation, labor exploitation, organ explantation, holding a person in forced servitude, the trafficking of pregnant women and illegal trade in newborns. Regardless of the goal, human trafficking generates a considerable amount of funds that have to be laundered and made to appear legal.

Bulgarian organized crime, in particular, has specialized in trafficking in persons for the purpose of sexual exploitation. This crime is not only a huge pot of gold for the criminal organizations; it has become a social and criminal phenomenon in Bulgaria. Going into this criminal business does not require big initial investments, but can guarantee big returns, and the difficult social and economic conditions in the country have contributed to the epidemic expansion of the problem; trafficking has grown to be a huge money making machine for Bulgarian organized crime groups.

Many different schemes are used for laundering the money generated from trafficking, but they rarely attract the attention of the investigators. The Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL) and the Financial Action Task Force have issued a paper elaborating on the money laundering schemes related to human trafficking and illegal migration from all over of the world. In Bulgaria the issue is still underrated and has not been researched in detail. The present study focuses specifically on the money laundering schemes of the proceeds generated from international human trafficking for sexual exploitation, which is one of the major segments of organized crime in Bulgaria.

Several methods were used to collect the empirical information for the study – in-depth interviews and document analysis, statistical information and other analyses. The combination of multiple methods and information sources was chosen in order to allow for in-depth analysis and a more reliable and complete understanding of the subject matter.

Twenty-one documents have been examined – prosecutorial acts and reports from investigations of human trafficking and money laundering from

trafficking. The prosecutorial acts were made available by the Supreme Prosecutor's Office of Cassation and the investigation reports by the National Investigation Service.

Over 150 interviews were conducted with prostituted persons (men, women and transgender persons), traffickers, NGO experts and representatives of the following government institutions: the Commission for Establishing of Property Acquired from Criminal Activity, the Ministry of Interior, the National Investigation Service, and the Prosecution Office of the Republic of Bulgaria.¹

The distribution of the various groups of respondents is not even. Semi-structured questionnaires were used for the interviews. The interviews were conducted in the following regions and cities: Blagoevgrad, Burgas, Varna, Vratza, Dobrich, Pazardjik, Pleven, Plovdiv, Sliven, Sofia, Sofia-region, Stara Zagora, Haskovo, Yambol. A research team assisting the author in the interview process carried out the fieldwork.

A major obstacle encountered by the team was finding prostitutes and traffickers willing to participate in the study. The team sought the help of representatives from non-governmental social care centers who have longstanding contacts with the groups of respondents. The staff of the social care centers had worked with the research team in the past and was experienced in conducting this type of fieldwork. The representatives from the centers facilitated the author's access to the target groups, and in some cases, conducted the in-depth interviews according to the specified methodology. The prostituted persons and the traffickers were paid for participating in the study; the representatives of the social care centers were paid a fee for conducting the interviews and facilitating the meetings with the respondents.

Interviewing the respondents would not have been possible had it not been for the relationship of confidence existing between them and the facilitators from the social centers. The research team met twice with some of the respondents, which strengthened their trust in the team members. A shortcoming of the study is the fact that some of the interviews conducted by representatives of the social care centers were not recorded on tape. Some of the information from those interviews is therefore incomplete. Another issue is that the prostitutes and the traffickers who participated in the study were low in the hierarchy of the criminal organizations. The team therefore chose to expand the group of respondents to include more high-level actors. Access to the targeted individuals was facilitated by a third party (acquaintances of the author), who had connections with individuals from the criminal organization. Despite these efforts, the number of interviews with high-level actors remains small.

For the reasons stated, we cannot claim that the information obtained for the purposes of the current study is representative. The picture it draws of the studied phenomenon is by no means exhaustive, and does not pretend to provide the only possible viewpoint on human trafficking for sexual exploitation and the money laundering related to that criminal activity.

¹ The author would like to acknowledge the support of the representatives of the public institutions during the study, especially the National Investigation Service and the Supreme Prosecutor's Office of Cassation for making available the prosecutorial acts and investigation reports.

I. BULGARIA AS A SOURCE COUNTRY FOR HUMAN TRAFFICKING FOR SEXUAL EXPLOITATION

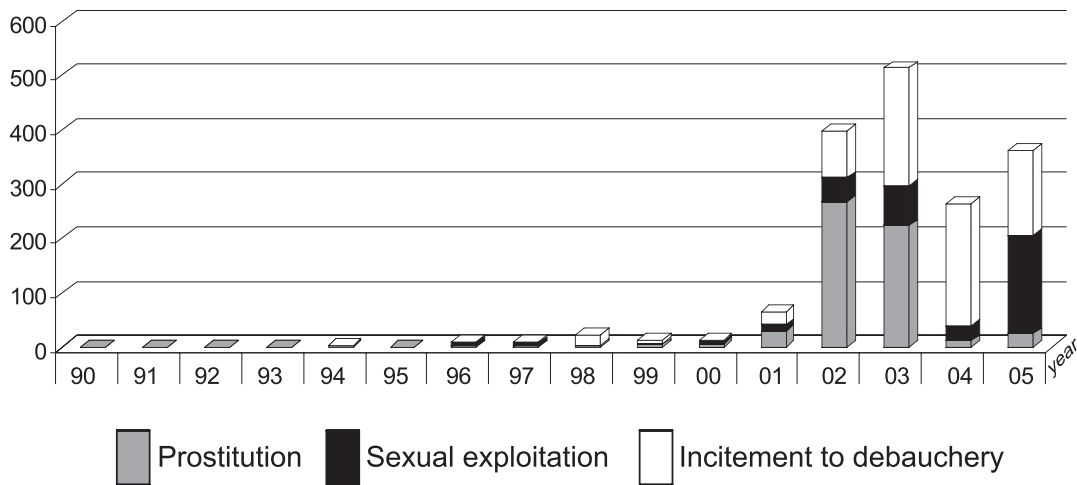
In what follows, we focus on the essential parameters and characteristic features of human trafficking in Bulgaria, drawing upon the information gathered through fieldwork and statistical data. The paper concentrates on the sexual exploitation of the prostituted. *Exploitation* here means „abusing the labor of the prostituted, and illegally and systematically depriving them of their earnings.“ The first section briefly describes the origin and development of human trafficking for sexual exploitation in Bulgaria.

1. Origin and Development

The experts who participated in the study trace the roots of the problem of international human trafficking in Bulgaria to the beginning of the 1990s, when many individuals, engaged in criminal activities, like car theft, began to travel abroad frequently. Furthermore, members of different ethnic groups were engaging in business deals in foreign countries. This was an opportunity for them to establish contacts with criminal agents from their own ethnic groups in those countries, and to negotiate access to some segments of the foreign sex markets. Parallel to that, as some studies have shown (Bezlov et al. 2007), a prostitution market was already active in Bulgaria, controlled by organized crime. Other studies (Arsova 2000) have shown that over 95 percent of the Bulgarian prostitutes worked with a pimp. Through their contacts with criminals abroad, the organized crime groups who controlled the prostitution in Bulgaria gained access to new markets. During this period, the Bulgarian traffickers would usually recruit and transport their victims to the country of their final destination, where they would sell them to foreign criminals. Eventually, most of the traffickers realized that they would profit more if they themselves exploited the victims instead of selling them abroad.

Consequently, in the second half of the 1990s, the number of Bulgarian traffickers working independently in the countries of Western Europe began to grow. At the beginning of the new millennium, and especially after the Schengen visa requirements were put into effect in 2001 for easier traveling within the European Union, there was an upsurge in the number of Bulgarian traffickers engaged in sexual exploitation in European countries. Making their way into the sex markets of the Western European cities, the traffickers were quick to identify new opportunities, find new destinations, and successfully take over positions in many of the lucrative sex markets. With very few exceptions, the Bulgarian traffickers predominantly exploit Bulgarian women,

The available data for some EU countries confirms the above observations of Bulgarian experts. Diagram 1 below shows the data for Belgium.

Diagram 1: Crimes committed by Bulgarian citizens in Belgium

Source: *Exploitation sexuelle et exploitation au travail (2007)*

The data clearly indicates the enormous increase in the number of offences for prostitution, sexual exploitation, and incitement to debauchery committed by Bulgarian citizens in Belgium after 2001. There is no evidence of the same crimes committed by Bulgarians until the mid-1990s. In the second half of the 1990s, only isolated cases of the crimes were confirmed; after 2001, there was a drastic increase in the crimes committed by Bulgarian citizens. The data from the graph confirms the conclusions of the Bulgarian experts.

Drawing upon the available information, the current study shows that there are four main phases in the development of human trafficking from Bulgaria as a source country:

- **Genesis** – the first half of the 1990s. During this period, the initial contacts with persons linked to foreign sex trade markets were established; only in rare cases were Bulgarians involved in the exploitation of victims.
- **Isolated episodes** – beginning in the second half of the 1990s until the beginning of the new millennium. There were sporadic cases of Bulgarians involved in human trafficking, primarily in Central European countries. Victims were recruited and controlled through force and violence; in many cases they were sold to foreign exploiters.
- **Large-scale activity** – from 2001 until Bulgaria's accession to the EU in 2007. The period coincides with lifting the visa requirements for Bulgarians for EU countries. Bulgarian traffickers had by then gained experience and contacts, built up structures, and taken over a significant part of the sex trade markets in Western Europe. The amount of violence dropped, and in many cases was replaced by partnerships between the victims and the trafficker.
- **Stable development** – after 2007, following Bulgaria's accession to the EU. The number of the Bulgarian victims increased. The Bulgarian organized crime groups gained control over large segments of the most profitable sex markets in Europe. Physical violence in recruiting the victims disappears almost completely; in most cases, the involvement and participation of the prostitutes is voluntary.

This pattern of development clearly illustrates that human trafficking originating in Bulgaria has become a very serious issue for the country and the countries in Western Europe.

2. The Scale of Human Trafficking

In its annual report on human trafficking, Europol (Europol 2008: 3) again identifies Bulgaria as one of the six main source countries of victims who are trafficked within the EU, along with Ukraine, Romania, Russia, Nigeria and Moldova. A review of the data, including court cases of victims of trafficking in EU countries distributed by source country, corroborates these conclusions. Table 1 below presents the data.

Table 1: Percentage of the Victims of Trafficking in EU Countries per Source Country²

Slovenia 2005–2006	Poland 2005–2006	Netherlands 2004–2006
Slovenia 17%	Poland 67%	Netherlands 22%
Bulgaria 15%	Bulgaria 12%	Nigeria 11%
Serbia 9%	Ukraine 10%	Bulgaria 10%
Unknown 38%	Others 11%	Romania 7%
Others 20%		Others 50%
Total 100%	Total 100%	Total 100%

Greece 2005–2007	Czech Republic 2005–2006	Germany 2005–2007
Romania 36%	Czech Republic 22%	Germany 23%
Russia 22%	Ukraine 29%	Romania 13%
Bulgaria 14%	Vietnam 19%	Czech Republic 11%
Ukraine 6%	Bulgaria 12%	Bulgaria 9%
Others 21%	Others 16%	Others 45%
Total 100%	Total 100%	Total 100%

Source: UNODC (2009) and author's information

The data clearly shows that Bulgaria ranks highly on the list for victims of trafficking in the European Union. The percentage of Bulgarian citizens identified as victims of trafficking in these countries is comparable to that of countries with a population several times that of Bulgaria.

² The data in the table refers to all types of human trafficking. Nevertheless, as the report illustrates (UNODC 2009), about 80 percent of the traffic is for sexual exploitation. Further confirmation comes from the data provided by the Prosecutor General of Bulgaria (Dikov 2009). It shows that in the last three years, over 85 percent of the verified cases of human trafficking in Bulgaria are for the purpose of sexual exploitation. The above data is most relevant to the type of trafficking studied here.

Furthermore, different sources indicate that Bulgarian prostitutes have taken over a large segment of the markets in the Western European cities. For example, the experts interviewed for the study confirmed information released in the media³, namely that 80 percent of the window prostitutes in Brussels (Belgium), are Bulgarian. That is, out of 250 windows, 200 are serviced by Bulgarians (two prostitutes per window), and 180 of the windows are serviced by girls from the town of Sliven. Other media publications⁴ released data by a German social services organization, according to which 180 Bulgarian prostitutes are working on the streets of Dortmund everyday, all from a small town near Plovdiv, and another 500 prostitutes from Bulgaria were „walking“ the streets of the city over the course of one year.

Information gathered for the present study attests to the existence of other such ‘nests’ of Bulgarian prostitutes in Western European cities, such as Vienna, Grönningen, Nice, Cologne, Strasbourg, Mannheim, and others.

The substantial number of Bulgarian prostitutes abroad also has an impact on their hometowns and villages in Bulgaria. The authors of the paper „Organized Crime in Bulgaria: Markets and Trends“ (Bezlov et al. 2007: 136–137) cite data stating that, in cities such as Sliven, one in every 10 girls and women between 15 and 30 years old is prostituting abroad.

Similar conclusions about the significant involvement of Bulgarian citizens in human trafficking for sexual exploitation can be drawn from reviewing the statistics about court cases against suspected traffickers from European countries, broken down by source country, shown in Table 2 below.

Table 2: Suspect Traffickers in EU Countries per Source Country⁵

Belgium 2002–2005	Netherlands 2001–2005	Germany 2005–2007
Belgium 64%	Netherlands 32%	Germany 44%
Bulgaria 18%	Turkey 11%	Turkey 9%
Albania 10%	Bulgaria 9%	Bulgaria 6%
Others 8%	Others 48%	Others 41%
Total 100%	Total 100%	Total 100%

Source: Exploitation sexuelle et exploitation au travail (2007), UNODC (2009) and author's information

The above figures provide clear evidence that in terms of suspected traffickers, among the countries within the EU for which information is available, Bulgaria is in the top three. In Belgium, for instance, one in five

³ „Otlichnichki ot Sliven pozlatiha suteniori“ [The Golden Girls from Sliven], Standart Newspaper, 30 September 2008.

⁴ „Nashi prostituirat po 16 chasa v Dortmund“ [Bulgarian Girls Prostitute 16 hours a day in Dortmund], 24 Hours Newspaper, 7 May 2009.

⁵ The report for Belgium offers statistics about trafficking in persons for sexual and labor exploitation, but it specifically states that Bulgarians are specialized in the sexual exploitation of the victims. The data on Germany only concerns sexual exploitation, while the data on Netherlands includes all types of human trafficking. As was already mentioned, a large number of the reported cases of trafficking are for sexual exploitation.

crime groups officially confirmed to be involved in trafficking come from Bulgaria. Therefore, Bulgaria has a leading position with regard to both victims of trafficking as well as traffickers in EU destination countries.

Furthermore, the present study indicates that the scope of activity of the criminal groups is expanding, and in addition to the traditional European destinations, new countries on other continents, such as the USA and South Africa, are emerging on the map as locations for increased trafficking activity.

All this comes to show that the small country of Bulgaria has become one of the major players in the trafficking business, and that this crime has grown immensely within the country itself.

3. Phases in Human Trafficking

The following part of the study describes the main phases in the process of human trafficking for sexual exploitation originating in Bulgaria. These phases include recruitment, transportation, and exploitation, and largely coincide with the composition of the predicate crime as defined in the Penal Code, which criminalizes human trafficking with four designated phases – recruitment, transportation, receipt and harboring.⁶ Elaborating on these four phases allows for a better description of the entire process of trafficking.

3.1. Recruitment

The information gathered shows diversity both in terms of the profiles of the victims and the recruitment methods, but not in terms of the victim's gender. For the most part, the victims are women; only in some cases are the victims men. The research team conducted an interview with a transvestite who was trafficked for prostitution.

The victims' ethnic origin also varies. According to the respondents' self-identification, they fall into three ethnic groups – Bulgarian, Roma and Bulgarian Turks. The table below shows the distribution in percentages.

Table 3: Ethnic Origin of the Victims

Ethnic group	Percent
Bulgarian	82%
Roma	15%
Turkish	3%
Total	100%

As is evident, the largest number of victims is Bulgarian, contrary to the overall perception that the main part of trafficked persons from the country is of Roma origin. The next table gives information about the age at which the interviewees had been recruited for the first time.

⁶ A legal analysis of human trafficking as a crime can be found in Kostadinova (2005), Pushkarova (2008).

Table 4: Victims' Age at Time of Recruitment

Age	Percentage
Less than 13 years	0%
13–15 years	5%
16–17 years	14%
18–20 years	49%
21–23 years	24%
24–26 years	2%
27–29 years	2%
30–32 years	4%
Over 32 years	0%
Total	100%

The high percentage of minors trafficked for sexual exploitation is very disturbing. Existing practices within the Roma and Turkish communities of the sexual exploitation of minors may account for these numbers. This fact, together with the percentages listed of victims over 30 years of age, confirms the opinion of the experts that there has been a trend for expanding the age limit of the trafficked to include both younger and older victims.

Despite that, the statistics provided show that most of the victims (49 percent) have been recruited at the age of 18 to 21 years. One explanation may be the fact that girls, once they come of age (reach maturity), may freely travel abroad. At the same time, these young girls have just graduated from high school or have been about to graduate, and have started looking for a job. However, finding a well-paying job is a serious issue in many Bulgarian towns and villages. Many potential victims decide to migrate to bigger cities where they take low-paying jobs and struggle to make ends meet. That statement is corroborated by the data showing the occupation of the victims before they were trafficked.

Table 5: Victims' Occupations Prior to Recruitment

Occupation prior to recruitment	Percentage
Student	22%
Waitress/Bartender	24%
Store assistant/Salesperson	15%
Singer/Dancer	6%
Receptionist/Secretary	3%
Factory worker/Bakery worker	2%
Broker	1%
Seamstress	1%
Unemployed or not in school	26%
Total	100%

The statistics illustrate the fact that a large number of the victims had no jobs or were not in school before they were recruited. Those who had a job had worked primarily in positions that required few qualifications, mainly in the services sector. The percentage of women who worked as waitresses, barmaids, or shop assistants before they were recruited is also significant. From the interviews with the experts, we learned that in some cases traffickers would offer the girls a job in an establishment they owned, or that was owned by someone close to them. While working there as waitresses, the girls are prepared for prostitution abroad.

Table 5 also shows a significant number of girls who had been in school before they were recruited. This is due both to the strategies used by traffickers in recruiting schoolgirls and to the financial hardships that many of them suffer during their high school or college years. In many cities there are high-risk schools, such as professional schools for textiles or choreography, which enroll mostly girls. Recruiting girls from choreography schools supplies the trafficker with victims who can be exploited successfully as erotic dancers, and guarantees work in more lucrative places. Furthermore, when they enroll in such schools, the students often live in a dorm or a rental without their parents or teachers, which only makes the trafficker's job easier.

Areas with a large college student population constantly offer new pools of victims for the traffickers. The so-called „Student City“ in Sofia is almost entirely controlled by a criminal group engaged in many criminal activities, including sexual exploitation and human trafficking. Thousands of new girls from the provincial towns come to the capital each year. They are about 19 years of age, right out of high school, and away from parental control. They are also more intelligent than their peers, which gives them the opportunity to prostitute in more lucrative places, e.g., working as escorts. Most of them do not have enough financial resources to support themselves and have to take a job. A fraction of the students drop out because they cannot handle the pressure. The criminal group in Student City makes contacts with prospective victims very easily; the girls can also easily use participation in foreign exchange programs as excuse for traveling and working abroad, etc. Consequently, Student City has been for a long time a rich source of prostitutes for recruiters.⁷

The study and the interviews that were conducted revealed a wide variety of recruitment mechanisms, as illustrated in the table below.

⁷ Interviews with police officers investigating prostitution cases in Sofia confirm these conclusions for the sex markets in Bulgaria, namely, that most of the prostitutes working at the middle level (in bars, clubs) and the upper level (escort agencies, luxury houses), are college students.

Table 6: Recruitment Techniques

Recruitment technique	Percentage – no physical coercion	Percentage – physical coercion	Total
Intimate relationship or offer from a boyfriend	14%	3%	17%
Offer from a prostitute girlfriend	15%	0%	15%
Offer from an acquaintance	14%	0%	14%
Response to an escort ad or Intentional contact made with a pimp	13%	0%	13%
Independent prostitute recruited by a pimp	7%	4%	11%
Sold or recruited by a relative	5%	3%	8%
Deceived about working or traveling abroad	0%	8%	8%
Debt bondage	5%	2%	7%
Abduction	0%	5%	5%
Worked or studied abroad and made contact with a pimp	2%	0%	2%
Total	75%	25%	100%

The data presented in the table shows the cases in which the recruitment involved physical coercion and cases without physical coercion. Most of the respondents reported that no physical coercion had been exercised by the recruiters, and revealed that they were informed about the purpose of the trip and the type of job they were being recruited for. In some cases, the girls were shown videos of their future workplaces. However, the data from the study do not exclude poverty and unemployment as push factors to entering the sex industry. The promise of material gain and big profits appears to be the main factor in the recruitment.

In what follows, each of the recruitment methods included in Table 6 is described briefly, based on examples from the interviews.

Intimate relationship/Offer from a boyfriend – In this case, girls fall in love with a pimp or an intimate relationship they have with a boyfriend evolves into pimping. Typically, the girl is told that this is just a temporary job, until they can save some money for a joint business, for instance, or until they get married. Some respondents reported having an intimate relationship with a pimp who was treating them well and pretended for a while to be in love. The victims did not know they were involved with a pimp. Most often, when the trafficker has already established an emotional connection with the girl, he tells her that they do not have money and, to prove her love for him, she

must prostitute. One victim reported that after a short love affair her boyfriend offered for her to go to a foreign country where she should prostitute to make money, so afterwards they can open their own carwash business. The trafficker convinced her that this was only temporary, until they saved enough to start the business.

In a different case, the pimp told the girl that he owed money to someone, and if he did not pay the money back, something bad would happen to him. He could not come up with the money, and if she loved him, she should prostitute to help him out. Another victim reported that her life partner, a trafficker, forced her to make a choice – if she wanted to support herself and her children, she had to prostitute for him, with him as her pimp. In other instances, the respondents found out that their boyfriends had acted in the same way with other girls. In many cases, the girls would remain in love with the trafficker for the entire period while they are being exploited. In one instance, the trafficker managed to maintain intimate relationships with several girls over the course of a few years, each of whom was in love with him.

In cases when the respondents refused to work for the pimp, they were forced to do so. One girl who used to live alone with her sister reported that she fell in love with a boy. Initially, she was treated very well, but after a time she was told that she must prostitute. The girl refused and was physically abused until she agreed. Another girl found out shortly after she had moved in with her boyfriend that she would be trafficked as a prostitute. When she refused, her boyfriend began abusing her and brought other men who raped her while the girl was chained in the basement. Using different forms of coercion and abuse, the traffickers succeed in breaking the women's resistance to enter into prostitution. Some of the interviewees reported that once they had begun prostituting, they were sold to other pimps. Without exception, all of the respondents who had been forced into prostitution were sold to other exploiters shortly after.

Offer from a prostitute girlfriend – In this case, girls already working for traffickers are used to recruit their girlfriends. In select cases, the traffickers employ a specific strategy for this purpose. At various times, they send girls they had trafficked and with whose work they are satisfied back to Bulgaria. The girls are granted this trip as a reward. For the trip, they are given extra money to spend on shopping and nights out, expensive cars, etc. While in Bulgaria, they are told to relax and attempt to recruit their girlfriends for prostitution. Demonstrating an affluent style of life and lots of money, they aim to impress their girlfriends and entice them to become prostitutes. When a girl expresses interest, she is invited to meet the pimp, who is usually described as generous and caring. Besides the prostituting girls being recruiters, this strategy also ensures more future recruitments for the traffickers; the potential victims are led to believe that if they work for the same pimp, they will enjoy the same high standard of living. The new victims are thus easier to convince to enter prostitution and could even decide to contact the pimp on their own.

One woman talked about her situation: She had been working as a waitress, but the money she earned was not sufficient. A friend of hers, already working as a prostitute, convinced her that she could make more money if she prostituted, and introduced her to a pimp. In a different case, a girl recruited her friend during a trip back to Bulgaria. The prostitute offered

to connect her girlfriend with the pimp for whom she was working; shortly after, the newly recruited girl was trafficked to a foreign country.

In other instances, the recruiters are roommates or classmates. Again, the new girls decide to become prostitutes lured by the lifestyle of their roommates, who dispose of plenty of money, receive luxury gifts, etc. The prostitutes introduce their friends to the pimps, who take the interested girls out to expensive restaurants, etc., and talk them into working for them. Sometimes the prostitute first 'tests' the candidate girl to gauge her reaction to the idea of prostituting and then makes the actual job offer. One respondent said that she was recruited while having coffee with a girlfriend of hers; the girlfriend was working as a prostitute and had just returned to Bulgaria. Her pimp joined them, and they talked the new girl into accepting the offer.

Another respondent was a ballet dancer, a member of a ballet ensemble. Some of the other dancers went to work abroad, and upon their return they told the respondent about their job in a striptease bar, which also included performing sexual services for money. They explained how easy and well-paying the job was and offered to introduce the girl to their pimp. The respondent was shortly after trafficked.

One interviewee revealed that her own sister had recruited her. The older sister had been working in another country, hiding her real job from her relatives (they were told she worked as a domestic). While visiting in Bulgaria, she told her sister the truth and offered for her to join. At that time, the younger sister was working 12 hours a day in a cannery for very little money. The family was very poor. The girl accepted the offer and was introduced to the trafficker.

Offer from an acquaintance – Sometimes, the girls are recruited by acquaintances of theirs, who convince them that as prostitutes they will be well-off. In some cases, the girls are shown videos of their prospective places of prostitution and the lodging. Many of the girls are given accurate information.

