

FINANCING OF TRAFFICKING IN HUMAN BEINGS IN BULGARIA

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Trafficking in human beings (THB) for the purpose of sexual exploitation is considered one of the largest Bulgarian criminal markets since the beginning of the new millennium (CSD, 2012). After the lifting of Schengen visas for Bulgarian nationals in 2001, Bulgaria became a major country of origin for the trafficking in human beings exploited in the EU. The existing research on THB and prostitution in Bulgaria indicates that these criminal activities not only generate huge incomes for Bulgarian organised crime but also have detrimental social and economic impact on local communities (Bezlov et al., 2016, CSD, 2007, CSD, 2012). The victims of THB in Bulgaria are mainly women trafficked for sexual exploitation, but other enduring criminal networks involved in trafficking for forced labour, sham marriages, forced begging and pickpocketing have also been detected, as well as criminal networks involved in trafficking of pregnant women for the purpose of selling their new-born babies (GRETA, 2016).

Recognising the extent of the problem of trafficking, Bulgaria has expanded and sharpened its legislation during the last 15 years. Human trafficking was first introduced as a separate offence in the Criminal Code for the first time in 2002, following the ratification of the Palermo Protocol.¹ The new articles generally adhered to the definition laid down in the protocol and addressed both national and trans-border trafficking in human beings. However, in contrast to many European countries, Bulgaria criminalises trafficking irrespective of the consent of the victim, viewing the use of any special means such as coercion or the giving of benefits as aggravating circumstances (ПРБ, 2010). On the other hand, labour trafficking definition is strictly narrowed down only to instances of “forced labour”. Since their adoption, the Criminal Code articles have been amended and complemented in 2009 and 2013 to incorporate additional types of trafficking such as trafficking of pregnant women with the purpose of selling their new-born babies and trafficking for forced begging. The latest amendments were introduced as a result of the harmonisation of the Bulgarian legislation with the 2011 EU Directive on Human Trafficking.²

Since 2007, when Bulgaria and Romania joined the European Union, and especially since 2013, when the restrictions on the access of the two countries to the common EU labour market were removed, THB

¹ Protocol to Prevent, Suppress and Punish Trafficking in Persons Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, adopted and opened for signature, ratification and accession by General Assembly resolution 55/25 of 15 November 2000.

² Directive 2011/36/EU of the European Parliament and of the Council of 5 April 2011 on preventing and combating trafficking in human beings and protecting its victims, and replacing Council Framework Decision 2002/629/JHA, OJ L 101, 15.4.2011.

related processes have undergone a significant transformation. The freedom to travel to and legally work in EU member states has barred criminal networks from controlling victims' access to the common European labour market, including that of sexual services. In addition, as European and Bulgarian law enforcement and judiciary bodies have stepped up cooperation with their counterparts on an international scale, criminal networks have become less likely to use violence against THB victims and, therefore, less efficient in recruiting new victims or exploiting already recruited victims. The socio-demographic changes such as the smaller number of children born after 1990 and migration towards big cities have also contributed to shrinking the pool of persons vulnerable to THB, as has the almost double growth of incomes even in smaller settlements in the post-accession years (Bezlov et al., 2016).

The criminal networks evolved also in their attempt to adapt to the changing environment, going through several stages shaping their characteristics. The **first period** of criminal networks' development began in the mid-1990s when the trafficking of women for sexual exploitation was strongly linked to the domestic prostitution market. During this period, the large criminal syndicates of the so called "violent insurers"³ turned the sex market into an important source of revenue, establishing control over supply through ownership of hotels, nightclubs and bars in major cities and resorts. Use of violence, often in extreme forms, was widespread (CSD, 2007).

With the lifting of Schengen visas, which marks the start of **the second period**, Bulgarian criminal organisations already established in some of the member states could dramatically expand their prostitution business. Initially, it was the big criminal players – local units of the so called "violent insurers" in Bulgarian cities – that made use of this opportunity. Later, some independent procurers and networks stepped in the cross-border trafficking as well. In this period, THB for sexual exploitation became the largest source of revenue for organised crime and Bulgaria, albeit a small country, became the second or third biggest country of origin for THB victims in a number of EU states (Bezlov et al., 2016, CSD, 2012).

The **third period** started after the initial post-accession period (2007 – 2009). Bulgarian criminal networks rapidly adapted to changing conditions. Patterns for controlling THB victims started to rely primarily on non-violent methods and economic inducement. The big criminal syndicates were largely replaced by loose networks with flexible arrangements and frequently changing composition of actors, although hierarchically structured organisations did not disappear. On the other hand, sex workers in the different EU member states became less and less dependent on organised crime infrastructure and logistics (Bezlov et al., 2016).

³ The so called "violent insurers" or *grupirovki* were the first powerful organised crime groups in Bulgaria, which emerged in the early 1990s and started their criminal activities with a wide use of violence and extortion. Most of them established private security and insurance companies as fronts for their extortion. Subsequently, most of them developed extensive crime portfolios including drug distribution, prostitution, contraband, etc.

Given the overwhelming prevalence of the trafficking for sexual exploitation in Bulgaria, the analysis below focuses exclusively on this type of trafficking inside and outside the country. The THB for sexual exploitation is deeply interwoven with the domestic and foreign prostitution markets and during the collection of data and its analysis it became apparent that it is almost impossible to distinguish between these two phenomena. Much has been written on the problem of trafficking in human beings in Bulgaria. However, one of the least explored aspects of this nefarious phenomenon remains its financial aspect, as well as the business models of the criminal groups behind it. The current report examines in detail the initial capital needed to kick-start or expand trafficking business, costs and profits related to this criminal activity, settlement of payments between the different criminal actors involved and the investment of proceeds. The report draws on review of publicly available data and reports, 23 interviews with traffickers and victims of trafficking and 19 interviews with law enforcement officers and prosecutors.⁴ The full list of the respondents is provided in the end of the report. The data has been additionally complemented with an analysis of court cases and media reports.

1. MARKET OVERVIEW

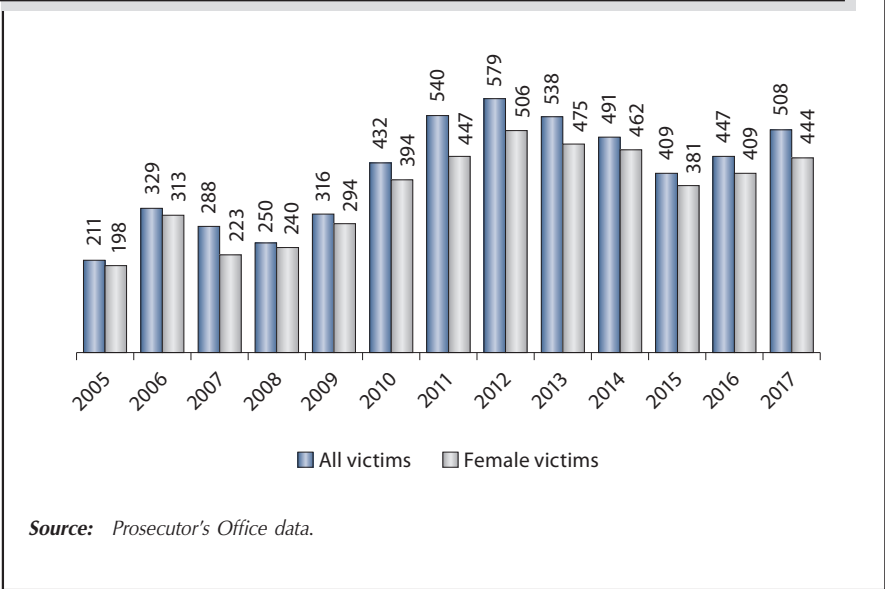
According to the Prosecutor's Office of Bulgaria, 90% of the victims of trafficking for the period 2005 – 2016 have been female (ПРБ, 2017). Trafficking for labour exploitation is the second most common type of THB, but it is significantly less common, with only 12% of pre-trial proceedings in the period 2011 – 2015 dealing with this type of trafficking (GRETA, 2016). The data from Bulgaria corresponds to the Europol assessment for EU countries whereby organised crime groups (OCGs) involved in THB for purposes other than sexual exploitation is about 10% (Europol, 2016).