According to the information gathered, this method of recruitment is one of the most frequently applied. Regular practice for organized crime groups is to task designated people with the recruitment of new girls. One male recruiter reported that after graduating from school, he took a job as a bartender in a coffee place. Many girls came into the shop, attracted by the respondent's good looks. An acquaintance of his offered him to recruit girls for prostitution for a percentage for each new recruit. He recruited them by making a direct offer or by inviting them to go out with other traffickers, who tried to impress the girls by spending large amounts of money on dinners or buying them expensive gifts (one trafficker bought two TV sets in one day only). The bartender worked as a recruiter for the money he received for each girl he brought in.

In a different case, a girl mentioned to a friend of hers that she was looking for a well-paying job; he introduced her to a pimp, convincing her that this way she would make good money.

A school student had intimate relationships with older men, who were giving her many gifts; one of them offered to connect her with people who will find her a lucrative job in a foreign country.

In several instances, the prospective girls were told they would receive a fixed amount of money each month, as a monthly salary. Respondents also said that many recruiters or pimps had promised them an initial salary of 2,000 EUR a month as a prostitute in a Western European country, and 5,000 EUR later on.

One of the respondents, recruited as a minor, lived with her mother who was sick and unemployed. Their financial situation was harsh; they lived in absolute poverty and often had no money for food and utilities. The girl decided to look for a job, but without any success; an acquaintance connected her with a pimp. He asked her to work for him, promising to give part of the money she would earn to her mom. Another girl who had a child lost her job and had no money to support her family. A friend promised to arrange work for her as a prostitute in Western Europe for a lot of money.

Another respondent worked as a waitress but needed more money to complete her university education. In a dance club she met a man who promised her very well-paying work as a prostitute in a foreign country, claiming that nobody in Bulgaria would find out about her real job. A second woman reported a similar scenario. After an argument with her parents, she left home and started waitressing. A man she met in the bar promised to introduce her to people who could help her find a well-paying job as a prostitute.

One of the interviewees was a girl, a drug addict, who needed money to feed her habit. A friend of hers told her she could work for a pimp and make enough money to buy drugs.

Response to an escort agency advertisement or Intentional contact made with a pimp – Here the initiative to join the sex industry comes from the girls themselves who are attracted by the opportunity to make a lot of money. They either ask a pimp they know to arrange a placement for them or respond to ads for escorts, dancers, fashion models, etc. Traffickers often publish such ads online and in newspapers. When girls call the number in the ad, traffickers explain that they are looking for girls to work as prostitutes. This appears to be the basic channel for recruiting older respondents, in particular those over 25 years of age.

During the interviews, many girls reported that they contacted traffickers to seek assistance in finding jobs abroad. One respondent was a waitress in a bar frequented by traffickers. Impressed with the money they had, she asked them for a better-paying job abroad. The traffickers agreed and she was trafficked to a destination country. Another respondent, a runaway, met a trafficker she barely knew and asked him to arrange a job for her. In some cases, the girls know someone to be a pimp through a third party, and that those working for him are well-off. In one instance, the respondent was introduced to a pimp who was recruiting girls, and she offered her services. A different girl was a hotel receptionist and met a pimp working with the hotel. She wanted to buy her own apartment but could not afford it. She knew the pimp was trafficking girls out of Bulgaria where they were paid better and asked him to find her a placement.

Another respondent shared that she knew from friends that prostitutes made a lot of money. She decided to respond to an online ad for escorts. The person she spoke with on the phone promised her several thousand

euro a month, and they arranged to meet in another city. During their meeting, the man asked her why she wanted to go and told her about the conditions of work and what documents she needed. After a few days, they met again and she started working for him. In the case of another woman, she needed money – „a lot of it and quickly.“ She was 30 years old and answered an ad for escorts for Western European resorts, promising high earnings. This is how she made contact with the traffickers and left Bulgaria to work for them. Similarly, a girl that had been a dancer in her hometown came across an ad for dancers to work in Europe. She needed money, and the ad cited very high compensation. She called the phone number and was told that the job involved erotic dancing in a striptease bar; at a second meeting she found out she would be required to perform sexual services for money for clients of the bar. She agreed and left the country.

Independent prostitute recruited by a pimp – This type of recruitment involves victims who are already offering sexual services for money and are discovered by pimps, who recruit them for work either voluntarily or through coercion. Very often, independent prostitutes are penalized for working on the pimp's territory without paying him. Punishments can vary from physical abuse, rape, fines, working without pay for a given period, or a combination of them, for example, the independent prostitute might be beaten and forced to pay a fine.

One of the respondents was a college student when she started offering sexual services for money to men she met in dance clubs or bars. She would do this several times a month. After a few months, she met a man who offered her to work for him and promised her a lot more money, and more clients and protection. Another girl lived with her parents in a small village but went to high school in the neighboring city. She lived there by herself, and in 9th grade she had an intimate relationship with a 40-year old man. The man would give her presents and cover some of her expenses. They broke up after 6 or 7 months; to keep the standard of life she had before, she started offering sexual services for money. She met a client who turned out to be a pimp. He threatened to punish her if she refused to work for him. The girl worked for him first in Bulgaria, and, after graduating from school, she was trafficked to another country. The fieldwork for the study yielded many similar stories.

One story involved a girl from an orphanage. While in the orphanage, she started offering sexual favors to older men, only for small change. She met a pimp who promised her much more money if she worked for him. Later on, she was sold for 4,000 BGN to another pimp, who trafficked her out of the country. The transvestite interviewed for the study, started prostituting on the street, but was threatened by a criminal organization who demanded that he pay them for the right to prostitute on their territory. They offered him higher earnings and trafficked him to a foreign country.

In some situations the girls working as waitresses or dancers were offered money by the clients to stay after work. They began to prostitute independently. Some of them succeed in building up a network of regular clients who recommend them to other men. After a period of independent work, they met a client who was a pimp or were coerced into working for someone else.

Many respondents reported cases of physical violence to pressure them into prostitution. In one such case, several men visited an independent

prostitute, assaulted her physically and threatened her, saying that she will be working for them in another country without getting any money for the first month. In a different case, a prostitute met a client who offered to take her to his house. The man drove the car to a desolate place, where she was abused and raped by the client and other men. She was forced to pay a fine for working without paying them. The men forced her to leave the country and work for them; they threatened that if she ran away or refused to cooperate, they would kill her parents. The study also identified the case of an independent prostitute who paid her friend, a bartender, to find her clients. After a few weeks, a group of men came and beat them both up, imposed a fine on the bartender, and forced her to work for them.

Sold or recruited by a relative – This type of recruitment is typical in very poor, large families, mostly from Roma communities. The poverty in which they live is one of the major factors that force them to sell or offer their daughters as prostitutes. One respondent, 16 years old, had two children and was abandoned by her husband. She lived with her parents who could barely make ends meet. To make some money, they sold her to a pimp. The parents knew that she would earn money as a prostitute because earlier they had sold their other daughter to a trafficker and received part of her earnings every month. In a different case, the parents themselves made their daughter leave to work as a prostitute. The family was part of a trafficking ring and her cousin transported her. Her aunt, cousin, and other relatives had already been trafficked.

One of the girls interviewed said that she lived in a village with her mother and three sisters. The family was very poor, and traffickers offered her mother money to let her leave the country and work for them. The mother agreed to sell her and signed a declaration that her daughter, who was at that time a minor, could travel abroad.

There are examples when the victims who were sold or recruited by relatives, were physically assaulted. One of the respondents lived with her mom, her step dad, and siblings. Her step dad decided to sell her, but when the girl refused she was beaten and forced to go with the traffickers. Another respondent from a Roma community married when she was 15. In the beginning her husband treated her well, but afterwards he began abusing her and coerced her into prostituting for him abroad.

Deceived about working or traveling abroad – A large number of victims know beforehand the purpose of their trip and their work place in the destination country. However, the research team came across some girls who were deceived about the actual purpose of the trip. They were deceived into thinking they would work as waitresses, domestics, au pair, etc., or that they were going on a holiday trip. Upon arrival in the foreign country they are locked up, their IDs are taken away, and they are physically and emotionally abused to force them into prostitution and are threatened that, if they continue to resist, their relatives will suffer.

One of the respondents graduated from high school and decided to go abroad to work, lured by the prospect of a better life and better-paying jobs. She came across an ad in a local newspaper for babysitters in a Western European country, promising very good income. The girl called and spoke with a woman who explained that the job was well paid and the working conditions were good. The girl had to pay the agency a processing fee for

her documents. She was also told that upon arrival representatives of the agency would meet her and take her to the family for which she will work. When she arrived, a man and a woman met her and told her they would go to the host family. They also took her ID and when she got into their car, they drove her to a brothel. They told her she will be prostituted, and if she refused or escaped her parents would be harmed. Two men repeatedly beat and raped her until they broke her resistance.

Another respondent said that she met an older man, with whom she began a relationship. For her 18th birthday, he paid for a trip to Greece. Once in Greece, he invited her to visit the house of a friend of his. When they got there, she understood that this was a brothel. The man sold her to the owner for 6,000 EUR. She was locked in the house and forced to lie to her parents, saying that she was fine and she had decided to stay and work there. She was repeatedly beaten, raped, and starved until she consented to prostitute. Afterwards, she found out that the man regularly brought young girls to the brothel and sold them for 4,000–10,000 EUR.

Debt bondage – In this case, the girls owe the traffickers or their friends money they cannot pay back. Traffickers offer the girls to prostitute in order to pay off their debt. In most cases the girls are told that this is only temporary, until the debt is paid up, but the period may be indefinitely prolonged. Sometimes, the traffickers physically abuse the girls and coerce them into prostitution as a way to refund the debt.

For instance, one of the respondents worked as a waitress and owed her boss money. Her parents were unemployed and could not help her. The boss offered for her to leave the country and work until she could pay back her debt. She agreed and has been prostituting for several years. In other cases, runaways or girls whose boyfriends have abandoned them end up with no money. Friends of theirs or pimps take care of them, loan them money, and eventually want it back. The girls cannot pay and are told they must prostitute to pay off the debt. One girl who refused was repeatedly beaten and raped by the pimp and other men until she submitted and agreed to work for them.

Abduction – Girls are sometimes abducted and forced into prostitution, many times using violence and physical abuse; they are threatened that their relatives will be hurt if they escape or refuse to cooperate.

One of the respondents was a singer in a small restaurant; she was abducted and taken to a house where she was beaten and forced to prostitute. After several days, she was trafficked to Central Europe. Another respondent was abducted from her hometown and raped by five men. She was threatened that if she refused, her parents would die. Some respondents also told of being forced into cells with dogs or snakes and scorpions until they consented.

One respondent reported that she was kidnapped at the age of 14. She is Bulgarian, her parents are divorced, and her mom lives with her second husband in another country. The girl lived with her dad, a taxi driver. She met a boy and had intimate relationship; he treated her well and bought her presents. Not long afterwards, he invited her to his house and told her she had to prostitute. She escaped. The next day, her boyfriend called to apologize. When she came outside, she was forced into a car and taken to an apartment where she was locked for two weeks. She was repeatedly

beaten and raped by men, and several times she even lost consciousness. They threatened that if she escaped and went to the police, they would find her and kill her. They told her that the police was on their side and would bring her back. Eventually, she gave up. She was made to bathe in the sun and get a suntan to hide her bruises. While she was locked up, her father filed a missing person report. Before she was trafficked, she called her father and told him she was moving in with her boyfriend. Her father agreed. She prostituted first in Bulgaria and then left the country. Before leaving, she had to go to the apartment where she was held captive several times to treat the injuries of other girls who had also been abducted for prostitution.

Worked or studied abroad and made contact with a pimp –

Usually, this involves Bulgarian women, working or studying abroad, who are not prostituting but approach a pimp and decide to work for him – in most cases because they need money.

One of the respondents went with her girlfriend to a Western European country to look for a job as a waitress, barmaid, etc. They met another Bulgarian woman, prostituting in a club. She told them that prostituting is a legal job and brings good money. She introduced them to her pimp and they decided to work for him. In another instance, a girl lost her job and contacted a Bulgarian pimp who talked her into prostitution.

Another respondent was enrolled in university, but instead of attending school she was working at a bakery. She made very little money and was not happy. She met a Bulgarian man and they had an affair together. She quit her job and moved with her boyfriend to another city. There, he met a Bulgarian pimp who persuaded her that if she prostituted, she would be better off. Thus, the girl became a prostitute.

Based on the information gathered, poverty, unemployment, and the lack of opportunities for well-paying jobs in Bulgaria appear as the main push factors for girls and women to enter prostitution. Traffickers prey on the victims' vulnerabilities, promising them a good life and prosperity. Once they are recruited, the victims are transported to the destination countries. The next part of the study focuses on this stage in the process of human trafficking.

3.2. Transportation

The information collected by the research team indicates that the transportation of the victims depends largely on the method of recruitment. Given that most of the prostituted agree to participate voluntarily, their transportation is voluntary, too. They travel like any other individual who has decided to work in a foreign country. In cases when the victims have been deceived about their actual job, the transportation is also voluntary because they believe what they have been told. For example, in one of the cases above, the girl thinks that the trafficker is her friend with whom she is going on a holiday, so they travel with his car.

In most cases, the traffickers prefer to use deception to make the victims travel to the destination country, but if this is not possible they resort to violence and force the victims to submit. There have been cases where the victims were drugged; other times the traffickers work with corrupt border control officers who let them pass through the checkpoints without any trouble.

The study shows that in almost 100 percent of the cases the victims are transported legally through border control points with legal IDs. In some isolated cases, the transportation to neighboring countries takes place through the so-called „green border,“ not through the official border-crossing point, but along the border through wooded areas, etc.

Before transporting the victims, the traffickers prepare carefully and make sure that the girls have the valid travel documents needed. They assist the girls in getting passports and other documents needed for the trip, covering the necessary fees. If visas are required, they take care of it. For the documentation process, a few cases confirmed the collaboration of traffickers with corrupt employees from foreign embassies in Bulgaria.

When extradited persons or minors are trafficked, additional documents are needed for their transportation. For the transportation of victims or traffickers who are prohibited from leaving the country or are banned from entering a specific destination country, etc., fraudulent documents are used. Some go for a legal name change, which allows them to enter the foreign country without any problem. Other times they use false IDs to leave the country.

The trafficking of minors also requires extra efforts. The table below shows how the minors, interviewed in the study, left the country.

Table 7: Transporting Minors out of the Country

Method	Percentage
Declaration signed by parents	56%
Upon reaching maturity	32%
False IDs	12%
Total	100%

Statistics show that most often traffickers transfer the victims out of the country with a declaration of consent signed by the parents. In some cases the parents do not know the true purpose of the trip, and are deceived into thinking their children will work a legitimate job. One of the respondents, recruited by the trafficker with whom she was in love, reported that they met with her parents. The boy pretended to be the girl's fiancée and left the family money and gifts. They told her parents they wanted to leave the country to look for a job. The parents did not suspect their daughter would become a prostitute and let her go. They signed a notary certified declaration, giving their daughter permission to leave Bulgaria accompanied by the trafficker. In other instances, the parents were informed that their children would be prostituted. In the cases when the girl was sold or trafficked by a relative, the parents signed the declaration knowing the true purpose of the trip. The research team had access to documents, among them powers of attorney signed by the parents, permitting the trafficker to take a minor out of the country. One such document grants the trafficker the power to take their daughter out of the country and to act on their behalf. The power of attorney was certified by a notary and used to take the girl to Western Europe where she was exploited as prostitute.

Other traffickers recruit their victims and exploit them in Bulgaria until they come of age, so they can travel without parental consent. There are also instances when false IDs are used to traffic minors.

Based on the information available, three main methods have been identified for transporting the victims to their destination countries. The first is by public transport, the second by private car, and the third is a combination of the two. In the following section, each one is discussed in more detail.

Trafficking by public transport. In this case, the traffickers or their associates purchase the tickets for the victims' trips.

Most of the girls are transported by bus or airplane to the destination country. Traffickers usually choose direct flights and routes. Passenger vans that frequently make trips to Western Europe are also used. These vehicles do not always have the necessary legal permits to transport passengers on international trips, but they still do it. For the trip, the passenger is not issued a ticket but travels on the pretense of being the driver's friend. These vans usually make a trip once a week from various cities in Bulgaria to Western European destinations. The price is the same as that of an official bus company, but they offer service to a given city or sometimes even a door-to-door service, at the client's request.

When public transportation is used, several combinations exist: a girl traveling on her own, a group of girls traveling together, and a girl or several girls traveling accompanied by the trafficker or an associate of his. Girls who are trafficked for the first time rarely travel by themselves. This happens only when she herself has contacted the pimp, or when she has willingly accepted the job. Often a group of girls travels together, and at least one of them has already worked abroad.

If girls travel by themselves, they usually fly. The flight to the destination country is shorter than a bus trip and allows for better control – the girl cannot escape and there is less risk of her backing off. When girls are traveling unaccompanied, the traffickers send them off and inform them that another person will pick them up at the airport or bus station and will take them to their house and work place. Sometimes, when they travel alone, the girls are under guard by the driver or a steward who works with the pimp. One such case showed that the traffickers had help from the technical personnel at the airport, who would inform them if the victims had boarded the plane. If they had not, the personnel would inform the traffickers and help them search the airport premises for the victim. When girls are transported for the first time, in most cases a trafficker or a close friend of his escorts them. This way the victims are constantly under watch. In some cases, upon arrival in the destination country the escort hands the girl over to another man and returns to Bulgaria.

When girls are not originally from Sofia but the bus or plane leaves from Sofia, the traffickers or escorts transport the girls to the capital. On arrival in the destination country, other men or women meet the girls and take them to their lodgings. When the victim was deceived about her true job, usually two people pick her up; they also confiscate her documents, pretending they need them for legal purposes. The victims are told they will be taken to their work place but are taken to a compound, confined, and guarded to prevent them from leaving. Violence is used to season women into prostitution.

Trafficking by car. Sometimes the victims are transported using the personal car of the trafficker or his associates. Either one or a group of girls is traveling with him. In these cases, the traffickers use vans or more spacious automobiles.

When a trafficker travels with his own car and a girl, they declare touring as the official purpose of the trip. Sometimes two pimps travel with one girl. Traffickers often decide to buy vans to transport more victims. Alternatively, the traffickers pay the driver or someone else to escort the girls. One of the traffickers reported that this was his first assignment when he started in this 'business.' He had to take four girls to a Western European city and drop them off at a designated address; he was paid 700 BGN for the job. Everything had been carefully arranged and the girls had all the necessary papers. They traveled by van, owned by the pimp and driven by the respondent. On arrival, he dropped off the girls at the address, then returned to Bulgaria and received his payment.

In other cases, a trafficker leaves Bulgaria by car with a group of girls, and meets another trafficker in a transit country. The girls split, and the traffickers take them to two different European countries to prostitute. Sometimes the girls only transfer from the trafficker's car to another car in the transit country. A second trafficker takes them to the destination country and the first trafficker returns to Bulgaria. The two traffickers share the responsibility for the transportation.

Often, when traveling by car, the girls would get out at the Bulgarian border and pass the border crossing point on foot. The trafficker crosses the border alone, picks them up again on the other side, and they continue to the destination country. The traffickers resort to these gimmicks to avoid being associated with the girls, as this could be potential evidence of criminal activity in a future investigation. When the traffickers transport victims who have been kidnapped or forced into prostitution, they drug them in order to cross the border without any troubles. In other cases, the girls are taken to border areas and smuggled in by guides through the so-called „green border.“

Trafficking by a combination of car and public transport. From time to time, the girls are transported by car to a foreign transit country where they get a ticket and travel the other leg of the trip by bus. Traffickers from some Bulgarian cities use Western European cities as distribution points. They take the girls to a distribution point, split them, and continue to the final destination cities. The information gathered by the research team indicates that often girls from the city of Dobrich (in northeastern Bulgaria), destined to work in France, first go to Mannheim (Germany). The victims travel by bus or plane to Mannheim, where the traffickers pick them up and drive by car to the desired city or country in Europe. The traffickers' practice is to establish such 'base camps' in Western Europe to conduct their criminal activity – in particular, to transport their victims.

After they reach the final destination country, the girls are shown their lodgings and workplace, and their sexual exploitation begins.

3.3. Exploitation

Almost without exception, the exploitation begins upon arrival in the foreign country. The traffickers make sure the victims know the right place where they will be working and the working conditions – how many hours they will work, the services they will perform and the price lists for those services, how they should report the money earned, etc. The trafficker determines the conditions and the place, and the prostituted cannot change them.

Sometimes the rookies are taught some basic words in the respective language by another prostitute or a pimp or given phrase-books to learn the language. They are also taught different techniques to service the clients faster, how to work when they have their menstrual cycle, etc. Often they are told how to behave with a client, what to say, or how to reject a client if he refuses to use a condom. When they work on the street, they are taught how to get into a client's car and where to perform their services.

As a rule, traffickers control the prostituted by promising them rewards and punish them by taking the benefits away and imposing fines. Other methods include denying them freedom of movement, controlling their earnings, or threatening them and intimidating them, often with threats directed at their families. The traffickers also manipulate the girls by telling them that any attempt to involve the police would be futile, since the police are in on their operation, too. To keep the girls obedient and stimulate them to work, they give them drugs, most often heroin injections, until they become dependent. Often, the victims are forced into debt and required to pay huge amounts for their transportation, accommodation and stay. Systematic abuse is also a form of control, or holding the victims in slave-like conditions. Other respondents reported that traffickers used blackmail – they would take pictures of them with a client and threaten to expose them if they refused to prostitute. This is an especially serious threat for girls of Turkish origin.

Other victims were threatened that if they disobeyed they would be sold to other pimps, such as Albanians, notorious for their cruelty to prostitutes. Trading in girls – transferring the control and exploitation rights from one pimp to another – is a common occurrence. The traffickers we have interviewed reported that they would sell a girl if she was not performing well. The prostituted are sold to both Bulgarian and foreign pimps. The research team learned that the amounts vary from 1,600 to 17,000 EUR. One girl can change hands many times. Often, traffickers would stake or bet a girl in a card game, or simply offer them to their friends to exploit. These examples clearly show that the victims of trafficking are treated as nothing but mere commodities.

Further evidence of such treatment is the example of a prostitute who got pregnant. Before she gave birth, she was transported to another country where her baby was sold, and after which she was taken back to her old job to continue working for the exploiters.

Destination countries. As a rule, the traffickers determine the country where the victim will be exploited, and victims must comply. Based on the findings of the study, Bulgarian girls are exploited in many different countries. The following table lists the countries where the respondents have worked.

Table 8: Countries of Exploitation

Country	Percentage
Germany	21%
France	19%
Italy	16%
Austria	12%
Netherlands	9%
Spain	9%
Greece	4%
Switzerland	3%
Belgium	3%
Poland	2%
USA	1%
South Africa	1%
Total	100%

It must be pointed out that the percentages in the table may not reflect the actual distribution of Bulgarian prostitutes in these countries, but rather the grouping of more respondents from a specific region. As other authors have also argued (Dikov 2009), one feature of the trafficking business in Bulgaria is the steady connections established between cities in the country and certain destination countries. For example, girls from Sliven are trafficked to Belgium and the Netherlands; from Pazardjik to Germany, Italy, Austria and France; from Dobrich to Germany and France; from Blagoevgrad to Greece, Spain and Italy, and so forth. Conducting the interviews in only some regions of the country may have affected the distribution of countries as presented above, i.e., the results may refer to the destination countries for that particular city or region in Bulgaria.

Nevertheless, the distribution of countries listed above indicates that traffickers target countries with more liberal policies toward prostitution, e.g., countries in which prostitution is legalized, such as the Netherlands. Bulgarian prostitutes in Austria are issued working visas. One conclusion that could be drawn is that important criteria for choosing the destination country are the legal framework and the working environment. In a country where prostitution is legal, the girls can register and work officially. The liberal policies toward prostitution also determine the traffickers' preference. For example, until the end of the 1990s, prostitution laws in Germany were stringent. The Germans had to travel to border cities in the neighboring Central European countries where prostitution was booming. Most of the clients in these cities were German sex tourists. At that time, Bulgarian prostitutes were exploited mainly in these countries, and only a limited number worked in Germany. After the liberalization of prostitution laws in Germany, Bulgarians quickly occupied the sex markets. Consequently, the number of Bulgarian prostitutes in Germany rose sharply. It is important to note other factors that influence the choice

of a destination country, such as opportunities for bigger profits, access to more clients, demand for women with physical features typical for Bulgarians, etc. The choice of country therefore depends on a number of factors; the most significant are an enabling legal framework and a liberal attitude toward prostitution.

Some of the prostituted are exploited in more than one country. The next table shows the number of countries in which the prostituted have worked.

Table 9: Number of Countries in Which the Victim has Worked

Number of countries	Percentage
One	76%
Two	13%
Three	8%
Four	3%
Total	100%

About one fourth of the victims interviewed had been exploited in more than one country and, in some cases, even four. The transfer of girls between countries may be the consequence of different factors, such as a new pimp, a search for more profitable opportunities, a fear of being arrested, a need for more security, etc. In such cases, the prostituted relocate to whatever country is considered safer by the traffickers or pimps. This study shows that similar transfers, for instance to Poland, have occurred with girls facing extradition, or who have been extradited from other countries.

Exploitation venues. The information that was gathered reveals that a variety of venues is used for sexual exploitation. In general, they can be divided into outdoor and indoor venues. In the following sections, each type is discussed briefly.

Outdoor prostitution. Outdoor prostitution takes place on streets and highways and in squares and parking lots. Here, the prostituted work and service the clients out in the open or in their cars. Sometimes, after they have secured a client, they go to a motel or a rented room. With outdoor prostitution, girls usually work in groups gathered at special meeting points („circuits“ or „tracks“). Some cities in Europe feature entire streets or squares where the Bulgarian victims are prostituted. The Bulgarian traffickers prefer the open air locations because they cost much less. They are not required to share their earnings with the owner of a sex establishment. For outdoor venues they pay some fee or racket, whereas for indoor venues they must pay a considerable amount to the owner. The traffickers show the girl her spot, but often she has to fight it out with other girls. In some instances, Bulgarian traffickers have succeeded in gaining control over parking lots or streets that they manage jointly with local groups.