During the last 10 years, there were several attempts to estimate the number of sex workers and respectively the scale of both cross-border and domestic trafficking in human beings. The first assessment of cross-border THB estimated that the number of Bulgarian sex workers abroad was between 8,000 and 18,000 in the period 2003 – 2007 (CSD, 2007). The most recent estimates on the scale of cross-border trafficking referred to the period 2005 – 2009 and indicated that between 11,000 and 21,000 sex workers from Bulgaria worked in other EU countries and generated about €1.5 billion, which is roughly equal to 2.6-2.7% of the national GDP for the same period (CSD, 2012). Revenues of the domestic sex market also vary – according to the estimations in 2007, the number of sex workers in Bulgaria was 5,000 – 6,000 and the generated revenues amounted at €115-120 million (CSD, 2007). The more recent assessment estimated the internal market at EUR 123-205 million generated by 6,000 – 10,000 sex workers (CSD, 2012).

⁴ The full list of the interviewees is provided in the references section. They have been coded in order to preserve their anonymity. The first two letters of the code indicate the country, "E" indicates an expert, while "C" means criminal entrepreneur.

However, public data from several EU member states reveal a dwindling number of victims from Bulgaria since 2012. The Dutch and German data on recorded THB victims indicate that the number of victims from Bulgaria in 2016 was 50% lower than in 2012 (Nationaal Rapporteur, 2017). Similarly, the German data shows that the number of Bulgarian victims of THB for sexual exploitation have decreased by 49% in 2015 compared to 2012 (BKA, 2016). At the same time, the number of victims identified by the Bulgarian authorities remains stable (see Figure 1). According to the latest GRETA report, for the period 2011 – 2015 the number of victims of domestic trafficking in Bulgaria is roughly equal to the number of victims of cross-border trafficking (GRETA, 2016).

FIGURE 1. VICTIMS OF TRAFFICKING INVOLVED IN PRE-TRIAL PROCEEDINGS, 2005 – 2017



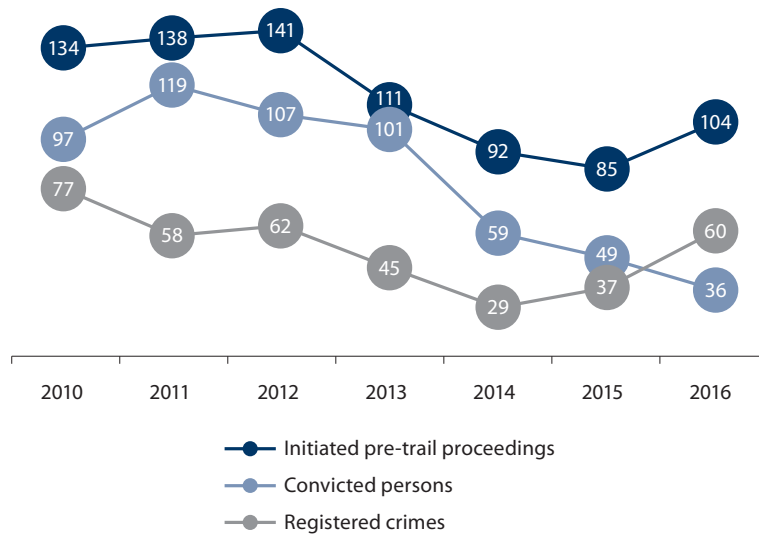
However it should be noted that domestic trafficking and cross-border trafficking are interlinked and in many cases appear to be simply stages of one and the same criminal activity (CSD, 2007, CSD, 2012, Риск Монитор, 2010). Often, following the recruitment, the victims are initially exploited within the country. Common destinations for newly recruited victims are Sofia, Varna and Bourgas or some of the summer or winter resorts depending on the season. At a later stage they are trafficked and exploited abroad, but their traffickers periodically return and exploit them at home as well. Nevertheless, due to the

increasingly easier access to the sex market in the EU, a growing number of victims start working abroad, without prior exploitation at the domestic prostitution market (see next section for further details).

At the time the interviews for this report were conducted, the number of THB victims was deemed to be on the decline judging from the observed significant decrease in the new investigations initiated by the Prosecutor's Office. The number of the new proceedings plummeted from 141 in 2012 to 85 in 2015, although slightly increased to 104 in 2016 (ПРБ, 2013, 2017). However, closer examination of the factors behind this suggested a somewhat different dynamic. Apparently, several factors related to law enforcement institutions have contributed to this significant drop in the investigations in the last 5 years. In 2013, the Directorate General Countering Organised Crime (GDCOC), the agency most actively involved in THB investigations, was merged with the State Agency National Security (SANS). The internal reorganisations after the merger led to the suspension of a number of cases, the dismissal and retirement of many senior officers experienced in THB. Two years later GDCOC was reinstated as a specialised Ministry of Interior (MoI) directorate, but its staff was

cut by half and many of its regional units have not been re-established and thus their overall number was reduced from 28 to 12. Some of the regional directorates that ceased to exist used to cover regions with a long tradition in the trafficking in human beings. Cities such as Pazardzhik, Dobrich, Razgrad, Pernik, Yambol, Shumen, etc., currently do not have any local units dispatched, despite the large number of victims and OCGs involved in THB. Moreover, most of the current GDCOC's regional units are understaffed and often only a single officer is responsible for tackling THB (BG-E12, BG-E14, BG-E20, BG-E23, BG-E24).

FIGURE 2. REGISTERED CRIMES, PRE-TRIAL PROCEEDINGS AND CONVICTED OFFENDERS FOR THB, 2010 – 2016



Source: Prosecutor's Office annual reports, Mol annual statistics (2010 – 2017).

Another institutional setback identified during the data collection was that in 2012 all organised crime investigations were removed from the remit of the regional prosecutor's offices in order that the newly established Specialised Prosecutor's Office takes over them. One of the unintended consequences of this institutional reform was that it disrupted the close cooperation between GDCOC officers and prosecutors on regional level. In order to have sustained working collaboration with the Specialised Prosecutor's Office, GDCOC officers from remote regional directorates would need to commute to Sofia or vice versa – prosecutors would need to visit them on a regular basis. For this reason, many

GDCOC officers from the regional directorates refrain from initiating investigations and transfer them to the local criminal police units. Practically, after 2012 regional GDCOC units rarely start investigations on their own initiative. They typically work on investigations initiated by the agency's headquarters or by foreign police services in which local cooperation is needed. Most of these investigations are about offences committed abroad and the effort invested by the Bulgarian units is rather limited. The local criminal networks, and in particular those that effectively control their victims, thus operate unobstructed by Bulgarian law enforcement institutions (BG-E12, BG-E14, BG-E20, BG-E23, BG-E24). According to the law enforcement officials interviewed, all cross-border investigations are handled directly by GDCOC's headquarters in Sofia. Thus regional units are not in a position to develop local capacity and expertise and have limited access to the respective operational intelligence about the cases they work on (BG-E12, BG-E21, BG-E24, BG-E25).

2. MARKET STRUCTURE AND SOCIAL ORGANISATION OF TRAFFICKING NETWORKS

Once extensively controlled by organised crime and practically cartelised in all big cities and resorts, the prostitution market in Bulgaria is now rather fragmented and decentralised. Similar tendencies have been reported for cross-border trafficking (Bezlov et al., 2016, CSD, 2012, Стойчев, 2016). Despite the fragmentation of the prostitution market and the increased share of independent actors, the human trafficking business in the country and abroad still remains largely controlled by Bulgarian organised crime. Since the 1990s, no criminals from other nationalities have ever had noticeable presence in the country or played any role in cross-border trafficking. Generally, the following profiles of sets of actors can be distinguished: hierarchically structured organisations; loose networks of collaborating independent traffickers; family/clan-based organisations; independent traffickers (Bezlov et al., 2016, Petrunov, 2014).

The **hierarchically structured organisations** are usually remnants of the formidable violent entrepreneurship syndicates that emerged in the early 1990s also known as *grupirovki*, as well as robust regional criminal organisations that emerged in the beginning of the 21st century (CSD, 2007). Unlike their predecessors, nowadays these organisations rarely resort to violence and instead extensively use legal business structures as a cover up for their operations and various soft methods to control the sex workers (BG-E5, BG-E19). Their structure has a great deal of specialisation and separation of specific functions and roles among members. Depending on the sophistication of the organisation, the specific roles might include one or several of the following – organisers (“the boss”), recruiters, drivers, money collectors, bodyguards/enforcers, supervisors, money carriers and straw persons acting as legal business owners (BG-E5, BG-E11). They can also have 3-4 layers of control between the ultimate organiser, or boss, and the sex workers. Before 2012, several such groups have split and cartelised the market in Sofia and in some of the big regional cities and resorts and operated the so called “chains” of brothels and sex venues (BG-E5, BG-E6).

The accession of Bulgaria to the EU in 2007, the targeted law enforcement pressure on the market in the period 2010-2012, and the increasing use of information and communication technologies (ICT) in the prostitution markets have to a large extent reduced the opportunities for cartelisation and control over the prostitution markets. Whereas in the past these organisations were exerting control on the access to the market by coercion and enforcing protection fees to all independent actors, nowadays they would rather contract the sex workers as employees and exert control through the use of market mechanisms, such as providing access to profitable locations or venues, and securing protection against rival competition and police authorities (BG-E17, BG-E25). Other similar arrangements include striking deals with independent traffickers for granting access to their locations or venues for a fee. The fee may include advanced payment and a commission based on the earnings of the sex workers, who are allowed to work in their venues. Depending

on the size and sophistication of the organisation, its leaders might have invested in venues both in Bulgaria and abroad, while other have opted only for a single venue either in Bulgaria or abroad (BG-E11, BG-E21).

The **loose networks** usually comprise of several independent traffickers, wherein each of them independently recruits women from Bulgaria or elsewhere, as a rule with their consent, and secure a location for them. Each procurer would also provide his sex workers with protection from violent clients, secure lodging and clients, arrange residence permits, licenses and resolve other administrative issues. Lately, traffickers have even been communicating with clients online, mostly via social networks. To ward off competition, the procurer resorts to his network of friends and compatriots. Under this modus operandi, each trafficker takes care of all aspects related to the business and this allows him to recruit two or three girls at a time. There are also some examples of procurers managing 3-4 girls in different EU countries who are not aware of each other. When looking for new girls, he entrusts guardianship over the prostitute to friends from his network and returns the favour when asked by another network member (BG-E20, BG-E27, and BG-E29). Procurers often marry the prostitute to avoid getting involved with the police (BG-E5). However, this type of arrangement works out rarely as conflicts often arise among traffickers, since competition for better venues and high-earning sex workers is fierce (BG-E19, BG-E20).

Family/clan based organisations are typical for traffickers from the Roma community, where usually members of the organised crime group are part of the extended family. The structure usually follows the familial links with an elder authority at the top of the organisation and specific tasks divided between the members of the family. These organisations usually traffic women from the same ethnic group and even other family members. In some cases, they also resort to buying women from other groups or networks (BG-E5, BG-E11, BG-E13, BG-E14).

The **independent traffickers** are usually a couple (married or not) or a trafficker with 2-3 sex workers, who operate as a family/small business. The women solicit customers and provide sexual services, while the men provide protection and facilitation. Independent traffickers do not share their earnings with some criminal organisation but may pay a fixed fee to them in order to obtain the right to work at a particular location. Thus they keep all the revenues for themselves, but risk extortion demands and violent assaults from other competitors or being reported to local authorities as there is no group or network to protect them (BG-E17, BG-E26).

All types of trafficking organisations use the same strategy to reduce risk of detection and apprehension by the police, which involves acquiring consent of the exploited women and pre-negotiating the division of their earnings, using violence in exceptional cases, and often posing as their friends or spouses. On the other hand, the collected data indicates that criminal networks involved in trafficking offer sex workers both economic and safety advantages. Women who try to work on their own appear to be more likely to become victims of violent incidents or to earn less

because of their limited access to profitable locations in central and western Europe where demand for sex services is high (BG-E19, BG-E22).

Structure of the domestic sex market

The extent of involvement and modus operandi of these sets of trafficking actors both at the domestic prostitution market and the prostitution markets abroad varies among the different market segments. The domestic prostitution market in Bulgaria can generally be divided among three main segments – outdoor, indoor and high-end prostitution (Bezlov et al., 2016, CSD, 2012). The market segments can be distinguished based on the place where the sex services are provided, the price range, and the clientele. Similar division can also be applied to the prostitution markets abroad, although the price brackets differ from country to country.

The lowest market segment in Bulgaria is **outdoor prostitution**, which comprises of sex workers who offer sex services mostly in public, open spaces. One group focuses on frequented places in big cities such as railway and bus stations, bridges, shoddy hotels, byways and side alleys parallel to main streets. Some of them migrate to the outskirts of resorts during the tourist seasons. The second group works along highways, main roads and the roads close to border crossings, mostly at parking lots, motels, crossroads and the like. Their main clients are truck drivers. The prices of both groups are rather low, ranging from BGN 10 to 30 (€5-€15) per client. Depending on the locations, prostitutes can service from 3-5 to 10-20 clients daily. The sex workers in this segment are recruited from various socially disadvantaged groups, mostly from Roma neighbourhoods (CSD, 2007; Стойчев, 2016). Each neighbourhood serves as a supply source for a particular region in Bulgaria. Other such pools are heroin addicts, young women raised at institutions or extremely poor families.

This segment is mostly occupied by the family-based organisations from the Roma ethnicity, as well as some independent traffickers. In the past, some hierarchically structured organisations that strived to monopolise or at least cartelise the prostitution market in their cities were imposing protection fees on the procurers operating in this segment for the right to operate at a given location. Currently the practice for levying protection fees continues, although monopolies and oligopolies at prostitution markets in the capital and in the regional cities ceased to exist. This niche is taken over in some regions by poly-criminal organisations that are involved in a variety of other criminal activities such as drug dealing, extortion, human smuggling, etc. Procurers and the sex workers are usually charged a set fee, which has ranged from BGN 20-30 (€10-€15) per day to BGN 100-200 (€50-€100) per week at different times (BG-E19, BG-E22).

The largest number of sex workers operates in the **indoor prostitution segment**, which can be provisionally divided in several substrata. The bottom one is occupied by the so called “apartment prostitution” named after the habitual locations where sex services are performed – rented

flats on the first floors of residential buildings. Prices vary depending on the town from BGN 60 to 100⁵ (€30-€50) per hour of standard sex. VIP or escort clubs occupy the next substratum at which prices are higher and control over prostitutes is more lenient. The segment also includes the escort services. The average prices range from BGN 100 to 150 (€50-€75) per hour of standard sex. The most luxurious substratum comprises erotic bars and adult clubs. Sex workers at such erotic bars take in additional revenue in the form of soliciting drinks from customers and dancing. The owners of such venues as a rule pre-select the sex workers before contracting them and tend to regularly replace them with new ones. Standard sex average prices range between BGN 300 and 500 (€150-€250) per hour.

Brothels and other sex venues are usually located in big cities, although other popular locations are resorts and border towns. Part of the sex workers who work in the biggest cities migrate to coastal resorts from June to September and to mountain ones from December to March. Usually owners of sex venues in some of the big cities also keep such venues at the resorts, so the sex workers are moved from the big cities to the resorts and back. Border prostitution in towns such as Svilengrad at the Turkish border and Sandanski and Petrich near the Greek border also takes place predominantly in various bars and hotels and the clients are predominantly foreigners.

The sex venues have their own internal rules and the workers that breach them bear financial penalties. The number of sites belonging to the indoor prostitution segment in Sofia, for example, has varied throughout the years depending on the demand for sex services and the extent of law enforcement pressure over criminal groups. The number of flats and clubs in Sofia, for instance, has ranged between 100 and 300, of VIP clubs from 20 to 30, and of erotic bars from 10 to 20 (BG-E19, BG-E22).

This market segment is dominated by hierarchical groups, who usually invest in sex venues at lucrative locations – in the city centre of Sofia or some of the big cities, as well as in the coastal and mountain resorts. However, in the period 2010 – 2012 the controlled chains of apartment brothels in big cities disappeared giving way to independently working (mostly in pairs) prostitutes renting their own living space, increasingly offering their services online, and occasionally paying criminal networks security fees to guard them against possible threats from clients. Many independent procurers have also started to operate in this market segment running apartments with their own sex workers or providing call girl services with extensive use of online advertising. Hierarchical groups used to levy protection fees on such actors in the past but after 2012 a significant number of independent procurers ceased paying for protection. The attempts to re-establish monopoly over certain markets, e.g. Varna, have not succeeded due to law enforcement pressure and resistance from the other local groups (BG-E12, BG-E18).