Walking the streets, prostitutes face more risks, and the probability for them to be abducted or assaulted is much higher. In many countries the women working outdoors are stolen or kidnapped by other traffickers. To protect their girls, pimps take special measures and carefully pick the locations, most often next to a parking place. The girl stands on the sidewalk with the parking

spot behind her. If she gets a client, she guides him to the parking entrance, where she joins him in the car. This is done to increase the prostitutes' security and decrease the chance of abductions; if she jumps in the car on the street, he can drive off right away, but by the client entering the parking lot the risk is reduced.

The research team identified a case in which the transportation and exploitation of the victim coincide. The case involves a truck driver, traveling with a girl on his international trips who prostitutes at truck stopovers and parking lots. The truck driver transports the girl between parking lots in various countries, exploiting her at the same time.

Indoor prostitution. In most cases of indoor prostitution, the premises on which the prostitutes work belong to locals who receive a percentage of the earnings or a flat rate. Many Bulgarian traffickers manage to acquire property in Western Europe to avoid paying fees to the locals. Sometimes, the property is in the name of women married to local citizens. In some countries, Bulgarian traffickers have acquired entire chains of property where they exploit the victims. Bulgarian traffickers who own such venues in destination countries usually work with Bulgarian women. In some countries the traffickers possess two prostitution establishments. One is an illegal place in a small town where the victims are sent in the beginning for a trial period. The other location is legal, in a big city, where the girls are moved after the trial period is over. Before girls are relocated to the legal location, they return to Bulgaria to get the necessary documents, including a legal prostitution visa. When working indoors, some traffickers prefer not to hold all of their girls in the same building. The goal is to prevent contacts among the Bulgarians – for them communication is only with women from other countries.

The indoor premises differ widely. Some can be found in all countries, others only in some. The section below provides a brief description of the various locations or situations in which the respondents have worked. The typical situations include:

Clubs – apartments or houses where clients can go. The prostituted stay in a room and the client can choose from the pool of girls. Afterwards, the girl and client go to a special room for the service.

Erotic bars – bars where the girls pole dance and perform striptease and sexual services for money. The extra services include intimate dancing for a client and a drink in the company of the girls. Most often, special rooms are set up in the bar where the clients are serviced.

Escort services – situations in which prostitutes are delivered on out-calls to an address given by the client by a taxi or car driven by associates of the pimp. While waiting for the out-call, the girls are in a house, club or erotic bar. Often, to lure clients, they publish ads in local newspapers, on the internet, etc.

Turkish coffee places – coffee places available in many Western European countries, usually owned by Turkish immigrants. They offer prostitutes to their clients, and the women are mainly Bulgarians of Turkish descent or from Roma communities.

The places unique to some countries only are described below:

Windows – exist only in Belgium and the Netherlands, often taking entire streets in the big cities. They are large windows behind which stand the girls. When they are with a client, they pull a curtain. Behind the curtain is a room where they service the clients. When working a window, the Bulgarians pay a fixed daily fee, the so-called ‘fix.’ In Belgium, the so-called ‘Mesdames’ run the windows. Typically, one window is serviced by two or three girls, and each has a separate room.

Poufs – multi-floor apartment buildings with rooms for the prostitutes on each floor; mainly found in Germany. Each girl has a room where she lives and services the clients. When the girls are not with a client, their doors are open. The clients walk around and pick a girl. For the services they pay the pouf manager. The prostitutes also pay the manager a daily flat fee for the room they occupy.

Pleasure houses – mainly in Germany. Some respondents refer to it as a ‘Roman bath.’ They operate on an ‘all inclusive’ principle. At the entrance, the customer pays an admission fee, which allows him to enjoy everything ‘on the menu’ within a certain time: food, drinks, and prostitutes. The girls stay in-house, and when a client picks them they go to special booths. The number of girls a client can have is not limited, and he can stay for as long as he has paid for.

Contact bars – typical for Switzerland. Girls have their own rooms in the bars for which they pay rent and a fee for each client. They service the clients in the rooms.

Saunas – common in Switzerland. Rates in the saunas are higher and the clients are wealthier.

Casinos – luxurious game rooms in Austria. Rich clients frequent them. Upon arrival, the client picks a girl for companionship while he is playing in the casino, and at his wish they withdraw into a room where he receives sexual favors for money.

“Palaces” – in Austria. These are mostly traditional palaces transformed into parlor houses. They offer upper-end luxury, with high-priced elite prostitutes. Besides the sexual services, they also offer companionship to the clients, who usually engage them for the night. In many cases, the prostitutes are recruited through fashion agencies. The prostituted are offered very good working conditions and pay, so they are not considered victims of exploitation.

The examples provided above illustrate the huge gap between luxury places like the palaces and the miserable establishments, where the traffickers control the prostitutes’ earnings, their human rights are seriously violated, and they are held under the worst of conditions, sometimes even like slaves. The prostitutes who work in such terrible conditions are usually confined in houses functioning as clubs. Most of these victims have been abducted and deceived about their job. They are isolated, confined in the compound under close guard to prevent them from leaving. They are given very little if any money, and they are poorly fed and subject to systematic abuse. In one case, after arriving in the club, the girls were given animal names; they were forbidden to say their real names, where they came from, and how they got there. They did not know each other’s names. One respondent described a two-story building operating as a club. On the first

floor the prostitutes, parading, would meet the client so he can take his pick. On the second floor were the rooms where the clients were serviced. The victims slept in the basement. After work, the girls had to clean up the building. In such situations, the traffickers force the girls to call their relatives in Bulgaria in their presence to tell them that they are well, working and doing fine.

A few more differences exist between indoor and outdoor prostitution. In open-air prostitution, the victims mostly work at lower rates, not by the hour, but by the so-called *praz*" (i.e., per ejaculation). Traffickers usually set a fixed time for each service. When that time is up, the girl has to stop regardless of whether the client is satisfied. The goal is not to spend too much time with one client. In exchange for the lower rates, the streetwalkers have more clients a day. A comparison shows that the money the streetwalkers make is roughly the same or sometimes even higher than that of indoor prostitutes. The rates for indoor prostitutes are per hour and/or night, and are higher than those for outdoor prostitutes, but they may service fewer clients a day. In many cases, girls working a window or in a *pouf*, also work by *praz*" with a large number of clients. The indoor prostitutes work in better conditions which puts them higher on the prostitution ladder. Above them are the elite prostitutes, high-priced and typically engaged for the night.

The results of the survey provided many examples of great mobility within the world of prostitutes, both up and down. Sometimes the pimp forces a prostitute who has worked a long time in a luxury erotic bar on the street; the opposite also happens – streetwalkers move up to a casino. There are very few cases of moving from the street, indoors, and then back on the street. The reason for this is that the indoor locations typically replace their staff every couple of months. Many traffickers also rotate their victims from one place to another and from one city to another. Relocation prevents the girls from establishing contacts or friendships, offers the clients variety, and covers up any signs of exploitation that could be traced back to the traffickers.

Based on the respondents' reports, several main factors seem to be determining the choice of working location for the victims. The connections and the trafficker's ability to negotiate a territory for his prostitutes are decisive. If the trafficker can get hold of a good territory, a girl has a chance to work at a good location provided she is pretty, speaks the language, and can communicate freely with the clients. The method of her recruitment also matters. If she was forced into prostitution and there is a chance of her escaping or turning in the traffickers, she is assigned to the most secure location.

The traffickers set the **working hours** of the victims.

Table 10 shows how many hours the respondents had to work.

Table 10: Working Hours

Duration	Percentage
6 hours	6%
7 hours	15%
8 hours	19%
9 hours	8%
10 hours	12%
11 hours	0%
12 hours	23%
13 hours	2%
14 hours	9%
15 hours	6%
Total	100%

It is visible that the working hours vary. The duration again depends on the prostitute's location. For example, most of the respondents had to work 12 hours a day, the same as in a window. Many of them have worked for 7–8 hours, which is typically the time for the night shifts, 10 p.m.–5 a.m. or 9 p.m.–5 a.m.

More than half of the prostitutes (60 percent) worked more than 8 hours a day, and one in six girls had to work over 12 hours a day. In addition, if the girls were required to reach a fixed daily amount, they would work overtime until they earned it. Those working in a bar are required to stay until there are no more clients in the bar. In these cases, the prostitutes' working time goes up significantly. The long working day is further evidence that the traffickers subject their victims to daily exploitation.

The victims hardly have any days off, except during their monthly menstruation cycle. Some traffickers, however, force them to do various tricks to be able to work during these days too. One respondent reported that in the course of one year, she only had 10 days off. Nevertheless, most of the respondents reported that they had one day off each week and did not work during their period. Traffickers, who reported that the girls who worked for them were allowed at least one day off per week and rarely worked more than 25 days a month, confirmed the above facts.

Some respondents revealed that they had to prostitute for over two years in a destination country without returning to Bulgaria. Others would work for several months, return to Bulgaria, and then go back again. The decision about when a girl will return is up to the trafficker. If a girl wants to go back to Bulgaria, she must pay a penalty. Before the lifting of the Schengen restrictions on travel, the Bulgarian traffickers and their victims were only allowed to stay abroad for 3 months at a time; they had to return to Bulgaria before leaving again. These restrictions no longer apply, but many traffickers still stick to this schedule. If we factor in the time the victims spend in Bulgaria, during which

they do not work, plus their days off, we can estimate that they work for the traffickers an average of 270 days a year.

There is not much difference in **the living conditions** for the victims and the traffickers in the destination countries. In most cases, when only one girl works for the trafficker, they live together. If more girls are employed, they live separately. Most of the respondents described their living conditions as good, but there were also cases where the victims lived in misery. Sometimes the traffickers and the prostitutes check into a hotel initially, and later move on to a house or apartment. They rent a place with enough rooms to accommodate all the girls. One respondent reported that, in her case, four girls lived in one room. Some traffickers own houses or apartments, where the girls live.

Usually, the prostitutes' lodgings are close to their work location, but they are also likely to be on the outskirts of the city where the prices are lower. Regardless of the distance, the traffickers do not allow the girls to move around freely. If their residence is far away from their working place, they take a taxi or the trafficker drives them. The girls travel in a group for security and protection in the event of assault or robbery.

Sometimes the women live where they work. If they work in a window, they live in the same room. In a few cases the girls lived with a family and worked as domestics. During the day they worked in the house, and in the evenings they prostituted.

In some cases the traffickers and the prostitutes lived in one place but worked elsewhere; for example, they lived in a village but worked in a parking lot in the neighboring village. Every once in a while the prostitutes live in one country and prostitute in a neighboring one, for example with the city of Kiel in Germany and Strasbourg in France. The cities are on the opposite banks of the river Rein, connected by a bridge. The Bulgarian traffickers and prostitutes live in Kiel, but travel daily to Strasbourg for work.

Punishment is the basic method of controlling the exploited women. Imposing a punishment has the effect of both discipline and prevention; it teaches the other women a lesson that if they disobey, they will be severely punished as well. For that purpose, punishments are imposed in front of everyone. Punishments are very important during the exploitation phase because the main conflicts between the traffickers and victims occur in the destination country.

Some of the respondents that were interviewed shared that they had never been punished and had not heard of others being punished. However, most of the respondents reported that they or their colleagues had suffered a punishment. Punishments were imposed for the following main reasons.

Violating the rules of financial control, hiding money, or attempting to hide money provokes the most serious punishments. Traffickers imposed punishments when the victims lied to a pimp or stole from a client, when they had prolonged contact with one and the same client, or had contacts with clients after work. Prostitutes were punished if they could not collect the fixed daily rate set by the trafficker. Other reasons included: being late for work, not showing up, showing up drunk or inappropriately dressed, refusing to service a client, working without condoms, or not keeping the rates set by the trafficker. The punishments are especially heavy when the girls work for less than the specified rates: in this way the traffickers guarantee that the

prostitutes are not dumping the prices on the sex market, and they reduce the risk of unfair competition and conflicts between the pimps.

The following methods of punishment are applied most frequently:

Financial fines are usually the hourly rate or the daily earnings of the victim. In some cases the fines are pre-determined, for instance, 500 EUR for insulting a client, 1,000 EUR for skipping work. Another punishment is depriving the victim of her earnings for a specific period. Violence and physical abuse are also used to control the victims. Often several punishments are combined, such as physical abuse, fines, and taking away earnings.

In a few instances, the victims were punished by cutting their hair. This military type of punishment is meant to humiliate the victim and single her out as different from the rest.

Another punishment is returning the girl to Bulgaria. This works only if the girl wants to work and is satisfied with her situation and pay. Respondents also reported cases in which the victims were put in isolation, starved to death, and abused physically and emotionally. If the girl was a drug addict, they punished her by withdrawing her dose. Other punishments included threatening the victim, gang rape, physical assault, etc.

In addition, some cases were reported in which the traffickers systematically abused the prostituted for no reason. They would beat them and tell them it was a just a warning, so they should be very careful. If a girl was severely beaten and needed medical attention, she was threatened not to tell the truth about the incident.

Most pimps reportedly have special places for offenders: working locations where the rates are very low, in miserable conditions, with clients of lower social and financial status (drivers, construction workers, seasonal workers). The respondents also shared that for some punishments a person from Bulgaria arrives, and for others the girls are sent to Bulgaria. The trafficker determines which girl can go back; she is picked up at the airport and taken to her hometown. If the pimp is satisfied with the girl, she is given money and goes on vacation; meanwhile, she is used to recruit new girls, as described above. If he is disappointed, he takes her to a special house where other girls are held and systematically abused. He cuts the girls' hair and transports them to another city in Bulgaria, handing them over to other pimps to exploit them at truck stops. Afterwards, the girls are trafficked again to Europe and their exploitation continues. The various forms of abuse confirmed by the study – physical, sexual, psychological, economic, even sadistic (as defined by E. Fromm)⁸ – are an inseparable part of the exploitation of the prostituted. Nevertheless, examples of extremely cruel punishments, or even murder, are very rare. This distinguishes human trafficking from other criminal activities, such as drug trafficking, where extreme cruelty and murder are a frequent occurrence. The reason may be that those who violate the rules are dealt with differently in the two criminal spheres. In human trafficking, if someone

⁸ At the core of sadism for Erich Fromm is the absolute and unlimited control over a human being. To subject someone to pain and humiliation without any option of self-defense is a form of absolute control. The individual, who exercises such absolute control over another human being, has ownership of the person, like a commodity.

decided to cheat, the financial loss would rarely exceed an amount that the wrongdoer could not repay relatively quickly; if a drug dealer decided to pocket some money or drugs for himself, the financial loss for the crime group would be much bigger, and in most cases irretrievable, thus the harsher punishments, including murder.

Breaking free from exploitation. The respondents described only a few examples they knew of women escaping from exploitation; most of the respondents are still working for their pimps. Based on the information gathered, there are several ways to leave prostitution.

Marriage with a foreign national is one way out of exploitation. Many of the women meet men, often their clients, whom they marry and then quit the job. Some girls manage to find a different job and leave the traffickers. Others negotiate a deal with the traffickers and put an end to their prostitution. The traffickers consent most often when the girls do not owe them any money; otherwise, they continue to exploit the girls. A typical scenario is to lie that the victim has a debt or that she needs to pay damages to the trafficker. Then the girl or someone else must pay ransom (a so-called „buy-out“) so she can be free.

Some of the respondents who were subject to the cruelest exploitation had been rescued by the police in the countries of destination or had had a chance to escape from the traffickers and seek help from the authorities. In those cases they are officially recognized and registered as victims of human trafficking.

The percentage of the respondents who have officially declared themselves as victims of trafficking for sexual exploitation is given in the following table.

Table 11: Victims of Human Trafficking

Officially registered victims of trafficking	Percentage
Yes	5%
No	95%
Total	100%

As the table shows, only 5 percent of the respondents filed official requests to be granted the status of victims of human trafficking for the purpose of sexual exploitation.⁹ The reasons may be lack of trust in the institutions, fear of the traffickers' revenge against them and their relatives, or shame of what they have gone through. Some of them feel loyal to their relatives who are part of the trafficking. In other cases, they blame themselves for their own predicament.

Those who claim to be victims of trafficking are primarily persons who have been subjected to cruel exploitation, have not received any money, or have

⁹ Other studies cite similar data. According to the report „Organized Crime in Bulgaria: Markets and Trends,“ non-voluntary prostitution out of the country comes to 5 to 10 percent. A study conducted by the Women's Alliance for Development in 2006 and included in the above report, shows that 92 percent of Bulgarian prostitutes abroad had been trafficked voluntarily. This may explain their lack of motivation to come forward as victims of sexual exploitation.

been deprived of their earnings by the trafficker. One respondent explained that she had been working for several months in an erotic bar and liked the job. Then the traffickers forced her to walk the streets for much less money. She managed to escape from the pimp and go to the police. There, she was registered as a victim of trafficking and requested assistance to return to Bulgaria. After several months, she left Bulgaria again, working as an independent prostitute and picking up clients in bars. What happened with her is not the rule, though; most victims do not return to prostituting after they escape.

The examples we have presented on the three phases of the trafficking process provide strong evidence that this crime constitutes a serious violation of human rights and human dignity; it subjects victims to suffering and pain, reducing them to nothing but modern slaves.

4. Determining the Scale of Human Trafficking

The United Nations (UN.GIFT 2008: 2–3) warns that the lack of precise statistics about the actual number of victims of trafficking is a global issue, and internationally standardized data is still not available. Bulgaria is no exception; no aggregated statistics exist on the scale of trafficking from Bulgaria. Several attempts have been made to determine the number of victims. One non-governmental organization working with victims of trafficking, the Animus Association Foundation, estimated that about 10,000 Bulgarian women become victims of trafficking each year. Another study, quoted in the paper „Organized Crime in Bulgaria: Markets and Trends,“ sets the number of Bulgarian prostitutes or sex workers abroad at 18,000–21,000. The discrepancy in these figures is apparent.

The current study attempts to gather more reliable information using a combination of methods. The first method is expert evaluation, and the second is indirect knowledge, i.e., determining the number of unknown victims based on the identified cases.

The experts who participated in the interview were asked to present an estimate of the number of victims in their own region and in neighboring regions, where such information was available. The research team also conducted interviews with leading Bulgarian experts and asked them for official statistics and their personal estimation of the number of trafficking victims in the country. According to the information provided, the number of officially identified victims ranges from 5,000 (at the lowest) to about 15,000. The average number, aggregating the statistics on national and regional level, is 10,000 victims of sexual exploitation.

The United Nations also points out that the most frequently used method for determining the scale of trafficking is by indirect knowledge: using the information about the identified victims of human trafficking to estimate the total number. For that purpose, the annual UN report (see below) can also be consulted. The report quotes 507 victims of human trafficking from Bulgaria, working in eleven countries.¹⁰ The statistics in the report include all types of human trafficking. The publications referred to above (Dikov 2009, UNODC

¹⁰ The following countries are reported: Belgium – 21, Germany – 180, Greece – 45, Spain – 130, Cyprus – 4, Poland – 6, Slovenia – 8, Turkey – 11, Netherlands – 94, Croatia – 4, Czech Republic – 4. The statistics are for 2005 and/or 2006.

2009), provide evidence that about 80 percent of all human trafficking cases are for sexual exploitation. Consequently, the quoted number of 507 victims must be reduced by 20 percent; thus, 400 is the estimated number of victims of sexual exploitation working in the 11 countries quoted above.

In its report (UN.GIFT 2008: 2), the UN admits that only a small fraction of all victims of human trafficking enter the official statistics each year. This observation is especially important for Bulgaria, considering the specifics of trafficking in the country as discussed above. To fill in the missing numbers, we rely on the data gathered from the interviews conducted for the study. The research team used information provided by the respondents who have officially claimed status as victims of trafficking. It was established that only 5 percent of the prostituted we interviewed were officially identified as victims of trafficking.

Based on the data collected, with the provision that it is not representative, only 5 percent, or 1 in 20 prostituted women, have claimed to be victims of trafficking. That is, the number of identified victims 400 – must be multiplied by a coefficient of 20. On that assumption, the new figure shows that 8,000 victims of trafficking for sexual exploitation from Bulgaria are working in the eleven countries mentioned above. The present study indicates that there are victims of trafficking in more countries; in some countries such as Austria, Italy, and France, the number of sex workers is significant. The hypothesis we put forward is that the quoted number of 8,000 victims could increase by about 50 percent, in which case the number of victims exploited abroad would be between 8,000 and 12,000. These figures are close to the estimates received through the method of expert evaluation, namely, 10,000 Bulgarian victims of sexual exploitation.

5. Estimating the Proceeds Generated from Trafficking for Sexual Exploitation

Because of the lack of precise data, it is not possible to provide an exact calculation of the amount of proceeds generated from trafficking for sexual exploitation. Still, by factoring in the number of exploited sex workers, their earnings, and the number of working days, it is possible to reach an approximation of the generated proceeds.

In the preceding section, the number of victims of sexual exploitation abroad was estimated to be between 8,000 and 12,000. Using the information collected from the interviews¹¹ with prostitutes, where the average number of clients per day is 6, the average price for a service is 70 euro, and the average working days per year are 270, the resulting calculation shows that between 900 million and 1.3 billion EUR per year is generated from trafficking

¹¹ The prices and the number of clients vary depending on the working location of the sex workers. Some respondents, who have worked outdoors, in a window or a pouf, reported servicing more than 20 clients a day on a regular basis. The study does not provide information on elite prostitutes, who work for much higher rates. The amounts, quoted by respondents, vary from 400 EUR per hour to a daily turnover of 1,750 EUR. According to the data, a profitable girl can bring in over 10,000 EUR per month. Based on the information from court cases, prostitutes have reported a turnover of 12,000 to 15,000 EUR a month. In some cases, the prostitutes were required to reach a fixed daily turnover of 250 EUR, which many of them failed to do. Some prostitutes had start-up rates of 20 EUR per service.

of human beings for sexual exploitation. This number is by no means accurate, but it provides a reasonably fair estimate of the magnitude of the proceeds from this criminal activity.

According to the experts, 50 to 80 percent of this amount makes its way back to Bulgaria, that is, between 500 million and 1 billion EUR, which represents 1.5 to 3 percent of the GDP for 2008¹². The rest of the money is used to cover expenditures in the destination countries. A more detailed analysis of the distribution of money is presented in the sections below.

The huge revenue generated from trafficking for sexual exploitation explains why this is an attractive business for organized crime.

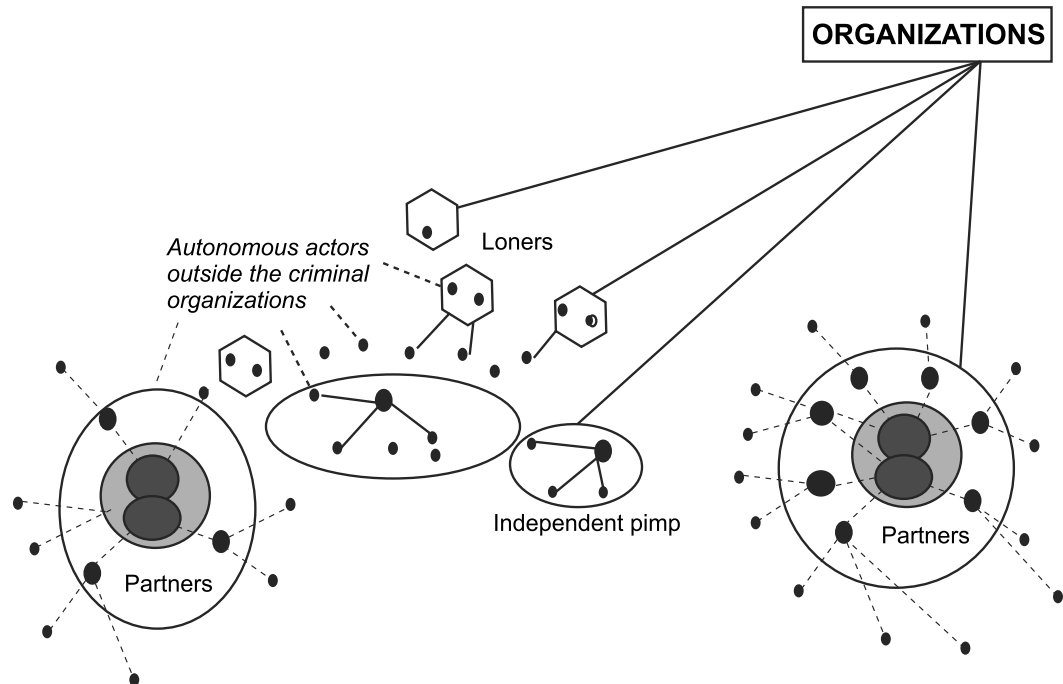
¹² For previous years, the percentage is lower because of the smaller GDP. For instance, for 2007 it is between 1.8 and 3.5 percent, and for 2006, between 2 to 4 percent.

II. ORGANIZED CRIME AND HUMAN TRAFFICKING

1. Actors in Human Trafficking for Sexual Exploitation

This part of the paper briefly presents the main actors in the trafficking in persons, as described by the respondents in the interviews. It is not possible to develop a complete picture and typology of organized crime and human trafficking because of the ever changing and dynamic nature of this phenomenon. The typology proposed here is not exhaustive, but it provides a general view of the main actors involved in the trafficking process. The following key actors and roles have been identified:

- *Loners* – one or two prostitutes moving around on their own, traveling to different countries. The person is working alone with limited access to locations and territory. In many cases, these loners are picking up clients in bars or through acquaintances and social networks.
- *Independent (autonomous) pimp* – one pimp controlling 2–5 girls (in some cases they are relatives), working abroad. They do not have open access to profitable segments of the foreign markets.
- *Partners* – associations of pimps, each with a group of girls, working together. They may be part of a network of channels for access to foreign markets. There may be one pimp, the leader of the association, or an independent pimp may hire helpers. A partnership may involve 2–9 pimps, each controlling 1–7 girls.
- *Organizations* – large, multi-layer structures, with a clear distribution of functions. In many cases organizations are engaged in other criminal activities besides trafficking. Organizations have many members, including pimps with their prostitutes. Their goal is to monopolize the criminal markets, to control the loners and independent pimps either by forcing them to work for the organization or to pay a racketeering fee. In some cases, they control over a 100 prostitutes. They have lasting, reliable international contacts through which they secure both access to the most lucrative segments of the market and protection for themselves and their associates.

Figure 1: Actors in Trafficking for Sexual Exploitation

According to the majority of those interviewed, it is difficult for the loners, independent pimps, or partners to stay on the market for a long period, or to enter the trafficking business without paying their dues to the large organizations. The interviews with the prostitutes confirmed this observation. As described in the previous chapter, several respondents who had started working independently or with their spouses and friends were forced to join the organizations or to pay a monthly fee for at least 2–3 months. Several of the loners that were interviewed claimed that they had been working for years without having to pay to Bulgarian crime groups.

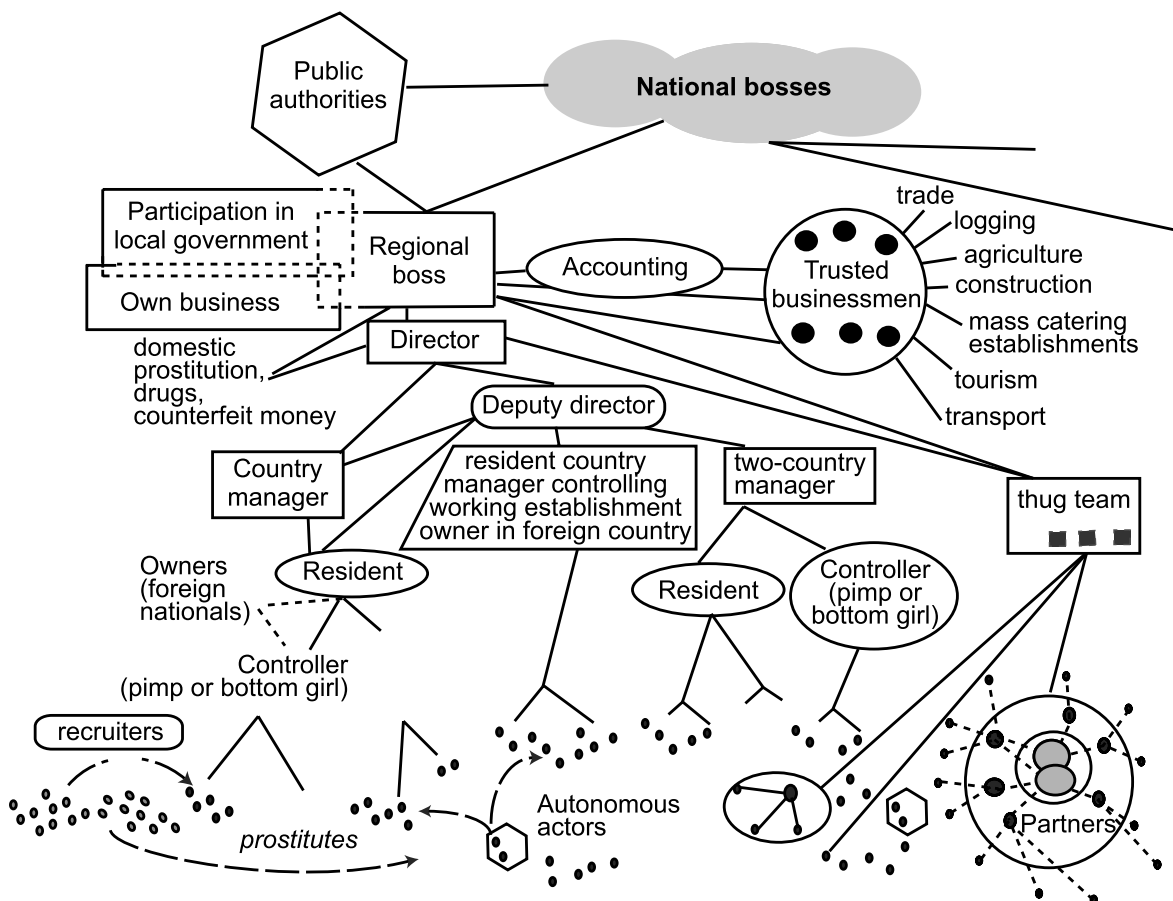
The study identified criminal organizations whose job in the trafficking business is to provide support, information, and contacts, facilitating the successful inclusion of the independent players in the sex trade markets and protecting them from rival criminal groups in Bulgaria. There have been instances where the organization provided start-up money or financed the activities of an independent actor. However, that money had to be repaid with an interest reaching 1 percent per day. The organizations in question rarely exploit their own girls, nor do members of the organization directly deal with the prostituted. They only receive a fee or racketeering money from the independent actors. The criminal organization controls the independent actors and makes the major decisions, such as final destination countries and work locations, foreign partners, etc. When conflicts between pimps arise – most often the dispute is over a girl or territory – then, if the organization controls both of the pimps, they intervene to solve the problem. If this is not the case, they negotiate with the organization of the other pimp to solve it. Each pimp working for a criminal organization is an independent unit with a given number of prostitutes and is required to pay the organization a certain fee. Thus, the independent players are rivals on the market, even though they very often report to the same organization. If an independent pimp lies about the actual number of girls he has in order to pay less and is caught, he is forced to pay a hefty fine, reaching up to 12,000 EUR for each unreported girl

In reality, the criminal organizations are the big players on the market who receive the lion's share of the profits generated by trafficking and who have significant influence upon the criminogenic environment. Individual players cannot exert the same influence on the criminal scene or the business economy with the money they generate. Usually, they can afford a high standard of living with the income they receive but can hardly affect the economic and political conditions in the country. This is no reason to dismiss these actors as unimportant, but it is more significant for the responsible institutions to identify their priorities and direct their main efforts against the criminal organizations and organized crime that essentially control human trafficking.

2. Criminal Organizations for Human Trafficking: Structure and Roles

This part of the paper focuses on the structure and roles of the organizations involved in trafficking. Figure 2 presents an organizational structure with elements assembled from several organizations operating in the business. Since the model below was compiled for the purposes of this study, the real structures may not be as complex and rigid as the model in the diagram. The information gathered from the respondents shows that the various organizations include analogous roles and levels of management, as illustrated in the figure.

Figure 2: Structure of an Organization Involved in Human Trafficking for Sexual Exploitation



The key roles include:

1. On the bottom are the **prostitutes**, predominantly women and less often men. The recruitment methods for prostitutes can vary.

2. **Recruiters** recruit new workers. After the victim is persuaded to join the organization, the recruiters may escort her to the destination country, connect her with another member who will escort her, or purchase the tickets if the prostitute will be traveling by herself. Based on the information collected, we have not been able to identify a separate position of a 'mule' – a person in charge solely of transporting the victims.

3. A **controller is usually a pimp or the so-called „bottom girl“** in charge of controlling the girls. They closely monitor the work of a group of girls, keep track of their earnings, and take care of the reception and accommodation of the new recruits. In most cases the bottom girl is a prostitute who has been promoted and has gained the trust of the traffickers, for which she is entitled to some benefits. Sometimes the controllers are in charge of escorting the prostituted to the destination country.

4. The organizations cooperate with foreign nationals, who are **owners** of businesses or have access to establishments used for prostitution. Usually, this cooperation is the result of longstanding relationships and mutual trust.

5. A **resident** collects the earnings that are delivered to him by the controllers. He is also in charge of identifying opportunities for expanding the business to other territories, securing channels for transferring the money to Bulgaria, etc. More and more organizations today seek to acquire their own clubs and sex establishments in the destination countries. The resident then becomes their manager. Very often the resident is a woman who controls the access to strategic positions, for example, the Mesdames managing the window business in Brussels.

6. The residents maintain contacts with and report to the **country managers** for the respective country; they spend most of their time in Bulgaria but travel frequently to the destination country to support the residents. One manager may have jurisdiction over more than one country. There are cases when the country manager, the resident, the controller, and the business owner in the foreign country are the same person.

7. **A thug team** is another element of the organization. Their job is to ensure discipline within the organization and exercise control over the independent actors in the trafficking of persons. In certain cases, the thug team is sent on a mission to a foreign country to punish a prostitute or a member who has committed an offence. The members of the thug team may have other tasks in the organization, such as bodyguards of the regional boss or the manager. The presence of the security guards, entrusted with the protection of the boss' life, adds symbolic value to his authority and power and makes him more visible and easily recognizable. The thugs control the access to the boss in order to reduce the chances of assault or abduction. Employing security guards has another purpose as well: „upping the ante“ for any potential contract killer or plot against the boss. Accordingly, anyone contemplating an attack would have to pay a hefty price. Establishing a high price for this crime reduces the number of people who could afford that amount of money, thus reducing also the risk of an attack.

8. **The deputy director** assists the director in supervising and managing the members of the organization involved in sexual exploitation. In some structures, the deputy director is also the country manager; some structures do not include that position.

9. The **director** manages the prostitution business, but may be responsible for managing other criminal activities of the organization as well – drug trafficking, document forgery, counterfeiting money, etc. However, some organizations specialize only in trafficking in persons and prostitution. The director manages the organization from Bulgaria and maintains close contact with the top management of the organization.

10. On top of the organization is a **regional boss** who stays in Bulgaria and manages the organization; he owns a legitimate business and may even hold an elected office in the local government. The top-level bosses must have access to and maintain strategic relationships with the following individuals or bodies:

- **Loyal businessmen.** Often the property or the companies of the regional boss are registered in the name of trusted businessmen who manage that branch of the legitimate business of the organization. Typically the bookkeeping of the organization is the responsibility of a trusted accountant who may not have the required education or an official accounting business.
- **National bosses.** These bosses supervise and control various segments of the legitimate and illegitimate markets in the country. Sometimes the regional bosses are in fact local representatives of the national bosses, rather than independent actors. In other cases, the regional bosses pay the national bosses just to use their power and authority. By all accounts, there may be another level or levels above the national bosses, but this was not confirmed by the interviews.
- Representatives of **public authorities** (local and national politicians, magistrates, police officers, etc.).

Section 4 below provides a more detailed analysis of the connections between the public authorities and criminal organizations, the issue of public corruption.

3. Money in Criminal Organizations

The sections that follow analyze the bookkeeping and accounting practices in the criminal organizations as well as the distribution of the revenue generated from the trafficking of human beings.

3.1. Bookkeeping and control

Money is the primary goal of criminal organizations, and they follow stringent accounting procedures. All of the organizations studied have established mechanisms for bookkeeping and controlling expenditures. In most of them, several people keep track of the earnings from each client, and another member of the organization supervises and double-checks the figures. The bookkeepers keep the financial records in notebooks, but sometimes the proceeds are recorded on single sheets. After the money is allocated, the written records are destroyed.

Bookkeeping usually is the task of the prostitutes and the controller. The former carry out their own bookkeeping by recording their daily earnings. This is a regular practice in cases where the money is divided after the prostitutes return to Bulgaria. They keep count of their clients for the day and the money they have made and record the numbers at the end of the working day. The controller keeps track of the number of clients and the turnover of each prostitute under his supervision. They do it in a notebook or on a sheet of paper, keeping a list of the names, or the first letter of the prostitutes' names, and the money each one has earned.

In some organizations the prostitutes are required to call the resident or the country manager at the end of the day to report the number of clients and the money they've made. The controller is also required to call the resident or the country manager everyday and report the number of clients and turnover for each of the prostitutes. The prostitute and the controller thus keep each other in check because the resident or the country manager verifies the submitted information. If anyone decided to hide money or „cook the books," the act would be apparent immediately. Once the prostitutes have handed in the real figures, it is very hard for anyone to try to hide money. The residents or managers can easily find out the difference by cross-checking the information submitted by the prostitutes and the controllers.

To deliver this information, the traffickers use special codes, for instance based on a card game in which each card equals a given amount of money, i.e., an ace equals 100 euro, a king equals 80 euro, etc. Sometimes they report the earnings as the number of points gained in a game, say, 1,000 points, and many other tricks.

The mechanisms for bookkeeping and control differ depending on whether the victims work indoors or outdoors. When the prostitutes work indoors, besides the bookkeeping carried out by the controller, the owner of the establishment also keeps track of the turnover. A regular practice is for the client to pay the owner for the sexual services. This prevents the prostitutes from getting money they could pocket. Besides, the resident or the country manager can request financial reports from the owners to check against the reports of the controllers. Thus, the business owner contributes his share to better transparency and accountability within the organization.

When the prostitutes are working outdoors, it is harder to keep control of the cash flow because the prostitutes negotiate directly with the clients and receive the money. In most cases, the prostitutes account for the money they have made every couple of hours or after each client; the purpose of this is better control and reduced risk of cheating. The girls do not carry large amounts of cash on them to prevent it from being stolen or lost. Some organizations require the girls to report their earnings at the end of their shift. During the day, they keep the money in special hiding places in their clothing, shoes or bags. Sometimes, when the controller receives the money from the prostitute he counts the money in her presence, records the amount in the books, and calls the resident or manager to report her earnings. The fact that there is no business owner in the practice of outdoor prostitution limits the bottom girl or the controller from supervising the cash flow; they can only monitor the prostitutes' bargaining with clients from a distance. To deal with this situation, the organizations come up with special control mechanisms that allow them to keep the turnover reported by the prostitutes in check

and reduce the attempts to steal money; such mechanisms also apply to the prostitutes working indoors.

One of these mechanisms is the use of a dummy, i.e., a trusted person, sent by the controller, who plays the role of a client and requests a specific service for a price determined by the controller in advance. Afterwards, the controller checks to see if the prostitute has reported that service correctly. The prostitutes are also subject to regular searches of their clothes, bags, etc., including strip-searches. The traffickers keep the prostitutes in constant check by fixing a specific length for each service; when the time is up, the girls must stop. Other pimps keep track of the number of clients by counting the condoms they give each prostitute before they go to work.

The respondents also told of a practice where they negotiate with the client while their cell phone is on, so the trafficker can listen to the bargaining. Other traffickers make the prostitutes call after each client. Some organizations require the streetwalkers to call a designated person and report not only the amount of money earned, but also the start and end time of the working day. This way the organization keeps track not only of the cash flow, but also of the working discipline.

A different type of control is the instigation of conflicts between the girls who work together. Traffickers do that to prevent any form of solidarity from developing among the girls; the atmosphere of suspicion guarantees that if one of them decided to cheat, the others will give her in. Sometimes, each girl is made to report the number of clients of the other girls for the day, and the information is used to double-check the relevant figures submitted by each prostitute. The traffickers, on the other hand, know the working locations well and have a good idea of the average amount of clients the prostitutes can reasonably collect.

Another practice the traffickers apply is setting a fixed amount or daily rate that the prostitutes are required to reach. Most of the time, the amount is several hundred euro, but it differs according to the location. The prostitutes are not allowed to go home before they have earned this amount, regardless of whether the working time is up. Setting fixed amounts eliminates the need to control the turnover every day.

Careful tracking of the number of clients and money can also mean better protection of the prostitutes. When the controllers take the license plate and model of the client's car, they can inform the police in case of an emergency. This precautionary measure helps prevent abductions and robberies.

Usually there are very few attempts to steal or cook the books at the upper levels of management in criminal organizations. One reason for that is the well-functioning system of internal controls and the harsh punishments for any offence. As mentioned above, stealing carries the heaviest punishments in the criminal organizations. Most often the punishment is a blend of physical violence and a fine. For example, one respondent reported a case where two members of the organization lost some money. The regional boss beat them severely and imposed heavy fines on them that had to be paid, along with the money lost, within a week.

Another story involved a love affair between a prostitute and a controller. The two agreed to report fewer clients to the resident, and respectively less

money, so they could pocket the difference. After a few weeks, the resident and the country manager noticed that the turnover of the prostitute had dropped. They followed her and the controller closely and uncovered their scheme. They were both severely beaten; the boy had to pay a fine, and the girl was forced to work for two months without any money. Though there are examples such as these, stealing or hiding money is a rare occurrence within criminal organizations.

The next section focuses on the distribution of money between the various levels and members in the organization.

3.2. Distribution of the revenues

Depending on the level and role they play in the criminal organization, the members receive different portions of the revenues generated from trafficking and prostitution. The actual distribution of funds depends not solely on a person's position within the organization; people who hold the same position may not be paid the same.

The most variation exists with regard to the net profit that the prostitutes receive. It can differ even among girls working for the same organization. The percentage negotiated in advance is normally between 30 and 50 percent of the earnings, and in fewer cases between 20 and 40 percent. The difference depends on the individual experience of the girl. If a girl is very experienced and brings in a lot of money, traffickers need to give her a higher percentage in order to keep her. There are also differences in pay depending on what region of the country the girl comes from. For instance, in the cities of Pazardjik and Sliven, the ratio is usually 30:70 for the traffickers, and in larger cities such as Sofia and Blagoevgrad it is typically 50:50.

We were able to confirm only a few cases in which the girls received the percentage they had initially negotiated. The organizations that tend to be accurate with prostitutes are primarily those who control the most lucrative locations. In some instances the prostitutes receive extra money; if they work in an erotic bar, they get 30 percent of the money for the sexual service, 50 percent of the money for a dance and 10 percent of the money for the drinks on the client's tab. In such organizations the prostitutes consider the traffickers their partners. Still, the prostitutes do not get the money that was initially promised to them. One reason is the numerous fines they have to pay for all kinds of violations: tardiness, improper clothing, etc. Their income drops significantly on account of these fines.

Furthermore, the girls themselves cover most of the living expenses and all job-related expenses. They pay a fee for the location where they work, for food and accommodation, for transportation to and from work, clothing and condoms, etc. So even if the girl were to receive the percentage initially agreed upon, the end amount would be much less than that.

Some of the respondents reported receiving only a small fraction of the initially determined percentage: they were given only 10 percent of their earnings instead of the 30 percent they had been promised.

In other cases the traffickers and the prostitute share only the amount of the earnings which exceeds the fixed daily rate. If the rate is set at 700 EUR, it all goes to the trafficker, and the prostitute receives half of the amount over that.

Another tactic of the traffickers is to tell the girls that before they can start getting any money they have to pay for the expenses incurred in preparing their travel documents, and for their transportation and accommodation. Once they have paid it back, they receive their percentage. The same holds true when a girl is sold. Her new boss tells her that before receiving her share, she must recover the money he paid for her. How long the prostitute has to work without money is up to the traffickers. In many cases, during the first months up to half of a year the girls get very little if any money, between 5 and 10 percent, under the pretense of a debt they owe the traffickers.

Based on the information from the respondents, the research team identified cases in which the girls did not receive any money during the entire period of exploitation. Most of these were cases dealing with forced exploitation or deception on the part of the traffickers. The girls were led to believe that they owed money or had to pay hefty fines. In those situations, the traffickers told the girls that they would collect the money and buy them a house or a car once they got back to Bulgaria. The girls worked for several months, and when they returned to Bulgaria they received neither money, nor anything else.

As a rule, prostitutes receive a percentage of their earnings. However, the study identified some examples where they worked for a fixed monthly salary. One girl was promised a start-up salary of 2,000 EUR per month, with the possibility of reaching 5,000 EUR. However, similar to the case described above, the traffickers applied various tricks and techniques, e.g., fines, to withhold money from her.

Based on the information collected from the respondents, there is no specific rule for how often the prostituted are paid. Depending on the situation, they could receive their earnings at the end of each day, once a week, once or twice a month, or once they return to Bulgaria. For the girls who had been told they would receive their money in Bulgaria, the traffickers retained most of it, claiming expenditures incurred by the prostitutes, fines they were required to pay, etc. The prostitutes eventually receive much less than the percentage negotiated at the time of their recruitment.

The examples described above lead to the conclusion that, in reality, after they cover their expenditures, prostitutes receive between 0 and 50 percent, and most often between 10 and 30 percent of the money they have earned. The rest of their earnings are distributed up the ladder.

In addition to the money from the prostituted girls, the criminal organizations draw money from the independent pimps through racketeering. They are required to pay a fixed amount per girl monthly, in the range of 1,200–2,000 EUR; in some cases this amount is as much as 5,000 EUR. These dues add to the revenue distributed within the criminal organization.

According to the information shared by a trafficker during an interview, the proceeds in the case of independent actors, partners, are distributed as follows: 25 percent of the turnover goes to the prostitutes after withholding money for expenditures, the trafficker retains 25 percent which he uses to pay his associates, thirty-five percent goes to the criminal organizations, and

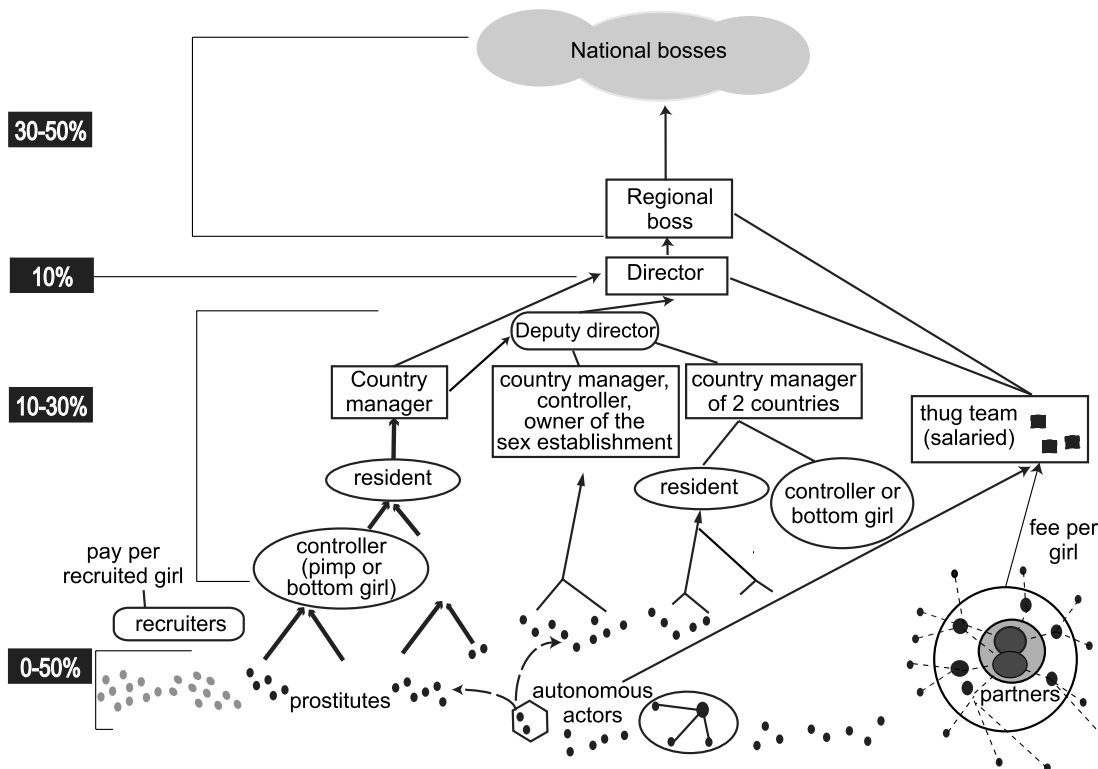
15 percent goes to cover the rent of the sex establishment in the destination country. The prostitutes and the foreign nationals receive money every week, and twice per month money is transferred to Bulgaria.

There is no single pattern of distributing the money at the middle level, either. The bottom girls also prostitute; however, they do not receive a percentage of the money earned by the other girls but a bigger percentage of the money they themselves earn, or they have other privileges. The recruiters typically get several hundred Bulgarian leva for each new girl. The controller, the resident, and the country manager are on a payroll with a fixed monthly salary in most cases, plus bonuses if the profits are good. Sometimes instead of a salary or percentage, they have a girl working for them and they are not required to share the proceeds with other members of the organization. Under this arrangement, the controller, the resident, or the manager receives the basic portion of their pay from the turnover of their girl. Based on the information from the interviews, the thug team is on a fixed income as well. Frequently they are bonded by debt to the boss, and they receive only small amounts. In conclusion, lower members of the criminal organizations have access to no more than 10 percent of the total revenue generated.

The foreign nationals, who are owners of the sex establishments where the prostituted work, get a fixed daily amount, approximately 140 EUR for a pouf or 250 for a window, or a percentage of the turnover, usually between 10 and 30 percent. That amount can reach 50 percent, but only in exceptional cases. Sometimes the arrangement includes an initial fee paid out to the owner, in addition to the percentage. Because a substantial portion of the money goes to the foreign owners, organizations look for ways to avoid paying. They employ two strategies: one involves outdoor prostitution, which is less costly, and the second is acquiring property in the foreign country. This helps eliminate the foreign owners from the scheme and saves on assets.

Based on the information gathered, the director receives 10 percent of the revenue, and the regional boss may take up to 50 percent. A number of respondents confirmed these figures and the principles of distribution, even though the interviews did not provide exact data about the percentage received by the national boss. He may receive a large portion of the money earmarked for the regional boss. In some organizations, the regional boss pays the national a fixed amount every month; one respondent quoted the amount of 25,000 BGN a month.

The next figure illustrates the mechanisms of money distribution within the criminal organizations, based on the organizational structure presented above.