⁵ These prices are given as an example but in the last couple of years prices have consistently increased countrywide.

The **high-end prostitution** market segment accommodates various legal business structures that are used as cover for offering exclusive sex services. Typical businesses used in this market segment include fashion, model and advertising agencies, as well as talent managing companies working with dance troupes and pop folk performers. These bogus fashion agencies hire young women as models under a permanent or temporary contract to participate in fashion shows, advertising campaigns, TV shows, product promotions, movies, magazine photo sessions, etc., for a particular fee. However, many of the women are enticed to perform sex services and thus the line between their duties as fashion models and escorts becomes blurred. The price of sex is BGN 1,000 (€500) and over, but as collected data indicates, the financial side is often less important for the criminal organisations compared to the opportunity to influence the political and business elites in Bulgaria. This segment is also dominated by hierarchical organisations, which in many cases also have presence in the indoor segment (BG-E6, BG-E12, BG-E18).

The organisation of the cross-border trafficking

The structure and functioning of the cross-border trafficking closely resembles the domestic prostitution market. Street sex workers would be commissioned to work on selected streets, parking lots and open spaces in large European cities. Sex workers in the indoor segment are exploited in a variety of sex venues such as brothels, hotels, sex clubs, bars and windows, and the like after traffickers negotiate access with the respective owners or criminal organisations that controls them. Criminal organisations operating at the high-end prostitution level solicit foreign clients during the modelling agencies' tours abroad, usually in neighbouring countries such as Greece and Turkey, more exclusive destinations such as Dubai, and less often in Italy and France. Subsequently the sex workers are secured engagements in thematic or weekend parties, and business conferences (BG-E19, BG-E22).

Some of the big hierarchical organisations operate both at the domestic and foreign prostitution markets. However, the regional trafficking networks in most cases do not have presence at the domestic market, but prefer to organise only cross-border trafficking to EU countries, Switzerland or Norway. They recruit sex workers from the towns they are based or the nearby smaller towns and commission them to particular European cities. Criminal organisations and networks from Bulgarian cities such as Sliven, Pazardzhik, Stara Zagora, Haskovo, Pleven, Ruse, Dobrich, Vidin, etc., have established trafficking channels to Brussels, Strasbourg, Rotterdam, Oslo, Cologne, Vienna, Valencia, Rome, Koblenz, etc. To escape dependence and payment of protection fees, the regional procurement networks operate independently from the big hierarchical organisations, when supplying sex workers to the EU (BG-E20, BG-E29).

The big hierarchical organisations with established presence on the domestic market, on the other hand, have a different business model that guarantees better control over the sex workers. The newly recruited women first work in some of the bigger Bulgarian cities or resorts and after proving their loyalty and accountability are commissioned to more

profitable locations abroad (BG-E19, BG-E27, BG-E29). The sex workers periodically return to work back in Bulgaria upon completion of a certain period or whenever some problem arises (e.g. extortion demands from other criminal groups, conflicts with competitors, police operations, etc.). In contrast, the sex workers trafficked by the regional networks would usually have between-jobs spells at home or sometimes work at a brothel owned by the group with domestic presence.

As the interviews suggest, the opportunities of the Bulgarian traffickers to participate in the EU sex market and specifically in the outdoor and the indoor segment have widened with time. At the start of the century the newly formed regional hierarchical groups and loose networks would stick to a certain European city or region, which they get to know well and subsequently they started to expand to new cities, thus doubling the number of trafficking destinations in recent years (BG-E19, BG-E21). Whereas in the past, a few big organisations and networks controlled the trafficking channels, currently various trafficking organisations started to invest abroad in order to exert direct control of the victim's workplace by purchasing/renting sites such as bars, restaurants, hotels, night clubs, windows, escort websites, escort companies, etc. This strategy involves establishing of legal business structures as a front of their operations and along with the advantages of enhanced form of control over the victims, it also offers them the opportunity to better shield their activities from police scrutiny (BG-E19, BG-E22).

3. FINANCING AND FINANCIAL MANAGEMENT

3.1. Source of capital for initiating/sustaining criminal operations. Access to capital in critical moments

Many of the interviewed traffickers and sex workers in the present study claim that no initial investment is needed to enter the market of THB for sexual purposes (BG-C13, BG-C14, BG-C17, BG-C20, BG-C3, BG-E9). However, entering the prostitution market can have different forms – from simple procuring of a victim to a close circle of acquaintances to securing a profitable location in some brothel abroad. While the former may not bear any financial costs, the latter appears to require initial investments. For example, some of the interviewed offenders mention that in the indoor segment securing access to a profitable location for a sex worker in Bulgaria can cost from €1,000 to €3,700 (BG-C3, BG-C7) and abroad from €2,000 to €4,000 (BG-C4, BG-C7).⁶ In addition to that they also disclose costs for recruitment, transportation and lodging. Certainly larger investments are needed if a trafficker aims at becoming an owner or manager of a brothel or other sex venue. For example, one of the interviewees indicated that the rent of an adult club at the Bulgarian coast for the summer season amounts at €60,000, due

⁶ The quoted sums are requested as advanced payments for renting a place. The period of renting can vary from three months to one year.

in advance (BG-E3). More profitable establishments in western Europe certainly cost a lot more; for example, one of the interviewed police officer reported that a trafficker invested one million euros to purchase an adult club in Spain (BG-E21).

Collected data indicates that in many cases social ties and networks are being converted into quantifiable value, whereby initial capital for a market entry, or a market expansion is loaned to the newcomer from actors who are already established in the trafficking for sexual exploitation, be it friends or extended family members (BG-C10 and BG-C7 for expansion; BG-C2 for entry). Accounts of social ties, connections, friends and extended family that factor in the genesis of human trafficking endeavours abound in the data collected from the respondents. At least three instances reveal that being part of the wider network of traffickers for sexual purposes exposes the members to opportunities for lines of quick credit with preferential interest rates when borrowing from “colleagues” (BG-C8; BG-C6 BG-C5). Being connected to people in the business, which entails trust and mutual assistance for starting up appears to be a crucial element in facilitating initial expenditures and diminishing or removing altogether barriers to market entry. The prevailing model for starting up is epitomised by a statement from one of the respondents that highlights the importance of social networks and social capital: “if you have a girl ready to go right from the start, every trusted person will help you out” (BG-C10).

In this regard collected data is in line of the existing literature on the importance of social capital for a market entry. Whereas opportunities for most conventional crimes are countless, the sophistication of its activities makes organised crime opportunities less evident. Therefore, the market entry barriers for organised crime are far greater than most general crimes, and operations require close cooperation between offenders (van Koppen, 2013). Cross-border trafficking of human beings often involves complex processes of coordination, whereby finding suitable co-offenders requires building of sufficient trust. Therefore, organised crime offenders in human trafficking use social ties and networks to establish trust before any cooperation and collusion takes place (van Koppen, 2013; von Lampe & Johansen, 2004). Social relations and network dynamics ensure that the recruitment of new offenders and the creation of new partnerships are not the same as traditional models claim. Family, friends and acquaintances work together and are the base of criminal entrepreneurship and expansion (Kleemans & van de Bunt, 1999).

The observed differences in the **source of initial capital** appear to be contingent on the type of market entry, i.e. independently or through an already established network or criminal organization, as well as on the type of market segment – outdoor, indoor and high-end. Independent traffickers may need to raise initial capital to secure access to clients (e.g. place on the street or in a brothel, window in a red light district, etc.), logistics (e.g. transportation, lodging, work permit, etc.) and visual make-over of the trafficked person, e.g. high-end clothing, accessories, cosmetics, hair and body care, etc. Some of them initially start in

Bulgaria and re-invest the generated proceeds to fund cross-border trafficking (BG-E4).

Criminal entrepreneurs joining established trafficking networks or organisations do not need to cover all these cost by themselves, since the network or the group grants the access to these assets or at least they may receive initial capital for related expenses through the network or from the boss of the group. The investment is then repaid from the sex worker's earnings (BG-C10, BG-C1). Nevertheless, joining an established network requires the newcomers to prove they are trustworthy and accountable. This is also indicative that market entry for prostituting girls and women is heavily contingent of social connections and networks. Among the possible sources of start-up capital mentioned by the interviewed respondents were borrowing money from friends, family and relatives (BG-C11; BG-C12; BG-C13; BG-E1); revenues from legal business (BG-C10), proceeds from another illegal activity (BG-C16; BG-E14) and loans from usurers (BG-C7).