Figure 3: Money Distribution in the Organization

As is evident, the prostituted cover the major part of expenditures, and receive between 0 and 50 percent; most often they can net between 20 and 30 percent of the revenue. The deputy-director, country manager, the controller and the thug team do not receive a percentage of the proceeds, but a fixed monthly salary. About 10 percent of the proceeds go to cover their compensation; in rare cases, this amount can reach 30 percent. The director gets 10 percent; the regional boss usually gets between 30 and 50 percent, most often 50 percent, from which he pays the national bosses.

The figure clearly shows that the big money only goes to the top of the criminal organizations, whereas the middle levels and the prostitutes receive a relatively small share. How much money is distributed and in what ways is determined the amount of money that will be laundered; this is the topic of the next chapter.

4. How Traffickers Use Corruption for Their Benefit

The criminal organizations involved in human trafficking are more than willing to bring corruption into play in pursuit of their goals. The research team identified the following purposes for which corruption is used:

- Facilitation of the trafficking process;
- Protection against or during investigation;
- Reduced sentences or better conditions in prison;
- Elimination of competitors in the criminal world;
- Access to legitimate business;
- Access to public institutions and power.

The discussion that follows describes each type of corruption, drawing upon specific examples. At the outset, it should be clearly stated that corruption has become an essential part of the traffickers' criminal operations, regardless of the goal they pursue; it is much more powerful than „traditional“ corruption, understood as one-time „grease money“ paid to a corrupt public servant; it is systematic. Traffickers rely on trust-based, longstanding, and well-functioning relationships, maintained through regular payments.

The present study identifies a number of methods and conduits for corrupting local and national officials. One method involves monetary compensation, which can take two forms – payment for a specific service or favor or regular payments of fixed monthly sums. The second form includes giving the targeted officials expensive presents on various occasions. A widespread practice is the involvement of government representatives in a business enterprise – be it legitimate or not. Typical cases involve relatives of government representatives sponsored by the traffickers to start a private business, or cases when public servants designate a person who will participate in the criminal business activity. Often police officers themselves become partners in the criminal business. Another corrupt practice involves free sexual services provided by prostitutes, in some cases by minors, to government officials. The traffickers may take pictures of the officials with the prostitutes to blackmail them later on. The research team also came across a case where the connection between the regional boss and a high-ranking local magistrate was based on an emotional (romantic) relationship, not financial interest.

Facilitating the trafficking process. Criminal organizations use corruption to make trafficking easier. The interviews revealed many instances when traffickers benefited from their connections with border control officers; the latter would assist the traffickers in crossing the border safely. Other cases included corrupt police officers not only assisting the transportation of the victims, but facilitating the connections with potential prostitutes or even actively recruiting them.

Traffickers also resort to corruption to obtain the necessary documents for the transportation and legal residence of the victims in the destination countries. In some instances foreign citizens, such as officers in foreign embassies in Bulgaria, are part of the schemes. If a visa is required, the traffickers would pay the embassy officers to issue it. Such practices were typical for the period before 2007. Nevertheless, such „cooperation“ still continues. In one example involving the exploitation of victims in a country outside of the European Union, the traffickers secured the assistance of a corrupt officer from the respective foreign embassy in Bulgaria to obtain the visas. The officer received a fixed sum of money and made sure that the members of the criminal organization received their documents to travel safely to the destination country.

Corruption is widespread not only in Bulgaria, but also in the destination countries where the sexual exploitation takes place. And again, corruption is systematic. Some of the respondents shared that the criminal organizations were paying police officers in the foreign country so they could carry out their criminal activities without interference. When the prostitutes worked outdoors or the ownership of the sex establishment belonged to the criminal organization, the traffickers would pay the police officers directly. When the

business owners were foreign nationals, they would deliver the bribe money. Some of the respondents reported that they were personally involved in paying a bribe to the foreign police officers. In one such case, the girl was pulled aside for a regular ID check and search of her bag; she had been told to put an envelope with money in the police car that had been given to her by the trafficker in advance. In some countries the prostitutes have to provide sexual services to police officers for free to obtain permission to work. In another case reported by the experts, a trafficker had bribed the police department in a Central European city. If a prostitute tried to escape and go the police for help, the officers would take her back to the trafficker.

Bribing police officers in Bulgaria and in other countries is only one of the practices employed by the traffickers. One story involved a municipal officer who would register the girls or issue certificates of fictitious marriages with local nationals to guarantee their lawful stay in the destination country. In another instance, a trusted girl from the organization had a love affair with a high-ranking local government official in the destination country; he assisted members of the organization in getting legal residence permits.

Representatives of the local and national government are not the only target group for the traffickers. Very often, they approach employees in private companies and organizations. They bribe bus drivers, stewards, technical personnel at the airports, etc.; they are asked to keep an eye on the girl or girls during the trip or to make sure that they have boarded the plane. Frequently the traffickers would bribe employees of financial institutions to assist them in covering up the financial operations of the criminal organization, which by law they should be reporting to the authorities.

The list of examples is very long, and it provides enough evidence that criminal organizations enjoy the support of corrupt individuals from many different institutions. What is more, without such support, the traffickers would be unable to successfully realize their criminal business.

Protection against or during criminal investigation. Corruption and bribery are used not just for the process of trafficking. The border control officers, who may be able to ensure safe transportation of the victims through the border, cannot guarantee the criminal organization protection against investigations by the police or assistance during an actual investigation because it is not within their jurisdiction. Traffickers therefore target representatives of the regional and national investigation services, those in charge of combating human trafficking, and magistrates.

The interviews with experts and respondents provided evidence for such practices. Several officers from a regional anti-organized crime squad were fired for ties with a regional boss. Every month they received a sum of money roughly the same as their monthly salaries. The officers had protected the boss against investigations and consulted him on developing his business. Whenever they provided important information, they received extra bonuses or expensive gifts. Shortly after the officers were fired, one of them invited the boss and other members of the criminal organizations from around the country to his birthday party.

The interviews also provided ample evidence about information leaked to the traffickers for upcoming police operations against them. This applies not only to operations related to the export of prostitutes, but also to inside

operations. Other expert studies have confirmed the cases of information leaking as well.¹³ Respondents in this study reported cases in which the criminal organizations received confidential information about upcoming police operations in the foreign countries. One respondent explained: *"We have our people; when a sting is up, they say 'red.' 'Red' means, we go in hiding while the operation is on, and then go back to work."* Corruption helps the traffickers find out about operations against them and take precautionary measures.

The present study uncovered instances of the cooperation of corrupt magistrates with criminal organizations. The facts point to regions in the country where the relationships between regional bosses and the magistrates are strong and well developed and have, in some cases, evolved into partnerships. As a rule, the relationships are maintained through bribery or luxury gifts from the regional bosses; they are regular guests at magistrates' private parties, as representatives of the local business elites. Information gathered from the interviews exposed a regional boss who organized private parties for local magistrates in his own club, which even included orgies with underage girls. There is also a unique case of an intimate relationship between a regional boss and a female district prosecutor. That particular case, detailing the affair and partnership between the two was quoted in the report „Exploitation sexuelle et exploitation au travail" (2007). Evidently, the criminal organizations do not rely only on financial bribes to ensnare their targets.

Several occurrences involved magistrates who received money from the lawyers of the criminal organizations. The magistrates and lawyers sometimes have years of friendship and cooperation between them, which makes such occurrences almost natural. Corruption finds its way into the judiciary when attorneys are appointed as magistrates, and once their term is up they go back to their private practices. Criminal organizations benefit from that process because they have a large pool of lawyers with whom they have worked or can hire, and those ties serve as conduit to bribe anyone they need to. Lawyers linked to the criminal organization have access to both former and current magistrates, their own colleagues, and they can use their position to get them to work for the organization through bribes. If the criminal organization needs to get a magistrate on their side, they rely on their attorneys to intervene and secure his cooperation. Sometimes the intermediary is a magistrate who is close to the organization. He can use different channels to persuade other magistrates to decide in favor of the organization. Corruption in the judicial system is growing, and one reason for that is the inflow of magistrates,

¹³ A study on prostitution in Sofia, conducted for the Ministry of Interior. The author of the present study had permission to participate in one of the police operations. Before one such operation, a list of clubs to be inspected was prepared, scheduled by hour. During the checks in some of the clubs in the scheduled time, we found only one girl, who introduced herself as a manager or barmaid. When we called the other clubs on the list, the response was that at this time, they can only send a girl to a given address. The police officers decided to check a club that was not on the list. The club was working and apparently, the girls had not been warned and were unprepared. Two hours later we went back to a club we had already inspected. We found about fifteen girls, some of whom were servicing clients. They knew about the sting and were told to go to a nearby club, and on request, go to the client's place. The results of the operation showed that four criminal chains run by national bosses control prostitution in Sofia. Those criminal organizations have reliable contacts with government officials. In some cases, high-ranking police officers are partners with the club owners. One of the most striking examples quoted in the study is a police officer, who had shares in 20 clubs.

former employees of the Ministry of Interior, who have entirely changed the face of the prosecution and the judiciary. Some of these magistrates have connections with criminal organizations or with police officers who work for the criminals and this only paves the way of corruption into the courts. Another routine used by the criminal organizations is to corrupt the automated system for assigning the court cases to a specific judge. Evidently, the system which is supposed to make random selections can be manipulated and the case of the criminal group assigned to a corrupt magistrate.

The criminals, however, target not only police officers and magistrates, but also experts who can falsify evidence or provide them with forged documents during an investigation. Most often they target medical experts who help them make bail or can testify that the criminals must serve their sentence under a less strict regime; this way they can still exert pressure on witnesses. For example, a regional boss was arrested and immediately afterwards was able to produce a five-fold medical specialists' report, which the investigation believed was obtained through corruption. Based on this report, however, he ended up in a hospital instead of jail. Once in the hospital, the trafficker continued to communicate by phone with his subordinates, issuing orders to press potential witnesses to withdraw their testimony. By submitting false medical reports, the traffickers succeed in delaying their trial proceedings, and in the meantime coerce the magistrates or witnesses to work in their favor.

Corruption induced by criminal organizations has at least two effects that pose further obstacles for investigations against them. First, their ties with key public officials and the financial power of the traffickers intimidate most police officers and magistrates. As one author writes (Dikov, 2009: 53), in smaller towns there is a reluctance, even a fear, of investigating and exposing criminal organizations. Besides corrupt officers in the investigation service, there are also those who are not corrupt, but out of fear refuse to carry out the investigation. Second, the continuous show of power; the open demonstration of connections with police officers and magistrates; the supply of free sexual favors; the insiders, who leak information and shield the traffickers from criminal investigations in a way glorify the criminals as „untouchables“ in the eyes of the victims and reinforce their distrust in public institutions. For that reason, many victims refuse to testify or cooperate with the authorities in the criminal investigation. This diagnosis is true in every respect for Bulgarian institutions and has been confirmed by the experience of many prosecutors. „In many instances of criminal investigations of international trafficking initiated by the authorities in the destination countries the victims are very cooperative, they provide detailed testimonies, and identify the perpetrators, but once they return to Bulgaria they quickly change their testimony“ (Dikov 2009: 53–54).

The criminal organizations will stop at nothing to reach their goals; when corruption fails or is not enough, they resort to violence. The information gathered for the present study did not provide examples of violence against public officers. There was only one instance reported of an investigation that actually concluded with a conviction and confiscation of the proceeds from trafficking. In this case the criminal organization was planning the murders of a top cop and a magistrate who led the investigation against the trafficker, but did not go through with it. This example underlines the power and the success that traffickers obtain through public corruption; corruption is the main mechanism that keeps the criminal enterprise going.

Mitigating the sentencing regime. Traffickers cannot always get away from justice, regardless of their connections with corrupt officials and the authorities. Many of them end up with convictions and prison sentences. However, the information from the study indicates that even in prison they continue to communicate with their associates and plot the killings of police officers and magistrates. With the help of corrupt officers in the correctional facilities they smuggle in cell phones so the chain of command cannot be broken, even in jail. We have identified cases when traffickers were granted unlawful short-term release from prison. Even more outrageous are the cases when traffickers parked their cars outside of prison, and while on a short-term release they went out partying with their prostitutes. While out of prison, some of them got arrested again in a police operation; one convict even caused a car crash in the center of the capital city. Despite that, the corrupt practice of unlawful release of inmates still continues, further evidence of the extent to which traffickers have infiltrated the criminal justice system.

It seems that there are no barriers to the traffickers. One of the case studies involved a trafficker who paid a sizeable amount to a district prosecutor to obtain early release from prison.

Eliminating the competition in the criminal world. There is evidence that sometimes the criminal investigations and prison sentences are used to eliminate rival criminal groups from the market. The close ties between criminal organizations and law enforcement bodies mean more than just protection against prosecution. Oftentimes, collaboration with public officials is needed to solve conflicts with competitors and expand market positions. The police officers and magistrates initiate investigations against rivals of the criminal organization with which they cooperate, thus helping the organization take over new markets and territory. With legitimate power on their side, the traffickers manage to expand their markets for sexual exploitation and eliminate the competition.

Such strategies are successful mainly because some of the criminal bosses have positions in the public institutions, including crime-fighting institutions. One example includes a national boss who controlled large segments of the prostitution markets in the country and used his high-ranking position in a public institution to expand his criminal business. He initiated investigations against other actors on the criminal market and either forced them to work for him or eliminated them and took over their share. In a different case, full of twists and turns, a national boss arranged for a person close to him to replace the regional boss and one director. To accomplish this, the national boss planned an investigation against the old regional boss. The newly appointed regional boss informed the members of the organization of the change and demanded their allegiance. However, the old regional boss had longstanding ties with a high-ranking police officer in the region; in order to protect him, the police chief organized an operation for the arrest of the new regional boss a few days after the latter's appointment. In return, the national boss arrested the old regional boss and made sure the police chief got fired. At the same time, the national boss made more attempts to release the regional boss – his friend – from jail, but to no avail. A third person was eventually appointed as regional head of the criminal business. The connections between the criminal bosses and law enforcement officials led to a clash where both had to face the law.

Taking control of legitimate business. Corruption ensures the smooth invasion of criminal organizations into the legitimate economy. The tactics they most often apply are participation in public tenders and winning public contracts, again through corruption. The scale of this process ranges from small business establishments to large infrastructure projects. The next chapter focuses in more detail on the infiltration of legitimate business by criminal organizations.

Infiltrating government institutions. Taking over legitimate businesses is possible because of the well-established connections of traffickers with representatives of the government, especially the local government. Connections between elected officials and organized crime have been described by other authors as well „...[t]he ties between the political and criminal world cannot be denied. Even the highest-ranking officials are not immune...“ (Alexander and Caiden 1985: 14).

Within the present study, a number of instances were identified in which criminal organizations provided support to political actors. Traffickers acted as sponsors of political parties, renting out facilities to regional or local political groups at rates well below the market price. Regional bosses have sponsored election campaigns at the local and national levels, including buying votes for political parties, with the proceeds generated from trafficking. The conclusion we draw is that political parties are strongly tempted to benefit from organized crime. Modern politics is frequently determined by what happens behind the scenes; in such cases, nothing stands in the way of political avarice. Contemporary politics defines itself as transparent and public; once a political regime has betrayed that ideal, it is no longer public, it becomes anti-public. When the political regime turns away from the public sphere, it easily finds its way outside of the law and succumbs to temptations to use illegitimate power resources. The politicians are tempted to exploit the resources of organized crime. Public power begins to lose its public character because its visible, truly public side is shrinking, while its invisible side is gaining strength through the connections with the criminal organizations. More importantly, this connection and its consolidation lead to the criminalization of power itself. The legitimate mechanisms of public power gradually blend with the secret employment of illegitimate and unlawful means, i.e., a process is underway which Catanzaro calls „social hybridization.“ In most general terms, hybridization is understood as the interpenetration of distinct spheres of social life. Here, Catanzaro conceives of „hybridization“ as the intertwining or interdependence of public power and organized crime, where „the Mafia is nothing but a pragmatic dimension of the state“ (Catanzaro 1985: 43).

We are witnessing the reverse tendency as well – criminal organizations morphing into business enterprises or structures, and next, into political entities. As business grows, it realizes its dependence on politics because political power regulates business. In short, business depends on politics and on the politicians. This is why criminal organizations seek connections with politicians, and this study provides ample evidence of this process. Sometimes traffickers obtain the support of local and national political representatives by promising them sponsorship. They work with politicians to obtain concessions or win public tenders. In one case, a regional boss needed the intervention of the regional governor, with whom he was close friends, to establish contacts with the national leadership of the political party, whose candidate was the regional governor. Other cases were confirmed

where regional criminal bosses had numerous contacts with high-level public officials and political parties. These examples reveal the character of modern politics, which takes place behind the scenes, enticing businesses and politicians to take advantage of the criminal organizations. On their part, the criminal organizations are in need of political protection.

To expand their influence within the local and national government, the traffickers themselves take on key positions in office. The study confirmed that many criminal bosses hold elected positions – especially in local government – as mayors, municipal councilors, etc. This is a proven method of „laundering“ their résumés and emerging in the public space not as criminal bosses, but as legitimate businessmen and political activists. To get into public office, traffickers resort to vote buying and vote rigging to win the elections. The infiltration of different spheres of society by organized crime means one thing only – the expansion of criminal activity. In reality, the intertwining of criminal organizations with various structures of public power has one outcome – both of them are involved in criminal activity. To put it differently, it is conceivable that a public institution could be part of a criminal scheme for contraband, while traffickers could hold key posts in government. Some sociologists have therefore argued that the difference between politics and crime is gradually disappearing. Immanuel Wallerstein argues that this „blurring of the lines“ between politics and crime is significant because, „[t]he bureaucracies and politicians of weak states (and even of the stronger ones), becoming even weaker and losing popular legitimacy (and consequently some popular control), have tended in many cases to merge their interests with those of extra-state mafias. In some cases, it may not be useful or meaningful to distinguish the two groups“ (Wallerstein 1998: 49–50).

B. Harasymiw puts forward a similar argument. Exploring the situation in Russia, he claims that the connection between organized crime and politics is „so tight that there is no longer any practical distinction between the two.“ According to him, they are no longer „two sovereigns“ but have completely fused into one entity. „The roles of the politicians, businessmen, and members of organized crime are becoming undistinguishable.“ (Harasymiw 2003: 15) Harasymiw defines Russia as the model of a new type of „criminal-political nexus“ – the „criminal state“. Based on the information from the interviews, it appears that the same observation holds true for Bulgaria – the roles of traffickers, businessmen and public officials have become indiscernible. The connection between the criminal organizations and public power is so strong that it has become a key attribute of governance itself, and thus a key part of society as a whole.

5. Relations with Other Criminal Organizations

In the process of exploiting the victims in the destination countries, the Bulgarian criminal organizations enter into relations with foreign criminal groups. These relations are inevitable for one simple reason – the local criminal groups control the sex trade markets in these countries. Many researchers of organized crime emphasize this fact (Becucci 2008; Gomez-Cespedes and Stangeland 2004; Kleemans 2004; Lalam 2004; Paoli 2004). As evident from interviews with the experts, Bulgarian intervention in the foreign sex trade markets would not have been possible without some form of relationship.

Because of the monopolization of the markets, any intervention must happen through either conflict or negotiation with the local criminal organization. The Bulgarian traffickers must also deal with the competition of other foreign groups – such as Russian, Ukrainian, Philippine, Romanian, Albanian, Nigerian, etc. When there is competition over unregulated markets and the disputes cannot be taken to the courts, conflicts and turf wars will inevitably take place. Based on the information that was collected, it appears that conflicts between Bulgarian criminal groups and foreign criminal groups are very rare, especially conflicts involving the entire organization. Most of the cases reported in the interviews include conflicts arising from unfair competition between the girls (lower rates for services, not using condoms, etc.), in which the pimps do not interfere. The relatively small number of conflicts indicates the existence of other coordinating and preventive mechanisms. It is likely that these mechanisms involve some form of negotiation. It may be fair to conclude that negotiating is the key characteristic and key instrument of criminal organizations in developing the trafficking business.

The Bulgarian groups have no interest in any feuds or conflicts with the local criminals because they can lose their access to the sex establishments and working sites. Entire districts where Bulgarian prostitutes work are controlled by the foreign criminal organizations, and that renders any potential conflict pointless, which is one more incentive for dialog with the local bosses.

The relationships between the Bulgarian criminal groups and other criminal organizations are very interesting but have not been researched enough. Based on the present study, it would be fair to conclude that the Bulgarian crime groups have developed successful partnerships with foreign crime groups not only for the trafficking of prostitutes, but also for other criminal activities. The information gathered indicates that the Bulgarian trafficking groups cooperate successfully with Italian and Albanian groups in Europe, and with Latin-American groups in the USA. The partnership with the Italian criminal groups and the support received from them may be one reason for the lack of serious conflicts. The reported conflicts involve Bulgarian, Russian and African criminal organizations, which consist mostly of disputes between girls and low-level traffickers. In isolated cases of more serious conflicts, the Bulgarian groups have chosen to step back in order to prevent further complications and escalation of the conflicts. Typically, when a more serious conflict develops, the pimps ask for instructions from higher-ranking members of the criminal organization in Bulgaria.

Indicative of the good relationships with foreign criminal organizations is the fact, confirmed also by the respondents, that Bulgarian prostitutes arriving in the destination country can start work immediately at the previously negotiated sites without any obstacles. Most of the respondents testified about the partnership relations between the Bulgarian and foreign groups; both traffickers and prostitutes said that higher-ranking members of the organizations negotiate the working sites.

In locations where the Bulgarian crime groups have no established contacts with the locals or are looking to expand their positions, they apply different strategies. One story involved a group that had plans to start business in a city where they had no contacts. For that purpose, a recruiter, escorting a girl, was sent to that city. This pilot group had to explore the

conditions for entering the sex market there. They were not aware of this goal; they were given the hotel and the site where the prostitute was supposed to work. However, once they got to the spot, members of the local criminal organization came and forced them to leave, threatening to kill them. The couple called back and returned to Bulgaria. With this strategy the traffickers were able to weigh their chances of taking over that particular sex trade market.

Another case involved a bottom girl who was also a resident. Her organization had positions in a Western European city and wanted to expand to luxury saunas in the ski resorts of the neighboring country. She called up the manager and arranged a meeting to negotiate future cooperation.

Sometimes, as the respondents said, residents travel around the cities looking for new business opportunities and negotiating with the local criminal groups. In some cases, Italian crime groups acted as intermediaries for the Bulgarian traffickers, establishing the initial contacts and securing access to the foreign sex markets.

The ethnic principle also proves to be a successful strategy for reaching specific markets, especially for prostitutes from Roma communities. They easily establish links with people from the Roma and Turkish communities living abroad who also have a stake in the local sex trade markets. Bulgarian Roma cooperate with the local Roma communities; Bulgarian Turks cooperate with local Turkish groups. The Bulgarian traffickers quickly gain positions in these markets because the local Roma and Turkish groups have been in the sexual exploitation business for a long time, and have become owners of coffee shops, restaurants and other establishments where Bulgarian prostitutes can work.

The successful infiltration of foreign markets by Bulgarian traffickers is also due the number of Bulgarians who hold key positions and control business in the foreign countries, for instance, the Mesdames running the windows in Belgium. When a window becomes available, they call up a criminal group and save the spot for it. According to the respondents, about 80 percent of the Mesdames in Belgium are Bulgarians who have been living there for a long time. Sometimes, Bulgarian striptease clubs develop websites and through them seek partners in destination countries.

Regardless of the strategy used to access the sex markets, Bulgarian criminal organizations still have to pay a fee to the locals for the permission to work on their territory. The fee may be collected daily, weekly, or monthly. Bulgarian prostitutes working in Italy, for instance, pay the Italians every week; they collect the money from the streets, riding on a motorcycle. Other examples indicate that once a new pimp or a prostitute begins work they are required to pay a fixed fee per girl to the racketeers. In some cities, the Bulgarian criminal groups have succeeded in taking control over streets or other sex establishments, so the other groups pay them. This is further evidence of good cooperation between Bulgarian and foreign traffickers and criminal organizations.

III. MANAGING THE REVENUE FROM HUMAN TRAFFICKING FOR SEXUAL EXPLOITATION

How the members of the criminal organization manage the funds they receive is largely determined by the share they are entitled to. For example, the prostitutes receive a small percentage, and part of it goes to cover their expenses. Most of them lead a consumer style of life and spend their money on clothes, cosmetics, etc. As a result, they can only save a little, but still manage to support their families in Bulgaria. Only rarely can prostitutes acquire real estate property or start up their own business with the money they have earned. Usually, they open up a clothing store, a hairdresser's or a beauty salon.

The middle tiers in the criminal organizations do not get a large portion of the money either, but they usually get enough to start a business; most often, they open clubs or restaurants, auto body shops, etc. Many of them gamble their money; ironically, the owners of the casinos are the criminal bosses themselves, and in this way their own money comes back to them. Traffickers like to buy themselves nice cars, jewelry, expensive clothes, and perfumes. Besides the symbolic value they carry, these goods also help them attract and recruit new girls.

Members of the top levels of the criminal organization get the „lion's share“ of the money and have the opportunity to make investments. However, it seems that they first spend the money on golden necklaces, luxury automobiles, and houses and think of investment options last. Perhaps one explanation of their behavior may be the desire to show off the economic power they have amassed. Power must be easily recognizable, but since the power of prostitution bosses must remain hidden, luxury clothes and cars are its rightful proxy.

The rest of the money enters the laundering cycle.¹⁴ The money laundering schemes are numerous – „the sky is the limit,“ as the saying goes. As Mobius states (1995: 10), there are so many ways to launder money that the human imagination fails to encompass all of them. „Almost any legitimate business or financial transaction can be adapted and used for money laundering. The opportunities are infinite“ (Evans 1997: 195).

Despite that variety, money laundering schemes follow some basic principles. The process of money laundering is usually described as having three sequential elements: *placement*, *layering*, and *integration*. Most experts and institutions involved in studying money laundering, share this description.

¹⁴ Henceforth, „trafficker“ is used as a general designation of all the different roles and players in the criminal organizations and the trafficking process.

The three-stage classification is a useful decomposition of what can sometimes be a complex process; the three phases do not exist in isolation and often overlap. Not all money laundering transactions involve all three distinct phases, and some may involve less. „The money can be laundered in one operation. This is why it is hard to assign a given transaction to one of the phases“ (Savona and De Feo 1997: 22). Sometimes more than three phases can be involved, e.g., there can be a preparation phase before the placement.

The particular criminal activity from which the dirty money is generated determines the subsequent laundering schemes. The laundering schemes for international trafficking in persons have one key feature: the funds are accumulated for a long period on the territory of a foreign country. This requires finding ways for periodic transfers of money to Bulgaria. Now that many Bulgarians live and work in European countries and regularly send their families money, this has become easier. Another contributing factor is a high level of grey economy in the country. Many businesses decide not to declare their actual turnover in order to save on taxes. Therefore, proving the legitimate source of income for the purposes of investment is sometimes an issue even for legitimate business executives. These circumstances create an ideal environment for money laundering. The findings of the present study show that Bulgarian traffickers use simple money laundering schemes, mostly because they do not expect to be investigated. In other words, the complexity of the money-laundering schemes depends on the conditions in which the traffickers operate and the capacity of the law enforcement institutions to track down the transactions. In an enabling and practically restriction-free environment, the traffickers can directly invest their dirty money in a legitimate business without resorting to any laundering techniques.

The money laundering schemes used by the Bulgarian traffickers are hard to fit within the three phases of the money laundering process referred to above. Based on the information gathered from the respondents, a more accurate description would involve the following stages:

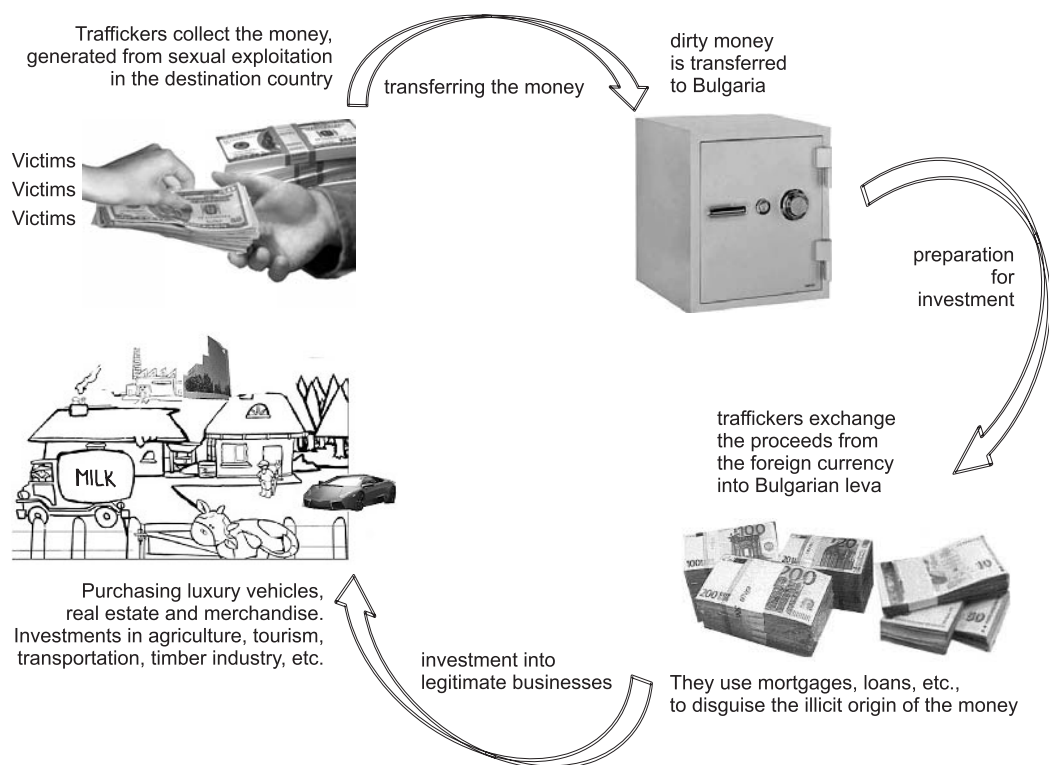
Transfer of the money. The main problem facing criminal organizations is how to transfer the money from the destination countries to Bulgaria. Various techniques are used, and in most cases they do not involve official financial institutions, but the physical movement of the money across the border or the purchasing of goods. This phase largely coincides with the placement phase described in the literature; however it involves only the transfer of funds to Bulgaria without investing them. Often, once moved to Bulgaria, money is not deposited in banks but kept in personal safety boxes.

Preparation for investment. A preparation phase was identified in some of the studied cases. This first includes changing the foreign currency into Bulgarian leva, and second, proving the legitimate source of the funds that will be invested. Most frequently, this is done by taking out a mortgage or a loan, etc. These are examples of single transactions, and the research team did not come across any cases involving the layering of consecutive transactions. Apparently, the layering phase, as described in the literature, is not applied by traffickers in Bulgaria. In most cases, the traffickers do not put much effort into trying to conceal the criminal genesis of their funds. This makes the phase of layering irrelevant to the money laundering schemes used in Bulgaria; instead, the preparation phase is most frequently used.

Investment in legitimate business. The traffickers invest the main part of the proceeds into various branches of the legal economy. The third phase in money laundering, referred to in literature as integration, describes the process of concealing the criminal source of the money to be invested. This is not typical for money laundering in Bulgaria, though. In a case reported by a respondent, 35-year old traffickers, without a day of official employment, succeeded in investing their funds directly into a legitimate business without any obstacles. Nevertheless, when they acquire a property, they often use it for laundering. There are a plethora of methods for doing that, for instance by declaring higher turnover than the actual, buying at low prices and selling at higher, etc. Through such methods, the traffickers can disguise the criminal source of their funds and continue disguising them in future transactions. We see here the difference in the integration phase, which involves investing the money whose illegal source has been concealed. In the process of laundering money from human trafficking for sexual exploitation, the participation in legitimate business is the main phase with the most concentrated efforts to disguise the illegal genesis of the money.

The three-phase process of money laundering in trafficking can be schematically presented as follows:

Figure 4: Laundering Money from Trafficking



In the following chapters, we discuss the specific money laundering schemes used to launder money generated from trafficking in persons for sexual exploitation.

The biggest portion of the money acquired from trafficking, is prepared for investment in legitimate businesses in Bulgaria roughly following the three-phase process described above. Based on the information from the study, two more forms of money laundering exist to which significant

amounts of funds are directed in some cases. The first involves investments in foreign countries; the second involves investing the funds generated from trafficking into other illegal activities on the country's territory (Bulgaria). Before considering the schemes within each of the phases in more detail, we discuss specific examples for each of the methods mentioned above.

In most of the reported cases, the traffickers invest the money generated from sexual exploitation in real estate property in the destination countries. The traffickers buy hotels, motels, bars, etc., to be used as sex establishments or apartments and houses, for the accommodation of traffickers during their stay abroad. Investments of this kind support the traffickers' activities and allow them to gain more stable positions in the sex trade markets; at the same time, as property owners they eliminate the need to pay rent for business facilities, which is, as mentioned, a substantial expenditure for the traffickers. There are countries where the Bulgarian traffickers control large segments of the sex markets and own many bars and apartments, which are used for sexual exploitation. The traffickers also lease the property they buy. In one such case, the traffickers bought an old residential building, renovated it, and put the apartments up for rent. In a few other cases the traffickers invested in factories for sports clothing, furniture, and wooden flooring in the foreign countries. A regular practice includes buying or selling real estate under false names.

Other illegal activities for which traffickers use the money acquired through sexual exploitation are loan sharking, illegal gambling, and other betting games. For example, traffickers might buy expensive race horses and organize horse races with illegal bookmakers.

The sections below discuss the money laundering techniques involved in each of the three phases: money transfers, preparations for investment, and participation in legitimate business enterprises.

1. Money Transfers

The traffickers usually allow the revenues from sexual exploitation to accumulate (cash stockpiling), and then different amounts of cash are transferred to Bulgaria. Several techniques are used to smuggle the money back, each with its own specific features; each one is discussed briefly in what follows.

1.1. Wire and electronic fund transfers

One of the oldest forms used by the traffickers is the system of wire transfers. In recent years its popularity has been declining because the money trail is easy to follow. Rarely is the money wired directly from a prostitute to a pimp, or from one member of the criminal organization to another. Most often traffickers have the prostitutes send the money, which is made out to their relatives or relatives of other members of the organization. We have identified a number of cases when other individuals, for a small amount of cash, say 20 leva, agree to serve as senders and/or receivers of the money. These individuals are never told that the money is generated from criminal activity.

The system of wire transfers is widely used because many of the places offering the service require the receiver to submit only the digital code

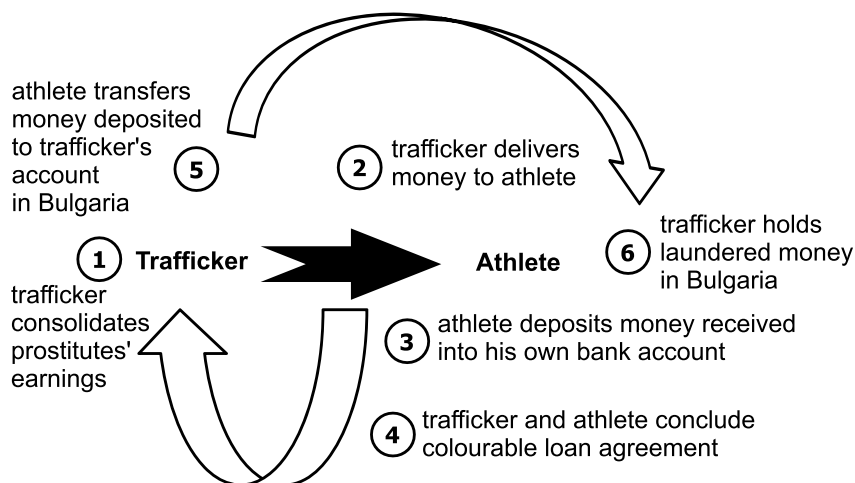
generated at the time of sending the money. That allows the traffickers to provide false personal data about the person who will receive it. Both the respondents and the empirical data collected by the research team confirmed this information. In a case investigated by the authorities that involved a series of consecutive wire transfers totaling a significant amount, the receiver's personal IDs were false.

Most of the time, wire transfers are used for amounts of up to 2,500 EUR, which is the minimum amount for which no transaction report must be filed (i.e., the amount is below the reporting threshold). As a rule, the prostitutes and the lower level members of the organization use wire transfers, even though the study provided examples of wires reaching 35,000 EUR. When amounts like this are wired, higher-ranking traffickers execute the transactions. They resort to trusted individuals, Bulgarian citizens or foreign locals, who wire the money to the designated address and person. They carefully choose a trusted girl to receive the money and tell her what to explain about the sender and the source of the money. For instance, she would be told to say that her uncle was sending money to Bulgaria because he was looking to buy real estate; the uncle is a close relative with a different family name, so that makes her explanation plausible.

Sometimes money is transferred via bank accounts. In one reported case the pimp opened a savings account in a Bulgarian bank and received bank transfers from the prostitutes. The reason given for the transfers was for goods sold in the destination country by the traffickers. For destination countries where prostitution is legal, women – members of the organization – establish their own businesses and deposit the money in the firm's account. The firms also open up accounts in Bulgarian banks to enable the money transfer. In several cases, the prostitutes deposit their money into debit accounts in the destination country; upon arrival in Bulgaria, they withdraw the funds from an ATM.

More complicated and sophisticated money transfer techniques – for both bank transfers and money wires – are sometimes used; they are illustrated in the following figure.

Figure 5: Money Transfer



In this scheme, a high-ranking trafficker strikes an agreement with a prominent athlete (the two are also friends) for the transfer of a large sum of money from the destination country. First, the trafficker consolidates the prostitutes' earnings and delivers the money to the athlete, who then deposits it into his own bank account in the destination country. At the same time, the athlete and the trafficker sign a loan agreement for the same amount of money. The agreement works as a reason for the transaction before the bank and also allows the trafficker to make his money appear legal. The athlete subsequently transfers the money to the trafficker's bank account in Bulgaria. This is how the trafficker managed to receive the funds in Bulgaria that were generated by prostitution, disguising them as a loan and concealing their criminal source.

Money wires, we can conclude, are one of the most widely used methods for transferring the proceeds generated abroad to Bulgaria. Another method involves using couriers, described in what follows.

1.2. Money couriers

There are two groups of couriers. The first group exports amounts of up to 10,000 EUR, which is below the reporting threshold. The second group transports large amounts of cash, above 10,000 EUR, which they do not declare at customs despite the fact that the law requires it.

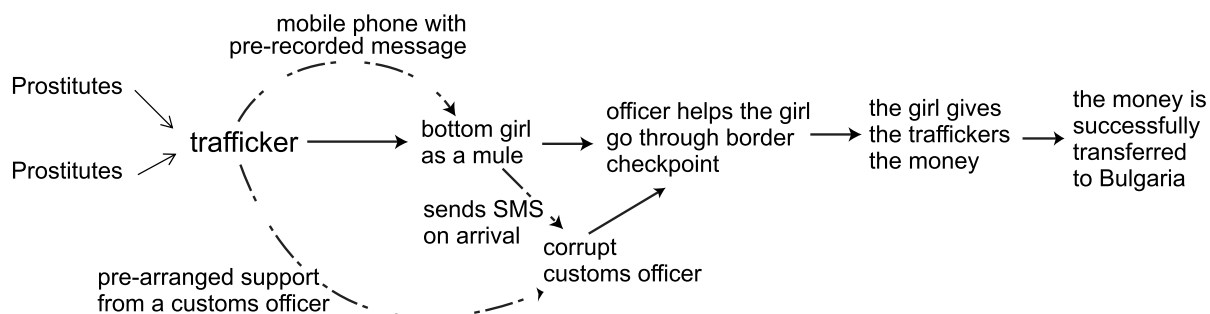
The couriers from the second group typically carry the cash in bills of 200 or 500 EUR, so with only a hundred bills they can smuggle 50,000 EUR, which equals nearly 100,000 BGN.

Couriers of the first group typically carry amounts close to the maximum allowed. In some cases they travel each week; the low-cost flights have made it even easier for traffickers because they are cheap and the risk of getting caught is minimal. The persons chosen for couriers often have jobs requiring frequent international travel, such as drivers, bus line stewards, flight attendants, van drivers, etc. When prostitutes must go back to Bulgaria, they also carry cash, broken down to amounts below the reporting threshold.

The second group of couriers transport money above the threshold of 10,000 EUR, which they must declare at customs. Because traffickers cannot disclose the real source of the money, they must smuggle it. Normally, they carry on them very large amounts; the largest amount that has been smuggled, according to the respondents, was 100,000 EUR. Among the smuggling techniques used are specially built alcoves/hiding places in automobiles or vans.

Prostitutes also serve as „smurfs,“ but because the amounts here are considerable, only very loyal girls are involved. In some cases, they carry the cash on them or in their carry-on luggage.

Often, to guarantee successful transportation, the traffickers use bribery and corruption. One such example is given in the next figure.

Figure 6: Money Couriers

The figure illustrates the case of a prostituted girl who had to transport 45,000 EUR. The criminal organization had secured the support of a corrupt customs officer at the border cross-point. The arrangement required the girl to send a message to the officer upon landing; before the trip, she was given a cell phone with the pre-recorded message she was supposed to send to him when she landed. Receiving the message, the officer escorted the girl without any complications through customs. Once on Bulgarian territory, members of the organization met the courier and took the money.

Another method of transferring money from neighboring countries to Bulgaria is by using the so-called „green border“; however, only a few such cases were established during the fieldwork. In these cases the courier is a person who knows the border areas very well and can carry the money across, crossing the border through wooded areas. Usually these people do more tasks for the organization than just smuggling cash.

The respondents also reported cases when couriers who smuggle large amounts of cash also export counterfeit money or false IDs out of Bulgaria. These couriers gain the trust of the criminal bosses who are high up in the hierarchy, and sometimes they are even appointed to higher posts themselves. For instance, one respondent told the research team of a criminal organization specializing in human trafficking and making counterfeit money and documents. They used couriers to export counterfeit money or documents, e.g., fake subway tickets, to the destination countries. Upon arrival in the destination country, the courier delivers the cash or the documents to the organization in charge of placement and distribution in the foreign country. At the same time, he takes the stashed away cash earned from prostitution and smuggles it back to Bulgaria.

From time to time, the traffickers use the services of international courier companies to transfer the money, disguised as small parcels, from the destination country to Bulgaria. In the parcels or packages they usually place magazines with bills arranged between their pages; between 2,000 and 3,000 EUR can be smuggled this way. The courier companies are not aware that they are shipping money.

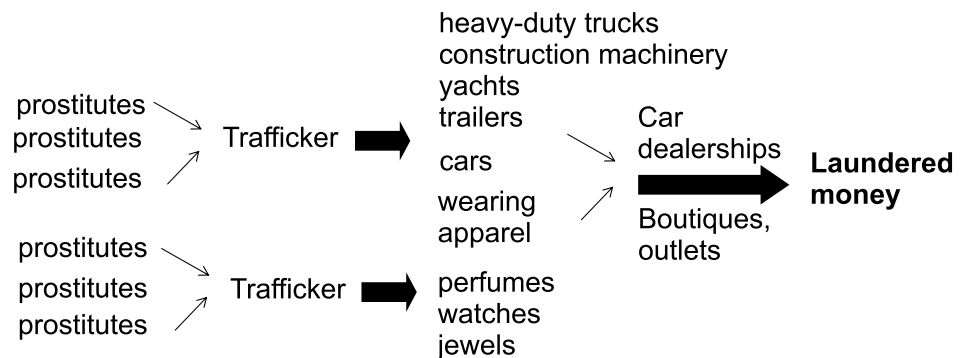
Using couriers to transport money is a widespread practice among traffickers, but it carries the risk of discovery and confiscation. Alternative methods, such as importuning goods, are much less risky; this is the topic of the next section.

1.3. Importing goods

Another technique used to transfer the money to Bulgaria includes buying goods in the destination countries, which are later exported to and sold in Bulgaria. The advantage of this method over the others is that there is no need to convert the foreign currency into Bulgarian leva, since the goods are sold in Bulgaria.

As reported in the study, the traffickers buy different kinds of goods: new and used cars, caravans, yachts, heavy-duty machinery, construction equipment, furniture, clothes, shoes, leather good, jewelry, watches, perfumery, etc. Very often the pimps have stores in Bulgaria where they sell the imported goods: car dealerships, boutiques, outlets, jewelry stores, etc. The following figure illustrates the steps of that method of money laundering.

Figure 7: Buying and Importing Goods



For this figure, the traffickers' goal is to sell the goods as fast as possible in order to recover the invested money and to buy more goods. This is why the traffickers sell brand name merchandise much cheaper than the other stores, eliminating the competition along the way. No business could afford to buy new merchandise before they sell out what they have on stock. With the constant supply of money generated from prostitution, the traffickers are free to operate any way they see fit. Therefore, they import goods in high demand that are certain to sell fast; sometimes they sell them without profit or even at a loss, just to keep the money in circulation.

Sometimes the traffickers import new cars in Bulgaria and sell them at a price lower than the price offered by the official dealership. To guarantee themselves quick returns on the investment, the traffickers only import cars being ordered by customers. Traffickers also import heavy-duty construction machinery, also in high demand due to the booming construction business in the country. One of the trafficker's schemes for importing construction equipment involves bribing customs officers (usually paying them 100–200 euro), to change the production year of the machinery in the documents. Thus, if a shovel was built in 1991, the official papers might show 1994. Consequently, the machines sell faster and the traffickers get their investment back faster, too.

Based on the interviews, we found out that traffickers also import goods that are scarce on the market or goods that cost less in the foreign country. During a period of shortage of cooking oil in Bulgaria, the traffickers imported oil from a destination country where the price was very low. They made a good deal and were able to get their money back quickly.

Another technique involves buying expensive goods that are easy to import; in the reported case the traffickers bought two luxury watches, each one costing several hundred thousand euro. Transporting the watches does not require any special arrangements, however selling such expensive commodities may not be easy; in these cases, traffickers usually buy at the request of a customer.

These are some of the main schemes for transferring funds to Bulgaria. Once the money is in the country, it can be invested in various branches of the economy. Prior to the investment there is a preparation period, which is discussed in more detail in what follows.

2. Preparation for Investment

The preparation for investing the money generated from sexual exploitation in legitimate business enterprises involves two operations – currency exchange and proving the lawful source of the proceeds.

2.1. Currency exchange

The proceeds generated from international trafficking in persons are in euro and this is how it is transferred to Bulgaria. Because the country is not a member of the euro zone, the funds must be converted to Bulgarian leva. Not all of the funds are exchanged, though; one part is kept in the original currency, a second part is used for payments in euro, and the remaining funds are converted into leva.

Whether a currency exchange is needed depends on the money transfer scheme. No currency exchange is needed when merchandise is imported or when wire transfers are used because the system allows the receiver to choose the type of currency at the time of withdrawal. The conversion of the foreign currency funds is part of the money wire process. An exchange transaction may be needed when a money order is used for the transfer or when couriers bring the cash from the destination country.

Prior to the exchange the cash is oftentimes stored in personal or public safety deposit boxes; there was a report of a trafficker who had buried the money in his backyard.

As concerns the exchange transactions, the respondents reported a number of ways they happen. For example, several individuals are asked to change amounts of cash not exceeding 10,000 BGN. For amounts above that threshold the individual must present a valid ID, report his personal data on a special form, and sign a declaration, as specified in an ordinance of the Ministry of Finance. To avoid reporting, traffickers break down the money into smaller amounts below the reporting threshold.

Traffickers also work with exchange bureaus whose owners they know, and in some cases with whom they have longstanding business partnerships. The exchange bureaus are interested in buying bills of 200 or 500 euro used by the traffickers to transport money to Bulgaria because they can later sell them at a higher exchange rate.¹⁵ The traffickers and the owners of exchange bureaus are

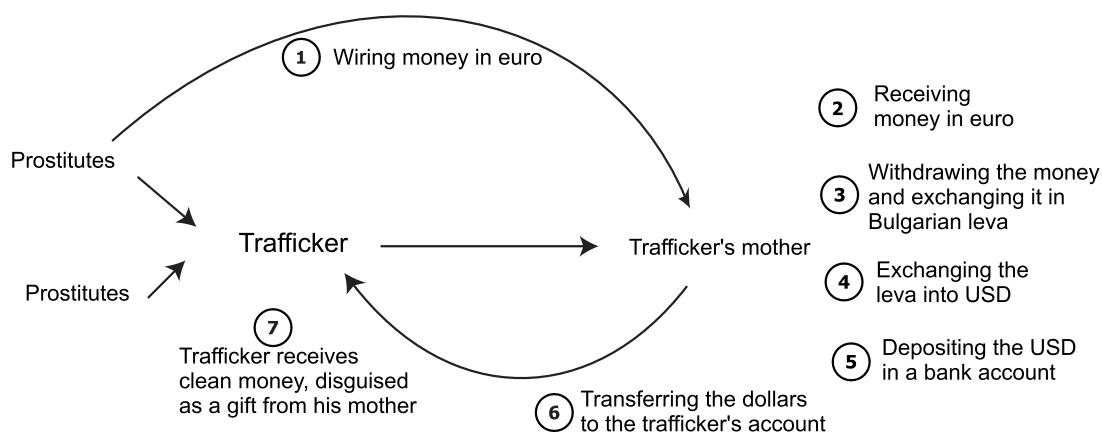
¹⁵ The exchange bureaus can sell 500-euro bills at a higher rate. For instance, instead of an exchange rate of 1.96 leva per 1 euro, they will charge 1.98 leva or 2 leva per 1 euro. Bills of that nomination are in high demand, especially for transporting large

mutually interested in continuing their business: the former because they can make a profit off of the exchange and are thus willing to make a compromise; the latter because they can exchange large amounts of cash without the risk of a suspicious transaction report filed against them. Sometimes the traffickers use false personal data at the time of the transaction: they either pay someone to get their personal data or use stolen IDs.

In cases when large sums are being exchanged (one report was about 260,000 BGN), traffickers prefer to work with exchange bureaus that they know and can rely on. If more than one exchange bureau is involved, the bureaus sometimes negotiate among themselves regarding how to carry out the transactions with the least risk. For instance in the above case, the manager of a chain of exchange bureaus, a longstanding partner of the trafficker, had to collect money exchange orders from other bureaus for amounts under 10,000 BGN to avoid filing a report for the said total of 260,000 BGN. The manager collected the orders and delivered the cash to the trafficker.

In the study, a number of cases were reported where the currency exchange transactions are part of the process designed to conceal the criminal source of the proceeds. One example includes an independent pimp who works and lives in an EU country. The trafficker has no legitimate earnings and cannot provide evidence that his money is obtained legally, and for that reason cannot spend the money in the destination country. To solve that problem, he takes the following steps as illustrated in the next figure.

Figure 8: Sequence of Exchange Transactions



In the above diagram, the trafficker and his prostitutes wire the money over to his mother in Bulgaria; the amounts are in euro. After receiving the money, his mother withdraws the cash and converts it into Bulgarian leva, which she afterwards exchanges into US dollars. Next, she deposits the dollars into her own bank account in Bulgaria and uses it to transfer money to her son in the foreign country. This sequence of transactions provides proof of the legitimate source of the trafficker's funds; eventually, he buys real estate in the destination country. The funds appear to be legitimate, but in reality they are generated from sexual exploitation.