Joining an established trafficking/procuring operation provides a number of advantages for both sex workers and pimps. Networks and groups have more available capital which can be channelled to serve different purposes as needed, such as recruitment activities, transport and accommodation abroad, as well as connections and a line of credit in case of urgencies. The advantage is most noticeable with regard to recruitment and starting costs. Apart from everything, starting an independent operation entails a number of risks. Independent sex workers are vulnerable to violent or fraudulent customers or to networks or groups trying to subdue them to their control. Procurers and traffickers not part of a group also have less resources and therefore have to carry out all activities associated with the business. Independent pimps and traffickers thus often choose to have or appear to have a limited number of sex workers under their control (up to 3) as with more women "the problems are bigger and are related to more costs" (BG-C20, BG-C11, BG-C12).

Borrowing money is also a tactic used to weather out difficult moments. However, borrowing from loan sharks is considered as highly risky due to the exorbitant interest rates and both pimps and sex workers try to avoid it. Generally, traffickers prefer to settle such situations through borrowing from other members of their network (BG-C3, BG-C13, BG-C20). Sex workers appear to have a broad creditor base, that includes pimps, colleagues and in some cases clients (BG-C16, BG-C23). There is a general arrangement that there are loan options for persons in the trafficking business with more favourable interest rates than those of loan sharks. The interest rates for such intra-industry/network lending are 10-20% (BG-C5, BG-C6, BG-C8). Rates may still be higher in cases of a novice who is yet to prove trustworthy.

3.2. Settlement of payments

Data indicates that there are various modes for the settlement of payments within the trafficking network and with outside actors, wherein the sole common denominator is the pre-eminence of cash transactions. Most payments are done in cash – clients pay cash to sex workers (variably before or after the service) and the money is subsequently transferred to the higher levels of the organisation in cash as well (BG-C1, BG-C10). Women report and account for their earnings to pimps “day by day” (BG-C6, BG-E19, BG-C4), often via coded messages through messaging services (BG-E17). Sex workers may receive their shares periodically in cash by their traffickers/procurers or trusted persons (BG-C3). Cash proceeds are then usually transferred up the chain through trusted payment facilitators, which appear to be insiders rather than the typical money mule (BG-C10). Exceptions do exist as sometimes clients can pay for sexual services via bank transfer/credit card, whereby such payments are registered as a legitimate service, e.g. massage. This is particularly the case when trusted clients based in western European states order services from sex workers that may be currently based in Bulgaria. The wired money is used for travel and advance payment for the services (BG-C5, BG-C16).

It should also be noted that in the domestic indoor and high-end prostitution segment, many sex workers have also fictitious contracts as office assistants, masseuses, waitresses, hostesses, barmaids, exotic dancers, receptionists, hotel maids, etc. The contracts are usually signed with bogus companies and fixed at minimum wage and for minimum working hours. However, they will still receive payments under these contracts and all respective social and healthcare contributions will also be covered. Some respondents report that they receive these payments via bank transfers (BG-C4, BG-C9). In this way the traffickers try to conceal the true nature of their activities and not raise suspicion in the law enforcement and other regulatory agencies (BG-E3, BG-E9).

Procurers and traffickers transferring profits from abroad may use money transfer services, such as Western Union (BG-C1). However, they will take a number of precautions, such as using intermediaries (money mules) to withdraw the money and deliver the amounts to the intended recipients (BG-C10). Western Union is also a preferred method for sex workers, who send small sums to their families (BG-C7, BG-C8, BG-C9). Another method for sending money to Bulgaria is through van drivers servicing routes from Bulgaria to western Europe, some of which may be part of other – irrelevant to sex – trafficking and/or smuggling networks, e.g. cannabis from the Netherlands (BG-C7, BG-E1, BG-E8).

Procurers and traffickers may use trusted third parties for settling payments with facilitators outside of the networks such as club owners or corrupt police. There is at least one account that describes a more sophisticated system of settling transactions. In this case the trafficking ring-leader uses a multitude of bank accounts under his control, which are registered to dummy entities or shell companies in order to transfer

payments to external actors. The dummy accounts are employed on a rotating basis so as to avoid suspicion (BG-C1). Cash mules are also used, particularly for international payment settlements (BG-C10).

When operating abroad some traffickers are wary of getting directly involved in all payment settlement activities, as being seen around sex workers and in particular known clubs and hotels may arouse suspicion. Therefore, in some cases settlements with clubs and hotels are delegated to the women who transact directly with the owners of the establishments where sexual services are performed (BG-C13). Settlements in the domestic market seem to be conducted in cash directly between the trafficker, or trusted person, and the owner of the club/hotel where the sexual services are provided (BG-C1; BG-C20).

The high-end prostitution segment displays some subtle differences in the patterns of payment settlements. In many cases the pre-supposed exclusivity of sexual services performed by “models” and the parallel operation of the fashion agency as a cover business seem to keep a certain distance between the consumer and the sex worker, particularly in the financial flows. The contacts between the customers and the clients are usually handled by a central figure inside the agency – the so called “booker.” The booker also often receives the payment directly or through trusted members of the network from the client. Therefore, in such cases the women would perform a pre-arranged and pre-paid service without coming into contact with money. Exceptions seem to be the case, wherein established and known clients pay directly to the sex workers (BG-E6).

3.3. Costs of doing business

Trafficking operations involve a variety of different costs at each stage of the process – recruitment, transportation and exploitation, wherein the last stage appears to be most cost demanding. Some of these costs are one-off and might be categorised as investment costs, whereas others are recurring and rather fall under the operational costs category. It should be noted that this classification is somewhat arbitrary, since the line between the two is blurred. The costs structure of trafficking operations varies depending on the modus operandi of the traffickers.

Recruitment of new sex workers in most cases entails an investment of both financial resources and time. Independent traffickers, family-based organisations and loose networks often employ the so called “lover-boy” method or similar strategies involving deceit and manipulation. This method includes courting, befriending and manipulating the potential victim by the recruiter into a relationship of trust (BG-C1, BG-C7, BG-C14). While traffickers often rationalise their actions as helping the women earn good money (BG-E11), different degrees of manipulation are involved. Aside from poverty, other vulnerability factors play an important role as well – dysfunctional family background, lack of experience with adult relationships, recent emotional trauma due to relationship break-ups,

and periods of stay in orphanages or other institutions for disadvantaged young adults (BG-C1, BG-C2).

In some instances, the process of trust-building may last up to nine or more months, thereby the lover-boy incurs sustained additional expenses (BG-C14). Very often recruiters identify and pick good looking women from poor backgrounds who can easily be impressed with a luxury lifestyle. The related costs in this sense include expenditures for restaurants, vacations, clothes and other gifts (BG-C1, BG-C7, BG-C14). On the other hand, to take advantage of the lover-boy routine in recruitment, the recruiter may increase the chance for successful manipulation by displaying a luxurious lifestyle, which includes an expensive brand automobile, branded clothing and accessories, an expensive smart phone and well maintained physique (BG-C10).

Hierarchically structured organisations usually pay to specialised members of the organisation to perform these activities or pay to external actors on fee-for-service base. Persons in charge of recruitment receive a specific sum per new recruit and a bonus if she does well. The sums reported were between €100-€250 and the bonus amounted at €500 (BG-C1, BG-C2, BG-C4). The money invested in recruitment activities are considered as running costs for the business and are covered out of the generated revenue (BG-C1, BG-C2, BG-C3, BG-C5, BG-C6, BG-C8, BG-C10). Still, in some cases, sex workers can be “acquired” without any direct financial cost – such as coercing or manipulating an independent prostitute to work for the network (BG-C1, BG-C2, BG-C4) or in cases where women seek out such employment themselves.

A common expense that is closely related to the recruitment stage are the costs for make-over and personal care of the newly recruited victims. Collected data suggests that these sums range from around €500 to €1,500, which is used for brand clothing, accessories, cosmetics and perfumery, among others (BG-C8, BG-C10, BG-C9, BG-C22, BG-C7). The sum varies, since it depends on the modus operandi of the traffickers. The outdoor segment is less demanding with regards to such expenses, whereas for the indoor and the high-end prostitution segments these expenses are integral. There are instances, wherein more expensive manipulations such as plastic surgery might be invested in for high-end sex workers (BG-C18).

Transportation costs, both domestically and abroad, apparently play a minor role for the operations of Bulgarian traffickers, since Bulgarian citizens are entitled to a visa-free travel in the EU and the costs of intra-community travel have significantly decreased with the advent of low-cost flights. At the domestic market, if the provision of the sexual service necessitates transportation to another location, it is either covered by the sex worker, or the procurer or is paid by the client on top of the price for the session. Procurers might enter into specific arrangements with taxi drivers or provide transportation themselves (BG-C17, BG-E3, BG-E6, BG-E10). Regarding the transportation costs in cross-border trafficking all interviewed respondents reported that these are usually covered by the traffickers.

The most substantial costs sustained by the traffickers are related to the **exploitation stage**. These costs include lodging, expenditures for client acquisition, monitoring and control of sex workers, protection, concealment of criminal activities, corruption, and facilitation of money laundering.

Client acquisition costs or in other words securing access to clients is one of the most significant costs for trafficking operations. Depending on the modus operandi these costs might include costs for acquiring access to a profitable location on the street, a window in a red light district or a place in a well-established adult club, brothel, and massage parlour. Online advertising costs and payments to taxi drivers, hotel porters or concierges for referring clients can also be generally put in this category.

Profitable locations in hotels, motels and clubs abroad and in Bulgaria are often controlled by hierarchically structured groups and access to these for other trafficking actors is usually granted upon certain fee paid in advance (BG-C1, BG-C4, BG-C19, BG-C20, BG-E17). Even if the location is not controlled by some organised crime group, traffickers and pimps have to pay the hotels, motels and various hospitality businesses in order to use their facilities for sexual services undisturbed (BG-C15, BG-C17, BG-C4). In some arrangements the fee is flat and irrespective of the prostitute's earnings (BG-C4), whereas in other cases, the hotel's owner or manager receives a fixed fee (in one of the cases €5 per client) for each client brought in the hotel (BG-C17).

Seasonal prostitution at hotels in resorts on the Black Sea coast seems to be characterised by strong competition, which drives prices up, while at the same time some hotel managers may require payment in advance for the prostitutes to work in a protected environment with access to clients. The fee for one prostitute to work in a Black Sea resort hotel may vary between €2,500 and €3,125 (or €125 per night for a beachfront hotel) per sex worker per month in advance (BG-C1, BG-C3). The closer the hotel is to the beachfront, the higher the fee (BG-C3). The fee for working in adult clubs is around €1,125 per sex worker per month (BG-C6). Different payment modalities exist, depending on the arrangement. In some cases, traffickers are required to pay a fixed fee upfront. This might be entry fee which is followed by a monthly or weekly payments (BG-C4). Alternatively, the lump sum covers stay for a certain amount of time – e.g. on seasonal basis (BG-C19, BG-E3). The amount differs depending mainly on the location and reputation of the establishment. Hotels and clubs in top Bulgarian summer resorts have been reported to cost BGN 4,000-7,500 (€2,000-€3,750) per month (BG-C1, BG-C3, BG-C4, BG-C7). Smaller Bulgarian hotels or motels which provide terrain by the hour for the outdoor segment of the prostitution market might charge as little as BGN 5-10 (€2.5-€5) per service (BG-C12, BG-C17).

Securing access to profitable windows, brothels, massage parlours and similar establishments in the red light districts of western European cities, where prostitution is legal, also often entails payment of fees in advance. Some of the respondents indicated that in order to secure placement

of a sex worker in such establishments traffickers have to pay a one-off fee of €2,000-€3,000 to an established broker who has been active in the business for a significant amount of time and possess the necessary social and business connections (BG-E17, BG-E6).

Another option for traffickers is to rent apartments or houses where the women can work, wherein costs vary depending on the location. According to one of the respondents, an apartment in Cologne, close to the red light district, rented for several girls to provide sexual services may cost around €550 per month (BG-C6). This option is more prevalent in the indoor and high-end prostitution segments, and may be used in both domestic and cross-border trafficking (BG-E3, BG-C6, BG-E6).

Finally, many trafficking organisations rely extensively on online advertising for solicitation of clients. Various websites, social platforms and online mobile applications are used to advertise the sex services. Online advertising may cost from nothing to a few euro per week, which is negligent compared to the fees for placement at brothels or similar sex venues. Thus, the sex worker can provide the sex services in any rented apartment, at the place of residence of the client or in any hotel. However, in high-end prostitution organisations, organisers may also invest in marketing their “models”, i.e. increase their popularity, hence marketability, through investing in professional photo sessions, magazine covers appearances, fashion shows, beauty pageants, among others (BG-E6).

Other client acquisition costs may also include payments to external facilitators that refer clients. There is evidence that in a Bulgarian summer resort, a trafficking network would pay €15 per secured client to taxi drivers, hotel porters and casino workers (BG-E30).

Monitoring, supervision and control of sex workers are the other type of costs associated with the exploitation stage, although they are not always easily quantifiable. These costs are primarily related to the strict accounting of the clients served and the due collection of the pre-agreed portion of earnings from the sex workers. In more coercive arrangements the tasks for monitoring and control also involve preventing the victim to run away or turn to the authorities. Depending on the complexity of the trafficking operation, these tasks may be performed by the traffickers themselves or by other trusted persons. Independent traffickers and members of loose networks often carry out these tasks by themselves (BG-C10, BG-C13, BG-C17), although in loose networks members could help each other from time to time (BG-C13). In family-based organisations usually one of the family members is tasked with this (BG-C14). In other words, they do not directly incur financial costs for this, although they invest personal time.

Hierarchically structured organisations usually have trusted persons that are managing the day-to-day schedule of the women, as well as the daily collection of the earnings. Use of such supervisors and money collectors also serves the purpose to conceal the direct link between the sex workers and the organisers of the trafficking operation. In Bulgaria the money that has been earned by the women is usually collected in

cash daily by the persons in charge of protection and transportation of women (BG-C1, BG-C2, BG-C3, BG-C4, BG-C6, Bg-C8, BG-C9, BG-C10, BG-C20). In the high-end prostitution segment, these tasks were carried out by the bookers, who are handling the contacts between the women and the customers (BG-E6). Different modus operandi is used by Bulgarian traffickers in western Europe, where this role is often assigned to some of the trusted sex workers (the so called “first girl”), the managers of the sex establishment where the victims are placed or the “madams” at the windows at red light districts in Belgium and the Netherlands (BG-C5, BG-C18, BG-C21, BG-C22, BG-C23, BG-E29). The amount of these costs remains somewhat unclear, although some of the respondents reported that the supervisors are paid a pre-agreed proportion from the earnings of the sex workers they look after (BG-E6, BG-C3, BG-C5).

Closely related to monitoring and control are the costs for **protection of sex workers**. Independent traffickers and family-based groups personally take care of the safety of the women and their earnings from abusive clients and rival competition (BG-C17). However, especially in the outdoor segment they are often subjected to protection racket by larger organised crime groups specialised in the use of violence (BG-12, BG-C14) and one of the interviewed offenders reported that he pays about €8 per night (or €60-€65 monthly) for each of his six workers working on the street (BG-C17).

Similarly, members in loose networks are responsible for the sex works they control but cooperate when they have to deal with rival competition. Rather rare are occasions, when they pay for protection to external persons (BG-C4). It should also be noted that, when traffickers pay for placement of their sex workers at brothels or other sex venues, the protection is included in the price or at least part of the pre-agreed arrangements. Hierarchically structured groups usually have members assigned with such tasks and, as mentioned above, they are often also responsible also for monitoring and control of women, money collection and transportation. Reportedly in such arrangements for every five to six sex workers there are two persons performing the day-to-day management, coordination, supervision and money collection (BG-C1, BG-C2). Most of the hierarchical groups also seem to retain within their ranks the so called “punitive brigades” that are part of the operating group and on the monthly payroll and are specialised in use of violence (BG-C7, BG-C10; BG-C18, BG-C19).

Corruption costs also generally fall into the category of cost of protection. Different trafficking actors make use of corruption to different degrees, corresponding to their specific needs. Corruption payments become much more necessary in cases of incidents, complaints by family members and initiation of investigations by the police and judicial authorities. Such payments are made either directly or through the help of intermediaries. Typical targets of corruption are law enforcement officers and to a lesser extent judicial authorities (Bezlov et al., 2016). Many respondents reported regular extortion fees imposed by police officers to outdoor and indoor sex workers and their procurers in Bulgaria (BG-C12, BG-C15, BG-C16, BG-C17, BG-C19).