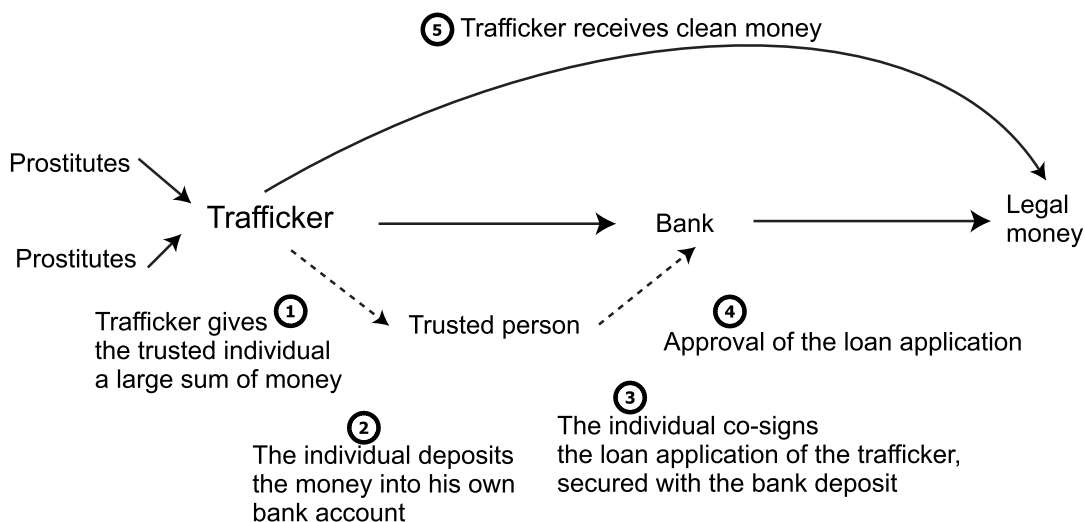
2.2. Proof of lawful source of funds

Before investing in legitimate businesses, the traffickers take some preparatory steps. The purpose of these steps is to confirm the lawful source of the funds, i.e., to create the illusion that the funds to be invested are legitimate. The study indicates that before 2006 traffickers did not have to deal with this issue, except when they had to provide evidence of the acquisition of their assets in criminal investigation against them.

Different techniques may be employed to prove the lawful source of money, and they are discussed in the sections below. First, we look at the techniques described by the respondents of the study. Next, we briefly describe some of the techniques used by traffickers to prove the legality of their funds once criminal proceedings for criminal asset recovery are instituted against them.

A widespread technique involves applying for a loan with various financial institutions. To secure the credit, sometimes the traffickers mortgage their relatives' real estate. Since many Bulgarian banks do not require proof of income, traffickers can easily prepare their loan applications. After they receive the loan, the proceeds from sexual exploitation are used to cover the monthly installments. In the case of a trafficker's application being rejected, the traffickers resort to other techniques for a self-financed loan. An example of this is illustrated below.

Figure 9: Self-financed Loan



This is the case of a trafficker whose loan application had been rejected. To get around this, the trafficker makes a deal with a person he trusts and gives him a large sum of money. That person deposits the money into his own bank account, so he can now become a co-signer on the trafficker's loan application. In this case, the money generated from trafficking is used to secure the credit before the bank. The trafficker is granted a loan that serves as proof of the legal source of his funds, which can then be invested in a legitimate business. In reality, the loan has been secured with the proceeds from human trafficking.

As mentioned above, in some cases the traffickers buy real estate in the name of third parties, such as relatives (for example, a trafficker buys property in his father's name, who, in return, has signed a will in his son's name). On

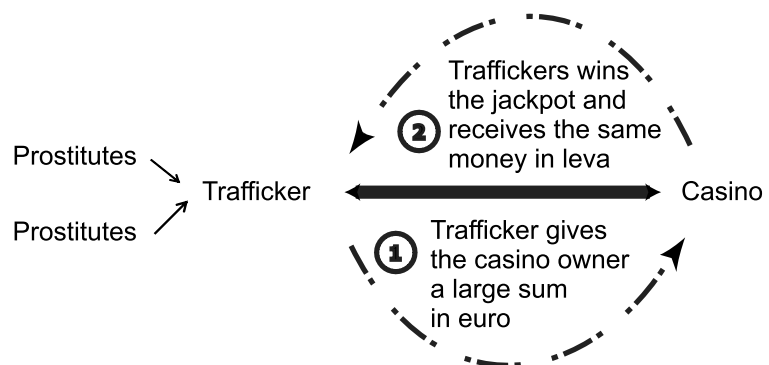
paper, the owner of the real estate purchased with proceeds from trafficking, is the trafficker's father, and the trafficker himself will inherit the property.

The information gathered by the research team also indicates that proving the lawful source of funds can take place at the time of the investment. One such example deals with the acquisition of a hotel on the Black sea coast. The trafficker has some legitimate funds and buys land, with the prospect of building a hotel. Before the construction begins, associates of the trafficker negotiate with an international tourist agency to invest in the project; in return, the agency will be entitled to use sections of the hotel at preferential prices for the next several years. The tourist agency is not aware that the deal is part of a money laundering scheme, and that the funds are generated from human trafficking. The agency decides to invest in the construction of the hotel, and the trafficker receives legitimate funds to build the hotel. During the construction, the trafficker invests more than the amount provided by the tourist agency, and covers the difference with the earnings from sexual exploitation. Investing more, the trafficker builds a more luxurious hotel. The outcome for the trafficker is a real estate property built with legitimate funds, but with a higher market value that will guarantee him bigger profits from the future operations of the hotel, once the preferential period for the tourist agency is over. In this scheme, the proceeds generated from the trafficking are integrated with the legitimate funds of the tourist agency, and appear to have a lawful source.

In a different scheme, the traffickers acquire automobiles on lease. Until the lease is paid, the trafficker is not officially the car owner; that is, he has a car at his disposal, but he doesn't need to show proof of income. The lease installments are paid with money from the trafficking business. Several months before the lease is up and the trafficker assumes ownership of the car, he sells it to avoid his name being associated with any property. Afterwards, he signs a new lease contract for a different car. This way, the trafficker always has access to expensive cars but does not need to provide proof of a lawful source of income for the revenues generated from sexual exploitation.

In some cases, in order to disguise the criminal source of their revenue and prove that it is legitimate for the purpose of investment, the traffickers also use gambling profits. One example is presented in the following section.

Figure 10: Casino Profits



Here, the trafficker and the casino owner work under the following agreement: the trafficker gives the owner a large sum of money generated from sexual exploitation; then, he gets the money back by winning a jackpot. The trafficker provides the money in euro, but receives the jackpot money in Bulgarian leva, so there is no need to convert the currency. To realize this transaction, the trafficker relies on his partnership with the casino owner.

There are also cases of traffickers buying out the winning tickets from sporting bets. The law does not require winning tickets below 2,000 BGN to be paid via bank transfer. That is, the person collecting the money may not be the person who had the winning ticket; the traffickers collect the tickets and present them as their own. In some cases, they collect tens and hundreds of tickets for amounts of up to 2,000 leva from sporting bets.

The techniques described above are also used when there are criminal investigations against the trafficker, especially for establishing property acquired from criminal activity.

Based on the reports from the respondents, the most widespread method used to prove the lawful source of proceeds, once an investigation has started, is by declaring loans and gifts received from physical and/or legal persons. For instance, one trafficker who had invested money acquired from human trafficking, presented a loan agreement with an individual dating a few years back as proof of its legitimate source. During the investigation, the lender testified to the legality of the contract and the amount claimed. Most often, the traffickers claim as their lenders rich individuals who could easily provide proof of the lawful source of the money in question. Bulgarian law does not require the registration or certification of loan agreements, which means that a backdated agreement can be produced at any time as proof of a legitimate source of income.

A few cases have been reported in which the traffickers claimed to have received a loan from deceased criminal bosses. They could not produce a legal document for it but had witnesses who could confirm their claim. Others presented loan agreements with foreign nationals, though subsequent police checks could not verify the existence and whereabouts of the person whose name and personal data were on that contract.

Sometimes traffickers claim the lawful source of income through inheritance or a gift from relatives. A well-known case involves a trafficker whose mother had worked as a fortune-teller in a western European country. She claimed to have earned a large amount of money which she gave to her son. Others have claimed that their grandmothers gave them the money to buy expensive cars.

These are some of the techniques used by traffickers to prove the legal source of the proceeds acquired through sexual exploitation. The next section focuses on the main money-laundering schemes used by traffickers to enter legitimate business enterprises.

3. Participation in Legitimate Business

To gain access to legitimate business, traffickers use intermediaries and reliable businesspersons. Often a trafficker works with relatives, close friends, or close associates, who strictly follow his orders.

3.1. Agriculture

One of the most attractive spheres for investment in recent years is agriculture. Several reasons may explain the traffickers' interest in that sphere:

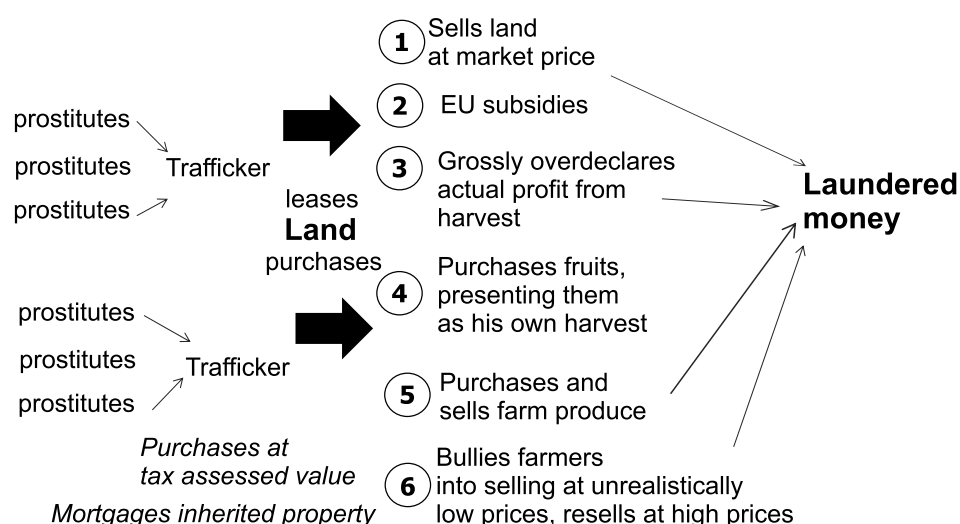
- tax deductions and tax relief for farmers;
- the ease of starting a farming business;
- the difficulty in verifying the actual amount of investments and expenditures or the actual profits;
- the opportunity to use European funding.

To start an agricultural business, traffickers either buy or lease farmlands. When they purchase the land, they may be willing to offer more than the average market price in order to get people to sell. The sale is certified by a notary at a property tax assessed value that is several times lower than the purchase price. Declaring a lower value on paper, the trafficker is required to prove less income as well. In other reported cases, the traffickers resell the land but declare a much higher selling price in the documents than the actual. Another technique involves changing the category type of the land to increase its value, thus asking a higher price for it. On paper, the traffickers can claim a huge profit and therefore can make the money generated from sexual exploitation appear legal.

Traffickers can also decide to lease farmlands, with the main purpose of amassing the required area of land to be eligible to apply for EU funding.

The basic techniques used to launder money in the agriculture sector, as reported by the respondents, are presented in the figure that follows.

Figure 11: Money Laundering in Agriculture



As can be seen, it is not the harvest that interests the traffickers, but the money they will be able to launder. Several techniques for money laundering exist in agriculture. In the most simple of these the traffickers declare that the quantity of produce they have harvested is several times more than the actual. Criminals often go around the farms in the region and buy out the produce of the small-scale farmers; they pay cash, without any documents. Then, the traffickers claim the produce as their own and sell it officially with all the required paperwork.

According to information sources, traffickers engage in buying out produce for the sole purpose of putting their money in circulation. Officially, they buy the produce at very low prices compared to what they have actually paid; when they sell, they declare a much higher official price. This way the margin between the purchasing and selling price yields a considerable profit, which serves as the official disguise of the proceeds from money laundering.

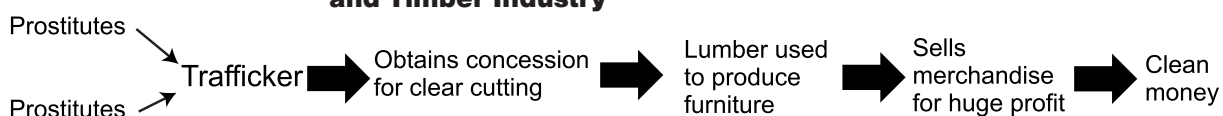
In many cases traffickers coerce the farmers into selling their produce at low prices or force them to pay racket, and so, in the process of money laundering, the traffickers commit further crimes. Criminal investigations have revealed that through racketeering and forcing the farmers to sell at prices determined by the traffickers, the crime groups monopolize entire regions of the country. After they buy out the produce of the farmers, persons associated with the organizations resell it at much higher prices.

All of the money laundering techniques in agriculture have a single purpose – to disguise the criminal source of the proceeds generated from human trafficking and make them appear legal. The information available from the interviews confirms that traffickers also take over other spheres, such as stock-breeding, bee-keeping, and concessions for fisheries and reservoirs. Based on the study, agriculture appears to be the most appealing sphere for laundering the money from human trafficking for sexual exploitation.

3.2. Logging and Timber Industry

Another sphere that traffickers use for money laundering is the logging and timber industry. Based on the available information, a number of high-ranking traffickers, including regional bosses, are involved in this business. The logging industry not only provides opportunities for successful laundering of the illegal proceeds, but for obtaining good profits as well. Oftentimes traffickers win public tenders for clearcutting by means of political protection and coercion. There have been cases when traffickers physically assaulted the workers of a competitor company and broke their machines. As one respondent said in the interview, „[w]hen the economic methods fail, they bring into play the old methods of violence and coercion; they have not forgotten them.” This is how traffickers have gained a monopoly in the logging and timber industry in many regions of the country.

Figure 12: Money Laundering in the Logging and Timber Industry



In the regions where tree cutting is prohibited, the traffickers often start a forest fire and then find ways to buy the burned timber at a minimum price. In most cases the trees are only burned on the surface, and after removing the bark they are perfectly fine for lumber. Methods like that help traffickers get their hands on cheap lumber, which they can either sell for a higher price or use for the production of hardwood flooring, furniture, and other products that can be sold at considerably higher prices. The traffickers only reap the lawfully generated profits in this case.

The lower-quality lumber is sold for firewood. The traffickers own the firewood businesses and work in partnership with the regional boss who controls the logging industry.

The lumber is exported to other countries, primarily to Greece and Turkey, where traffickers own furniture and hardwood flooring factories. Besides the factories, sometimes the traffickers or their relatives own transportation companies that take care of the shipment and logistics. From the beginning to the end of the business process only close associates and friends of the traffickers are involved, which guarantees security and maximum profits.

They do not stop here, however; the traffickers bribe customs officers to falsify the export documentation for the wood. Instead of paying customs duty per cubic meter, they pay by the ton, which is a serious violation of the law and causes huge economic damage because one cubic meter of the heaviest timber is around 700 kg. That is, traffickers only pay two-thirds of the taxes owed per each ton of timber. Besides avoiding customs duty, many other violations were reported during the interviews. For instance, experts reported that the annual export of timber through one of the border checkpoints significantly exceeds the clear cutting quotas set by the state, which suggests a serious contraband export of wood.

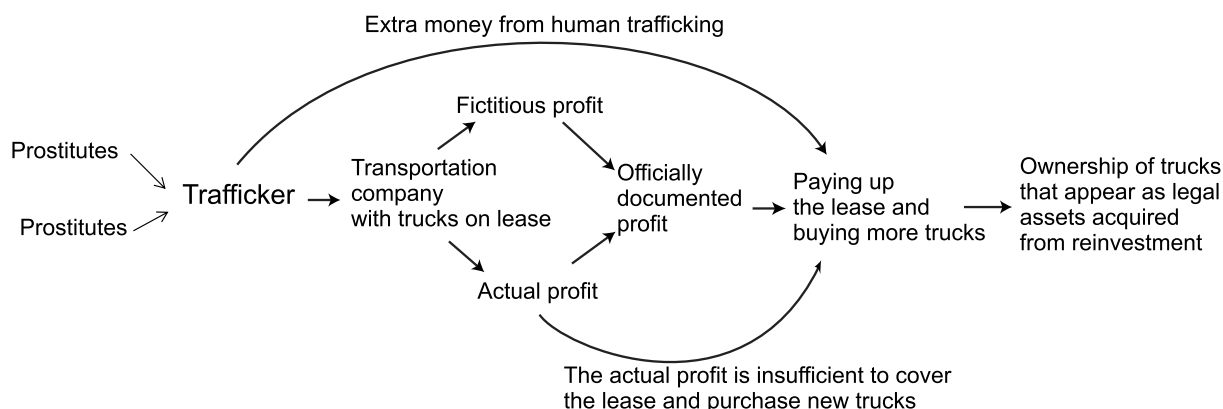
The furniture and lumber factories export and sell to EU countries, bringing in large profits. For minimum initial investments in the timber industry, the traffickers manage to achieve on paper, and in reality, enormous profits. Besides the financial gains, the traffickers succeed in concealing their criminal identity and illicit origin of their funds.

3.3. Transportation Business

From the available information, we can draw the conclusion that transportation is also one of the areas used to launder money from sexual exploitation. One example concerns a trafficker who bought a few passenger busses. Afterwards, he signed a leasing contract with a bus company for a monthly fee. The money from the lease was enough to maintain a high standard of life with income that appears legitimate, but was in reality generated from sexual exploitation.

The next figure presents a different case study.

Figure 13: Money Laundering in Transportation



In this case the trafficker registers his own company and leases a few new trucks for domestic and international shipping and transportation. He charges less than the average price asked by the other companies in the region, which means higher turnover. But, because of the low prices the company cannot generate a large profit. On paper, however, the company claims huge returns so the trafficker can buy new trucks and keep up with the monthly lease payments. In reality, the company's revenue is not enough to pay off the lease and buy new trucks; the extra money comes from sexual exploitation. On the surface it looks as if the business is growing because the legitimate profits are reinvested; in reality this is money generated from trafficking in persons.

Other case studies have shown that the purpose of investing in the transportation business is to support other legal or illegal activities of the traffickers. For example, a relative of a regional boss may start up a shipping and hauling company in order to service the logging business of the criminal organization by transporting the timber to furniture factories.

There are reports of independent pimps buying a fleet of vans with the money generated from sexual exploitation. They establish transportation companies in Bulgaria for international travel to and from Bulgaria. Along with the passengers, they transport the prostitutes to the destination country and bring the earned money back to Bulgaria. Thus, by investing in the transportation business, traffickers not only launder their money but also support the criminal activities of the trafficking organizations.

3.4. Construction and Real Estate

Construction and real estate are the other two areas that attract investments from traffickers. They establish construction companies and real estate agencies lured by the opportunities for quick returns and large profits. Based on interviews with real estate experts a year ago in Sofia, the cost of one square meter in the city was in the range of 250–350 EUR, but selling prices were 3–4 times higher, ranging from 900 to 1,200 EUR. The construction business is a safe haven for document fraud; it is a regular practice to produce documents for expenditures much higher than the actual, and payments to construction workers are usually under the table to avoid paying social security and other taxes. All these factors make construction an attractive area for money laundering and investments.

To go into the construction business, traffickers establish investment companies and often hire subcontractors for the building projects. They buy land and invest in the construction of hotels, residential buildings, business offices, etc. For many construction companies, acquiring a construction lot is a problem due to a lack of extra available resources. The companies must first sell the buildings to secure funds for future projects, but this is no issue for the traffickers and their satellites which have a constant supply of money. In many cases, instead of money, the traffickers compensate the landowner with a share of the finished building (apartments or offices). In addition, traffickers and their partner companies manage to acquire public property lots, most often with the help of corrupt officials in local government.

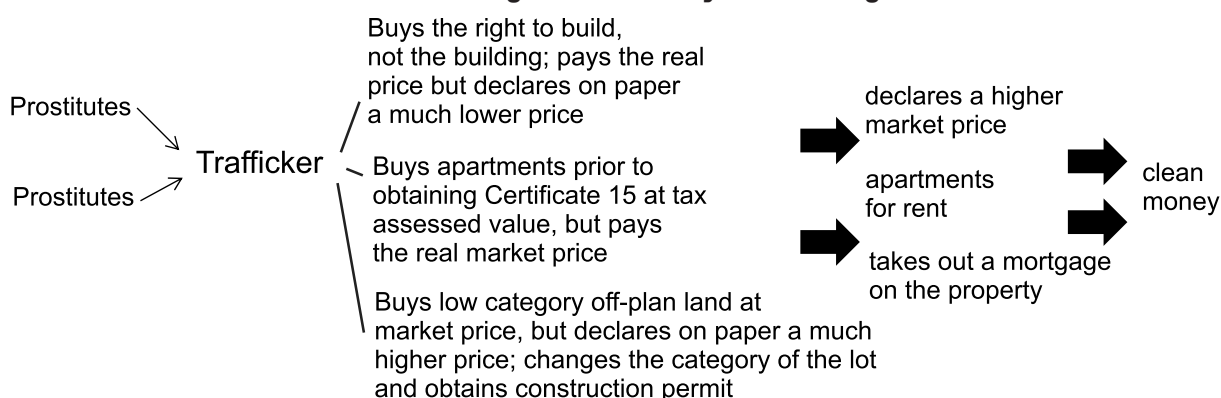
If the traffickers cannot sell the apartment or offices, they use an alternative scheme. An intermediary, pretending to be a potential buyer, applies for a mortgage loan from the bank. Upon approval from the bank, he pays the

construction company with the loan money. Then, he intentionally fails to make his mortgage payments and the bank takes the real estate property. The trafficker has, in effect, cheated the bank into buying the property he could not sell before.

In numerous other cases the traffickers build mansions for their families. They do not have a legal construction permit, nor do they enter the property in the land title registry, so on paper the houses are classified as unfinished construction projects. The traffickers have built the house and are actually living in it, but there is no official document proving that the building really exists. In this situation they do not need to provide proof of the funds used for the construction. Often traffickers sign agreements with construction companies' owners: the company has permission to use the heavy-duty construction equipment imported by the traffickers, and in return the construction entrepreneur builds a house for the trafficker.

The real estate market is another attractive area for money laundering. Some of the laundering schemes are presented in the next figure.

Figure 14: Money Laundering in Real Estate



In real estate deals, the traffickers negotiate with the landowner for the lowest price possible and are outright ready to use fraudulent documents. The trafficker officially buys not the completed building, but only the right to build. He acquires the right to build at a very low purchase price compared to the market price [of the building]; under the table, the trafficker pays the owner the difference. The trafficker is now the owner of a building, which on paper costs as much as one flat; unofficially, the contractor receives the whole amount for the property's value, thus saving on many fees and taxes required by law. The trafficker in this case successfully invests the money from sexual exploitation into real estate and needs to prove the lawful source of a very small portion of that money. In a future sale or mortgage he will receive a significant amount of clean money.

In other laundering schemes involving real estate, the traffickers buy the property before obtaining the so-called „Certificate 15“ (the construction is finished, but the required certificates and official permits are not issued yet), when the property's tax assessed value is very low. On paper, the trafficker acquires the property at this low price, and pays the difference under the table. In a future sale at the real market price, he could claim a much higher legitimate profit, using it to disguise the illicit origin of his funds.

An alternative practice is to buy low category off-plan land (land not included in the town construction plan), with a good location, so it is more

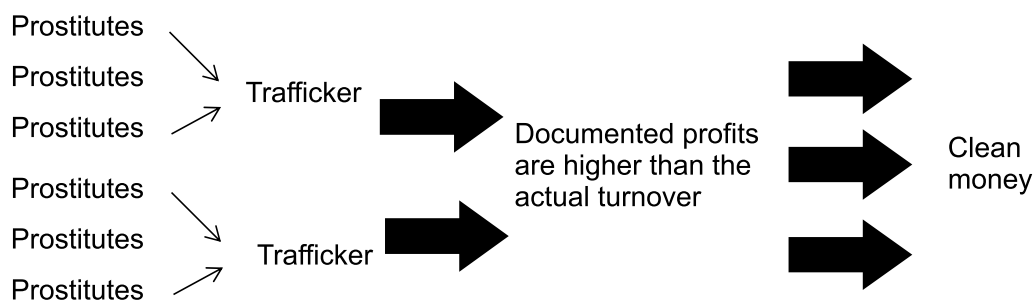
expensive. In the official papers the trafficker and the landowner declare as the official tax assessed value of the property an amount below the market price. The trafficker buys the land cheap and pays the difference between the official and the market value in cash. He then obtains the necessary certification to change the status of the property and resells it at a price slightly below the market value. He strikes a deal with the buyer, who purchases the property at the reduced price and in return agrees to declare in the papers a figure much higher than that. Through this transaction, at least on paper, the trafficker makes a huge profit from the sale. In reality, this profit is only virtual; the trafficker has paid much more for the property and has received less than what was officially declared. The difference is paid off with money from sexual exploitation. In closing the deal, whatever profit the trafficker has made now appears to have been acquired lawfully from the property sale.

3.5. Tourism and Retail

Any commercial establishment, such as stores, hotels, coffee shops, restaurants, dance clubs, casinos, car wash, amusement parks, etc., may be used for the purposes of money laundering. In some cases, the traffickers recruit new prostitutes from among their staff. As mentioned above, a high percentage of the interviewees had worked as waitresses before being trafficked. The money laundering technique is presented in Figure 15.

Figure 15: Money Laundering in Retail and Tourism

Stores, restaurants, hotels, casinos, clubs, etc.