TABLE 1. EXAMPLES OF COSTS ASSOCIATED WITH STARTING AND RUNNING A TRAFFICKING OPERATION

Cost type	Value	Notes
Make-over costs I	from €1,500	Hairdresser, brand clothing, accessories, cosmetics, etc.
Make-over costs II	€3,600-€4,500	Breast enlargement
Logistics I	from ~ €100	Airfare to a major western European city with a low-cost airline
Logistics II	from ~ €250	Fuel and one motel stop for circa 2,000 km
Logistics III	from ~ €120	Single bus fare from Sofia to major western European city
Rent	from €550/month	Multi-bedroom apartment in the red-light district of a major western European city
Interest rates I	10% to 20% per week	When borrowed from the wider trafficking network
Interest rates II	50% to 250% per week	When borrowed from a loan shark
Money transfer fees	€10-€100	Per transaction, depending on the amount sent
Advanced payment for placement of one sex worker in adult club	€1,125/month	Bulgaria, Black Sea resort, south
Use of a hotel room with a client per hour	€3-€5 per session	hotel, low segment, inner city
Advanced payment for placement of one sex worker in adult club (top location)	€7,500/season	Bulgaria, Black Sea resort, south
Advanced payment for placement of one sex worker in a hotel with access to clients	€2,500 to €3,125 per month	Bulgaria, Black Sea resort hotel
Broker's fee for placement of one sex worker at a red light district window	€2,000-€3,000/ per prostitute	Red-light district window of a major western European city, one-time fee
Hotel rooms rental (permission to do business)	€1,000 per week per sex worker	In major western European city, depending on the hotel
Protection fee (racket)	€2,500 per week per person	Hotel in major western European city
Red-light district window rental	from €500 per week	Red-light district (major Belgian and/or Dutch city)

Source: Interviews and authors' online research.

Hierarchically structured groups sustaining more sophisticated trafficking operations incur additional **costs related to the concealment of their activities** from the authorities. In the high-end prostitution segment such costs may include investing in elaborate schemes of legitimate business structures – appointment of straw persons for owners and managers, registering front businesses such as modelling or fashion agencies, and organizing model castings, fashion shows, advertising campaigns, among others (BG-E6). However, use of legitimate business structures is not limited to this segment. Criminal groups, which invest in and control adult clubs, massage parlours and similar establishments employ similar methods and register bogus companies with straw persons appearing as owners and managers. Women working in such adult clubs, hotels and other establishments have labour contracts as dancers, masseuses, office assistants or housekeepers (BG-C1, BG-C5, BG-C9). Using such legitimate companies as a front also entails a number of other costs typical for all normal legitimate businesses – office rents, accounting and legal services, utilities, staff salaries, etc. In recent years, trafficking networks that have established a foothold abroad also exhibit trends of attempting to use legitimate business structures through renting or investing in bars, clubs, restaurants and sex establishments in various western European cities (BG-E16, BG-17, BG-E19).

3.4. PROFITS AND PROFIT SHARING

As with the costs for doing business, the revenues from trafficking operations vary depending on the modus operandi of the traffickers and the market segment in which they operate. Prices for sex services fluctuate from one market segment to the other, as well as on the domestic prostitution market and abroad. Sex workers in the different market segments also tend to handle different number of customers. Furthermore, the profit sharing arrangements between the traffickers and the sex workers also vary depending on the modus operandi.

The prices in the domestic market are significantly lower compared to the prices abroad. The sex workers in the domestic outdoor segment, which work on the street or bring their clients in low-end motels or hostels, charge between €7–€15 depending on the service (BG-C12, BG-C17). Services in the indoor segment performed in clubs, hotels, rented apartments and private residences cost between €50 and €200. In summer and winter resorts the prices might go up to €200 per session. The high-end prostitution segment, which includes women procured to rich clients by model agencies can range from €300–€500 (BG-E6), depending on the length of sessions (e.g. 2-4 hours, overnight stay or weekend). Abroad, the prices vary in the different countries (e.g. prices in Greece are lower than prices in Germany) and depending on the location (e.g. window prostitution vs. call girl services). The prices in the outdoor segment are €30–€50 per session depending on the type of services provided (BG-C7, BG-C23). The prices in the indoor segment fluctuate significantly – from €50–€100 per hour for

low-end motels or hotels (BG-C1, BG-C4, BG-C11, BG-C16, BG-C22) to €150-€400 for red light district windows, rented apartments and well-placed hotels (BG-E6, BG-C6, BG-C7, BG-C8). Prices of high-end sex workers abroad start from €400 up to €3,000 but they also have longer engagements – e.g. over-night stay, weekend, etc. (BG-C9, BG-C18). Regular customers can receive discounts on sex services, usually about 5% (BG-C5, BG-C9).

Sex workers in different market segments also handle different number of clients. Whereas a sex worker in the outdoor segment will handle 7-20 clients per day (BG-C7, BG-C8), clients in the indoor segment are usually between two and six men per day (BG-C4, BG-C6, BG-C7, BG-C20). High-end escorts work with between one and six clients per week (BG-E6, BG-C9, BG-C18). The women usually work five-six days per week (BG-C16, BG-C19, BG-C23). The number of clients fluctuates from sex worker to sex worker but also depends on a number of other factors – location, day of the week, season; therefore, traffickers are constantly looking for more profitable locations or better performing sex workers. Nevertheless, according to the accounts of several interviewed traffickers operating in the indoor segment abroad, the **average monthly revenue from a sex worker is in the range of €15,000-€45,000** (BG-E8, BG-C1, BG-C3, BG-C4, BG-C7, BG-C9).

Revenue sharing arrangements differ depending on the type of the trafficking organisation and the modus operandi of the traffickers. Independent traffickers and family based groups more often tend to withhold all earnings from the sex workers under different pretexts – either because the trafficker and the victim have some kind of intimate relation and he pretends to look after the “family money,” or because the traffickers pretend to collect and safeguard the money on behalf of the victim until she returns to Bulgaria (BG-C14, BG-C15, BG-C21, BG-C22, BG-C23). In many of these cases deception, manipulation, coercion and even physical violence against the victim are also used by the traffickers. The procurer in this case will cover all costs of the trafficking operation from the earnings of the sex workers and keep the profit for himself.

Hierarchical groups and loose networks as a rule employ less often coercive methods and pre-negotiate the split of the revenues with the sex workers. The interviewed respondents reported different proportions of earnings, which the sex workers are allowed to keep. The share of earnings remaining in the sex workers oscillated between 20% and 50%. Most respondents report that the traffickers are supposed to cover all related expenses from their share – acquisition of clients, protection and monitoring, transport and lodging. In general, gifts and tips received by the sex workers are usually kept by them (BG-C4, BG-C6, BG-C8). Sex workers who generate more revenue can also be rewarded with a bonus by the traffickers – either with an increase in the share of earnings they are allowed to keep (although this never goes above 50%), or other perks such as an extra holiday (BG-C9). In some of the hierarchically structured organisations, some of the key members of the group are also allowed to receive a share of the revenues generated by the sex workers.

For example, in one of the cases involving a modelling agency used as a cover for prostitution, the person who handled the contacts between the women and the customers received 10% of all earnings (BG-E6). Another respondent reported that as a supervisor of six sex workers, he was receiving 20% of their earnings (BG-C3).

Hierarchically structured organisations, which controlled brothels or other sex venues (especially such in a profitable location), follow a different arrangement for profit sharing. Instead of pre-agreeing on the split of the earnings, they demand a fixed advanced payment. For example, organisations controlling erotic clubs at Sunny Beach resort in Bulgaria demanded an advanced payment of €7,500 per sex worker for three months during the summer season (BG-E3, BG-C20). Similar arrangements based on advanced payments ranging from €2,500 to €7,000 on a monthly basis were reported about hotels, adult clubs in other resort areas and abroad (BG-C1, BG-C2, BG-C3, BG-E6, BG-E17). The advanced payments supposedly cover their costs for renting the venue, providing protection against violent clients, rival groups and state authorities. The beneficial owners of such well-located adult clubs at the Bulgarian sea coast reportedly receive about €30,000 on a monthly basis in the form of rent (BG-E3).