When traffickers use this technique for money laundering, they usually declare higher revenue than the actual figure. This is different from the situation described above, when the imported goods have to be sold as quickly as possible and are therefore offered at low prices. Here, the actual sale rates are low, but on paper the declared turnover is high. The prices of goods and services in the stores owned by traffickers are much higher than the prices in other stores because higher prices guarantee higher profits. Information is also available about the opposite tactics: the stores and shops used for money laundering work with prices below the market prices, which guarantees them higher actual turnover and makes the investigation and detection of fraud more difficult.

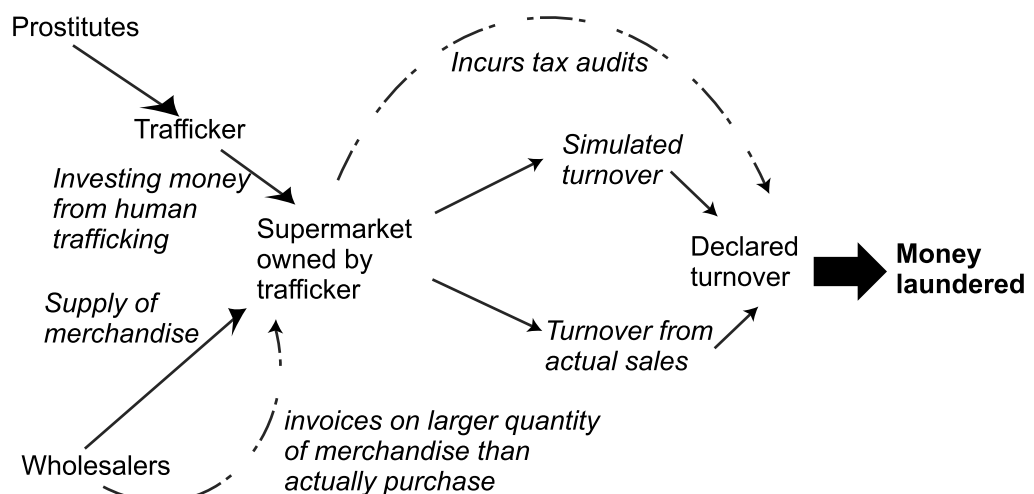
Very often traffickers invest in tourist resorts, where the revenues can be much bigger. By investing in tourist destinations, the traffickers take their business out of the region where they operate, thus avoiding attracting

public attention to their business deals and their assets. Based on the information available, money from human trafficking is often invested in Bulgarian vacation resorts on the Black Sea coast or in the mountains, and in hotels, residential buildings, apartment buildings for rent, stores, restaurants, amusement parks, etc.

Respondents in the study reported the following case about a trafficker who owned a hotel and declared higher revenue than his real proceeds. To avoid suspicion and possible investigations, he devised the following scheme: He would register people who had never actually visited the resort, but whose IDs and personal data the criminals had somehow acquired, as guests of the hotel. Apart from that, the trafficker would invite the girls working for him and their friends to stay at the hotel, officially registered but free of charge. The hotel did not make a profit from this, but would claim it.

Besides the money laundering techniques described above, the study revealed other more sophisticated schemes developed with the assistance and active participation of lawyers and accountants. The following figure illustrates an actual money laundering scheme using a supermarket.

Figure 16: Money Laundering with the Participation of Lawyers and Accountants



In this case the trafficker owns a supermarket. Based on a deal with the wholesalers, he receives invoices for larger quantities of merchandise than what was actually delivered. This agreement is mutually advantageous because business transactions in Bulgaria are frequently undocumented, which only feeds the grey economy in Bulgaria and creates favorable conditions for money laundering. The money invested in the supermarket comes from trafficking and sexual exploitation. In addition to the turnover from actual sales, the supermarket also declares fictitious turnover much higher than the real numbers. In other words, the trafficker only buys and sells merchandise „virtually,“ yet these financial operations provide a secure money trail so that any future investigation or audit will find only accurately documented business transactions and good bookkeeping. The traffickers even go an extra mile: following the advice of lawyers and accountants, they request regular financial audits, which can certify that they have not violated the law. At the end of the day, the proceeds generated from human trafficking

appear to have been acquired through the trafficker's legitimate supermarket business.

3.6. Public Tenders and EU-funded Projects

In the interviews, the respondents reported of cases when the money from trafficking and sexual exploitation goes to win public tenders.

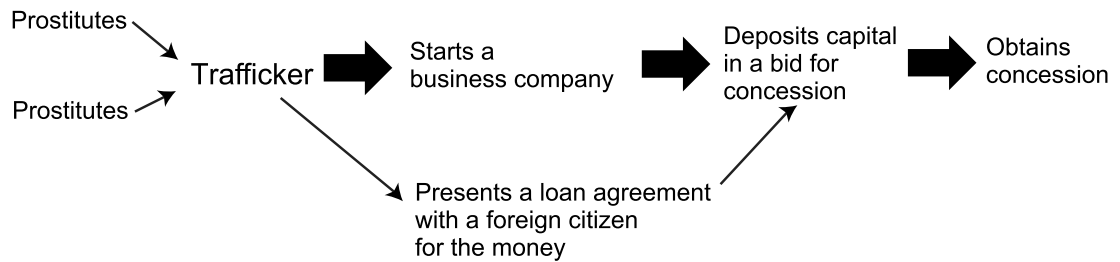
In such cases, the traffickers have strong political support and use the dirty money for winning public tenders and concessions (often for periods of 20 to 30 years), etc. As discussed in chapter three above, the traffickers frequently have close connections with political officials, and sometimes the traffickers themselves hold key positions in local government. These circumstances provide an unfair advantage to the traffickers when they participate in public tender application procedures. As a result, companies close to the traffickers often win the tenders and bids for state or municipal property, and obtain many concessions and privatization deals. Relying on political support, traffickers secure the right of use for municipal property, long-term, at extremely low prices.

One of the reported cases involves a trafficker with close ties to key government representatives in charge of administering the European funds in agriculture. Through these contacts, the trafficker played an intermediary role in securing European funding for specific projects. For that purpose, he traveled his home region and promised farmers assistance in obtaining European funding for their business projects. In return, the trafficker asked a percentage of the grant money, varying between 10 and 30 percent. In this case, the political connections of the trafficker work not only to his personal benefit in winning public procurement deals, but also in assisting third parties to receive European funding.

The advantage of the traffickers over their competitors in public bids is significant because they can make offers well above the average market value – they dispose with large amounts of cash, thus forcing their competitors to withdraw. Investing in legitimate businesses, they are able to launder the dirty money and incorporate it with the illegal proceeds from trafficking. To participate in the bid and to have a chance at winning, for example, the other bidders may have to mortgage their property or reallocate money from other business activities. In other cases, the traffickers apply threats and violence to force a competitor out of the bid. Traffickers benefit much from their connections with political figures to win privatization deals, such as supermarkets, vacation resorts, stores, etc. Many criminals acquire concessions for beach lines, lake dams, fisheries, etc. Cases are well-known of regional bosses, who, relying on their longstanding connections with government officials, win tenders for highway construction.

In another reported case, a regional boss, who was also the mayor of a small village, was a relative of the mayor of a large city in a different part of the country. With the latter's support, the construction companies of the boss were selected as subcontractors for most of the public tenders and construction projects in that region.

Often the traffickers use third parties to represent them in public bids, or they may use a company which launders money from sexual exploitation and is officially registered just days before the bid. A relevant example is illustrated in Figure 17.

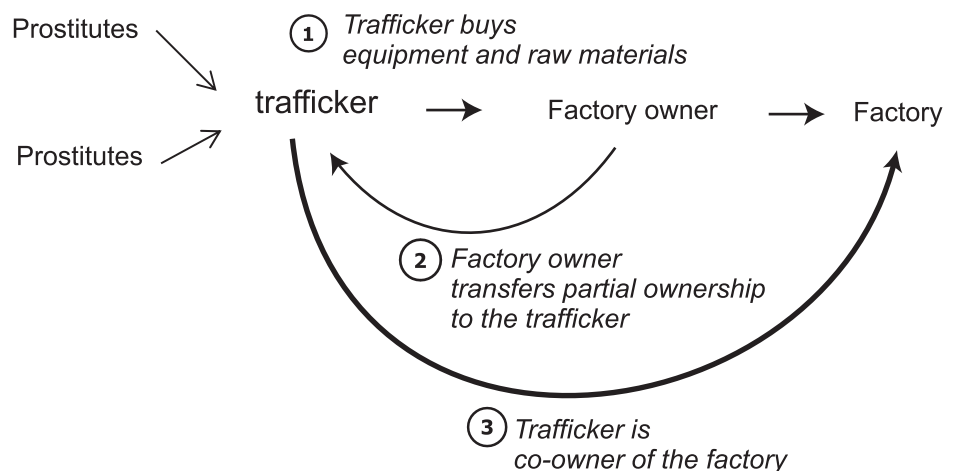
Figure 17: Public Tenders

To participate in the bid, the company had to declare available capital for several million BGN. The funds were secured through a loan agreement with a foreign citizen. As it turned out, the traffickers had used false IDs and the foreign citizen remained unidentified. Nevertheless, the trafficker's company won the concession bid with the money generated from sexual exploitation, which, on paper, appeared to be a legitimate loan.

3.7. Takeover of an Existing Company

In order to establish positions in specific economic sectors which are of interest to them, traffickers also invest money in businesses already in operation. To do that, they follow a specific plan for taking over the respective business. First, they identify an already existing company, research its position on the market, find out whether it has any debts, and then offer to pay that debt off to the creditors with proceeds from trafficking. If the company is debt-free, they look for ways to push the company to apply for credit or loans from companies associated with the traffickers. Thus, they force the company into bondage through debt, and when the debt reaches a certain amount, they demand that the business owner repay the money. The owner faces a dilemma – to go bankrupt or to make the creditors his partners. This is how the traffickers take over an operating company, already established on the market, with its staff and existing customer base. Sometimes the new owners invest some of the funds acquired from sexual exploitation in the company and make it even more successful in the business sector.

It is not unusual for business owners themselves to seek contact with the traffickers to secure investments by promising to transfer part of the enterprise to them. The next figure illustrates this process.

Figure 18: Takeover of a Factory

In the figure above the factory owner asks the trafficker for a loan to purchase raw materials and new equipment. In return, the trafficker is promised a share of the business. The factory has no extra cash or modern machines, which impedes the production cycle and the company's further development. The trafficker, on the other hand, has money which he cannot use openly because of its illegal origin. So, the two parties agree on the terms of the loan: the business owner will transfer a share of the factory into the name of the trafficker, quoting in the papers a price lower than the price actually paid for equipment and machinery. The trafficker thus acquires part of the factory using the proceeds from sexual exploitation, making the funds appear legal.

There are also cases of overtaking a business through deception and force. Using a similar scheme, a regional boss acquired a farmer's co-operative. For that purpose, the trafficker signed a contract with the chairman of the co-operative for delivering seeds, and they put the future harvest down as guarantee for the contract. The trafficker delivered poor quality seeds and the harvest was poor: the production was not enough to repay the trafficker and so the co-operative owed him money. As the debt increased and could not be paid, the regional boss threatened to take over the farmlands. People in the village waged a protest, but the regional boss sent his thugs to threaten the protesters and set their barns on fire. In the end, the trafficker became the owner of the farmer's co-operative and soon resold it for several hundred thousand Bulgarian leva. He received huge profits for nothing, using the transaction to make his funds appear legitimate.

3.8. Other practices

Based on the information available, there are several other techniques for money laundering, though they are not typical. They are discussed in the section below.

In some of cases regional bosses are owners of soccer teams and stadiums. Apart from the opportunity to launder the money from trafficking, they gain publicity and popularity in this way. The soccer players have full-time employment contracts with salaries in the amount of the official minimum monthly salary, and the remaining part of their remuneration is paid under the table. The traffickers do not pay taxes or social security for the players, nor do they pay expenditures for the maintenance of the sports facilities, which significantly reduces their expenses. At the same time, traffickers can declare high profits by quoting inflated revenues from ticket sales. Most of the respondents in the study identified the transfer deals involving soccer players as the basic technique for money laundering. There is no ceiling for such deals and they are hard to trace, which makes them ideal for money laundering. It is easy to claim that a player has been bought and sold several months later at a higher price, declaring the difference as net profit. Another technique involves betting on fixed games; the traffickers place their bet on the „winning“ team and pocket the money.

Apart from the transfers of soccer players, a number of other business transactions, such as consultancy services, fees for prominent „show biz“ stars, etc., can serve to launder money. The amount of those fees is not limited, and it is hardly possible to identify what amounts are spent. The

traffickers can therefore claim random amounts as expenditures, thus making the dirty money appear legal.

Other businesses – such as oil and gas stations – are also used for money laundering. Traffickers also invest the proceeds from sexual exploitation in insurance companies, hunting and game parks, pawn shops, funeral agencies, internet clubs, cable TV companies, auto body shops, etc.

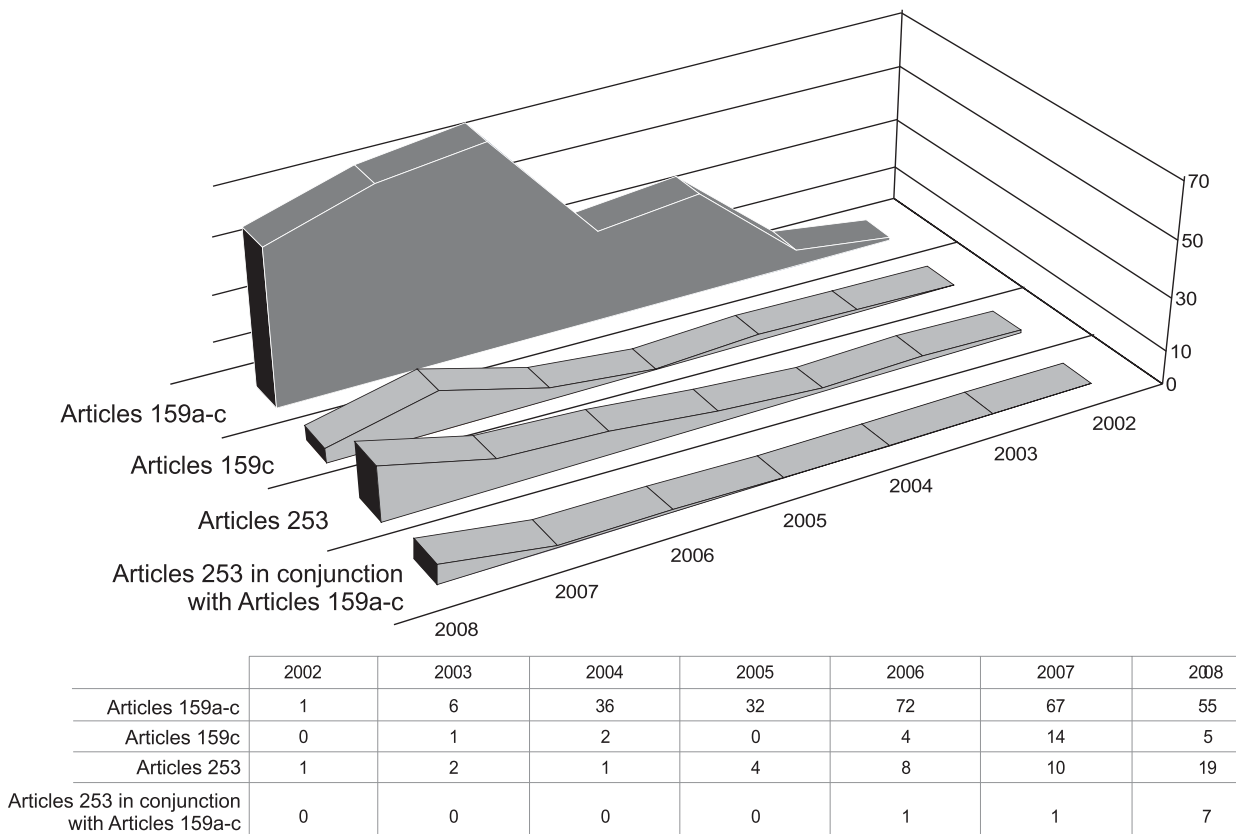
The list with money laundering techniques can be expanded; for the purposes of the current study the most common and typical techniques were described. They may seem isolated but most of the time these techniques are used in combination and may overlap. Regardless of what schemes are employed, there is one outcome – the bosses emerge as legitimate business owners or representatives of public power, with sizeable assets, enjoying their riches, be they yachts, cars, mansions, villas, etc. They have come to live the life of „untouchables,“ literally, and the effect of their money laundering on the social and economic environment is apparent.

CONCLUSION: PROBLEMS AND PROPOSALS FOR IMPROVING THE COUNTERACTION AGAINST MONEY LAUNDERING AND HUMAN TRAFFICKING

In the following sections we discuss some of the issues facing the effective counteraction of human trafficking and money laundering and make proposals for future action and legislative initiatives.

Based on information available from the Supreme Prosecutor's Office of Cassation, Diagram 2 below presents the achievements in the combat of human trafficking and money laundering so far. The chart illustrates the number of prosecution cases involving human trafficking filed with the court in the period 2002–2008, as follows: human trafficking cases as per Article 159a-c of the Penal Code; human trafficking cases committed by an organized crime group or by a repeat offender (recidivism) as per Article 159c; money laundering cases (Article 253); and cases regarding money laundering from human trafficking (Article 253 in conjunction with Article 159a-c).

Diagram 2: Prosecution Cases Filed in Court



Source: Supreme Prosecutor's Office of Cassation

In comparison to previous periods, the chart clearly indicates an increase in the number of cases filed after 2006. However, looking at the total number of prosecutions for human trafficking, there is a discernable tendency to neglect the cases of human trafficking associated with organized crime groups (Art. 159c). Oftentimes, the investigative authorities consider trafficking as a crime committed by individuals, rather than by criminal organizations. If success is to come in the fight against organized crime, the investigation should concentrate on each level within the organizations, including the top levels. Prosecution should target not only criminals at the low and mid-levels in the organized crime groups; the tendency to dismiss them as independent actors prevents the investigation from exposing their ties with the crime group and getting to the top levels in the criminal hierarchy. To accomplish this goal, the main effort should be concentrated on money laundering, which is, according to Franco Frattini (2007: 63), at the heart of organized crime. Only by following the money trail can the investigation get to the top tiers of criminal organizations.

Diagram 2 above also shows a significantly lower number of money laundering prosecutions compared to the total number of prosecutions for human trafficking. Apart from that, human trafficking is only one of the predicate crimes that generate financial proceeds and should be subject to investigation. Until 2006, there are no prosecution cases for money laundering. In 2008, the number of cases increases to seven, the highest so far. The statistics point to another issue: when they investigate crimes generating huge proceeds, the criminal justice authorities do not run parallel investigations to trace the cash flows. The result is incomplete and ineffective investigations. Criminal justice institutions should therefore develop regulations requiring the investigative bodies to carry out obligatory parallel investigations of money laundering for designated crimes. To implement this requirement, further steps should be made to increase considerably the number of personnel qualified to investigate money laundering.

The analysis of the prosecution cases and convictions for money laundering related to human trafficking allows us to determine the size of property that has been confiscated as of March 2009. The value of the recovered property is estimated at 500,000 BGN for cases filed in 2006; zero leva for cases filed in 2007, and 769,193 BGN for cases filed in 2008.¹⁶ The report of the Commission for Establishing of Property Acquired from Criminal Activity – CEPACA (Iliev 2009: 64–65) shows that between 2006 and February of 2009, the courts of first instance have ruled on seventeen asset recovery cases. All cases relate to property acquired from criminal activity, more

¹⁶ The assets decreed for recovery vary by type. The distribution is as follows: 141,397 EUR, 56,230 BGN, 4,550 USD, eight automobiles, and real estate property valued at 309,000 BGN. Converting the amounts from euro into leva, using an exchange rate of 1 euro=1.96 leva (the official exchange rate of the Bulgarian National Bank), the amount comes to 277,138 BGN. The same calculation, converting US dollars into BGN (using an exchange rate of 1 USD=1.5 leva), yields the amount of 6,825 BGN. The estimate for the vehicles is more difficult because the full information is not available. For the purposes of the study, we proceeded as follows: one of the automobiles is a Mercedes Jeep and the rest are lower class vehicles. A plausible estimate could be 50,000 BGN for the Jeep and 10,000 BGN for each of the remaining seven automobiles. This approach is by no means error-free, with admissible overestimation of the value of the automobiles. The total value of all assets recovered comes to approximately 769,193 leva.

specifically, for offences including debauchery and human trafficking. The total value of the asset recovery orders amounts to 741,760 BGN, and the courts of first instance have granted all claims in favor of the prosecution.

Comparing the amount referred to above and the diagram presented in Chapter 2 of this study on the scale of proceeds generated from human trafficking and subsequently transferred to Bulgaria, we arrive at the following conclusion. The proceeds from trafficking are estimated at ca. 500,000,000 EUR (i.e., about 1,000,000,000 BGN) per year, while the value of the confiscated property in prosecution cases for the last three years, calculated as a percentage of the proceeds from trafficking transferred to Bulgaria each year, is as follows: for 2006 – 0.0005%, for 2007 – 0%, and for 2008 – 0.0008%. These percentages can also be calculated with reference to the information published by CEPACA. Since CEPACA presents aggregated data covering a 3-year period, we calculated the percentage by taking the annual proceeds that are returned to the country, multiplied by three. The resulting figure shows that only 0.00025% of all the proceeds generated from human trafficking have been recovered by the courts of first instance (the recovery orders are for proceeds from the criminal activities of debauchery and human trafficking). Adding up the figures presented by the two government institutions (the prosecution office and CEPACA), the average amount of the confiscated assets is less than 0.001% of the total proceeds generated from sexual trafficking and transferred to Bulgaria.

The above calculations indicate a huge discrepancy between the size of the revenue generated from human trafficking for the purpose of sexual exploitation and the value of the recovered assets. This is also a clear indication of the need to change the approach to counteracting this criminal activity. Following the trail of the dirty money and prosecuting the guilty parties should not be a goal in itself, isolated from systematic efforts to fight organized crime. The prosecution of the dirty money will have no positive effect if the sources of dirty money remain beyond the reach of the investigation. Therefore, the main efforts should be concentrated on restricting and eliminating the activities that generate dirty money in the first place, and not simply on tracing the cash flows. The investigation of the illicit proceeds should be the main instrument used in uncovering and getting to the core of criminal organizations.

Each sphere of the economy can become a money laundering haven and there are no limits to the traffickers' criminal activities and schemes. This also sets the bar high for investigation officers, who must be equally creative in order to expose these schemes. The investigation should continue to pursue the money trail, even when it seems that the funds are legitimate; transactions used for money laundering can often provide the lead evidence on the criminal offence. For example, if the trafficker has a business that generates revenue higher than the actual turnover, an investigation should establish how the merchandise has been acquired, looking at the transactions with wholesalers, importers, producers, etc. If a hotel declares significant profits by lying about the actual numbers of visitors, the investigation should request an expert's report about the average daily consumption of water per guest in the hotel. A multiplication of this data by the number of the officially registered guests could then be compared to the utility bills of the hotel. In

all circumstances, the most important aspect in the investigation of money laundering is the opportunity to track down the money, which should lead the investigators to the criminal organization.

The interviews conducted for the study brought forth another issue: the reluctance of the victims to testify in Bulgarian courts or the tendency for victims to withdraw their testimonies. Often, the explanation for this is threats to them and their families by the traffickers. Therefore, it is necessary to provide full protection of the witnesses and their families during the trial. It is also necessary to develop and implement measures for the reintegration of prostitutes: professional training and education that would prepare them to work in other spheres.

An alternative study on money laundering (Petrunov 2008: 14–16) points to the lack of efficient implementation of preventive measures against money laundering in Bulgaria. Only about 10 to 15 percent of the 30 obligated entities, as designated in the Law on the Measures against Money Laundering (Article 3, para. 2&3), have developed and adopted internal regulations on handling suspicious transactions. In 2007, ninety percent of the reports of suspicious transactions had been filed by banks and customs officers. To be successful, the counteractive and preventive measures against money laundering in Bulgaria should be applied in a strict manner. In compliance with the provisions of the LMML, the obligated entities need to develop adequate internal control systems with indicators for identifying suspicious transactions. Relevant monitoring mechanisms regarding the implementation of the systems in the designated institutions should be introduced as well.

One of the obstacles in the fight against money laundering has to do with a stipulation in the criminal law on establishing the link between money laundering and the predicate crime. Experts propose streamlining the investigative practices with regard to the level of evidence sufficient to establish the predicate crime and the connection between the predicate crime and the money involved in a laundering scheme. One alternative is to provide for the possibility to accept indirect (circumstantial) evidence on the predicate crime, thus establishing with reasonable certainty that the defendant is engaged in criminal activity. This can be accomplished through an interpretative decision of the Supreme Court or relevant legislative amendments.

The entire philosophy underlying the legislation on criminal asset recovery and the confiscation of property acquired from criminal activity needs a revision. It is urgent to remove the clause in the Penal Code limiting the asset recovery procedures to persons who have a criminal conviction for specific types of crime only. Further, it is necessary to provide a legal option permitting the confiscation of property acquired through illegal activity or with funds other than earned income. Such a provision should allow the courts to order the recovery of assets belonging to the traffickers from an extended circle of individuals, including close associates of the traffickers and businessmen who are often the legal owners of their property.

It is beyond the scope of this paper to go into further detail on issues related to the judicial system and anti-money laundering measures. The topics presented here are the most pressing and the immediate efforts of

law enforcement and criminal justice authorities should be concentrated on them. The empirical information gathered supports these observations and conclusions. The recommendations and proposals put forward should aid the institutions dealing with money laundering and human trafficking in developing more effective policies and programs to counteract the criminal activities. Combating money laundering is and must be regarded as one of the most effective ways to combat organized crime.

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