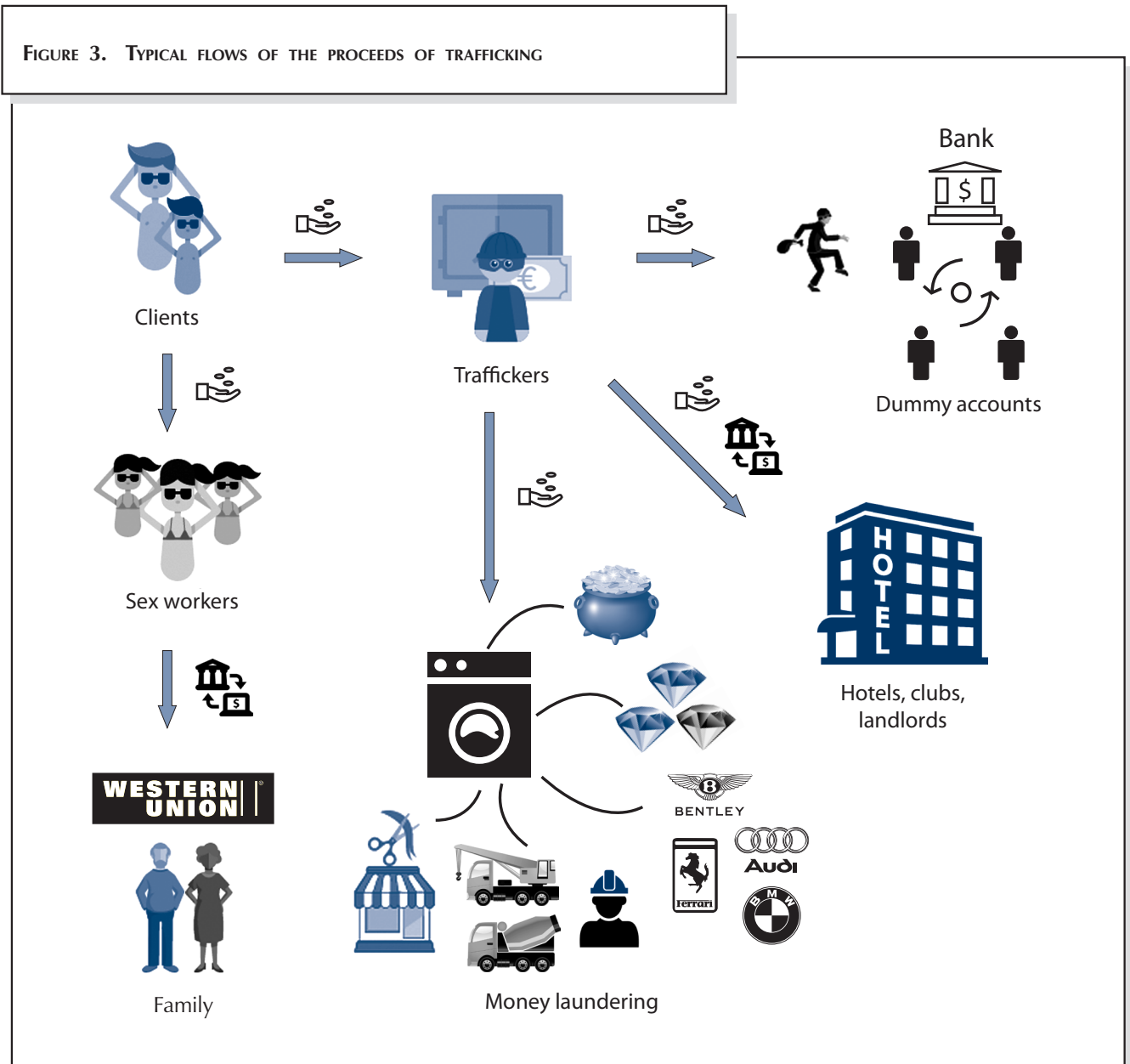
The enforcement of the revenue sharing arrangements are very strict and traffickers often impose tight daily accounting and control. For example, when the appointments with clients are made through the internet, the persons in charge of protection and revenue collection are granted access to the profiles of the women and sometimes communicate with the customers directly (BG-C1, BG-C2, BG-C3, BG-C5, BG-C8). In other arrangements, sex workers have supervisors who closely account for their clients and earnings on a daily basis. Women who are caught trying to hide revenue are penalised with working for a certain amount of time without receiving any compensation (BG-C1, BG-C3, BG-C5, BG-C20). In rare cases they might be subject to physical violence, although it appears that this method is generally avoided, as well as the withholding of all earnings of the women. One trafficker, who used to be part of a larger network, notes: "There should be control but never through violence. I have always managed through conversations, good treatment and money, 50/50, always. If the girl wants, she can let you have all the money, but it is advisable to go 50/50" (BG-C10). The use of violence might prompt sex workers to go to the authorities (BG-C22).

The methods for **money laundering and the re-investment of proceeds** from human trafficking are rarely sophisticated, especially in the case of independent traffickers and loose networks. Moreover, much of the money is spent on a lavish lifestyle or supporting a drug habit. Money is returned to the country and laundered through the purchase of designer clothing, electronics and automobiles, often of luxury brands (BG-E10; BG-E13; BG-E14). The traffickers operating in the outdoor and low-priced indoor segments of the prostitution market and many independent traffickers appear to use simple trade-base money laundering such as purchasing and re-selling of easily tradable goods. These include mostly cars and gold, which are brought in and

sold in Bulgaria (BG-C7, BG-C10, BG-C11, BG-C12, BG-C13, BG-C15). Other consumer goods, e.g. stolen electronics, are also bought cheaply and subsequently resold (BG-C7). Purchasing real estate and land in Bulgaria remains popular both for traffickers and sex workers, and most of the interviewed offenders and sex workers reported such.

Traffickers who are part of more sophisticated organisations reportedly often invest in various commercial establishments such as restaurants, small shops, hair salons (BG-C1, BG-C6, BG-C11). Investments into legitimate enterprises can serve a number of purposes – laundering of proceeds, providing a legitimate reason for residing abroad, recruitment of new sex workers – e.g. hair salons and massage parlours (BG-C1, BG-C10). Value transfers in the form of multiple donations and/or re-sales through a ring of dummy recipients are also reported to be employed in laundering proceeds from trafficking (BG-C10). Organisers in hierarchically structured

FIGURE 3. TYPICAL FLOWS OF THE PROCEEDS OF TRAFFICKING



groups, on the other hand, engage in developing more sophisticated and diversified legitimate business portfolios with multiple stakes in sectors such as hospitality, construction, agriculture, jewellery trade, fitness gyms, etc. (BG-C1, BG-C3, BG-C9). Construction works in and around popular winter and summer resorts as well as larger cities is a widely used method of laundering (BG-C6, BG-C16).

Generally, most of the proceeds are invested and laundered in Bulgaria but a tendency to invest abroad is beginning to be discerned (BG-E5). Previous research showed that in the first half of the 2010s there had been many instances of investment in real estate in Greece, Cyprus, Spain, Italy, and Germany (Bezlov, et al., 2016). There are strong indications of a positive relationship between the sophistication of an OCG and its propensity to invest in real estate and businesses abroad, both as cover and investment for trafficking sustainability and expansion. These may include bars, clubs, and cafes, used often for criminal social networking and/or provision of sexual services (BG-E5, BG-E6, BG-E7, BG-E17, BG-E19). Some experts opined that there is development of a similar trend among independent traffickers as well (BG-E8).

4. THE ROLE AND IMPACT OF THE INTERNET ON HUMAN TRAFFICKING ACTIVITIES AND FINANCES

The extensive penetration of internet-based services such as (anonymised) instant messaging and social networking websites, has impacted on sex trafficking in Bulgaria and abroad in a variety of ways. First of all, online advertising has created opportunities to lower costs for client acquisition, since it reduced the competitive advantage of having access to established and profitable locations. Thus, especially in Sofia and abroad, it effectively contributed to the gradual disintegration of the existing cartelisation and control of the sex service market by organised crime and the increasing share of independent procurers and sex workers (CSD, 2012). Furthermore, it also allowed to expand the pool of potential new recruits, since it provided a whole new bundle of opportunities to target and reach out to potential victims (CSD, 2017). However, internet has also increased the risk for independent traffickers and sex workers, since they can be easily traced and eventually targeted by hierarchically structured groups, other rival competitors or law enforcement authorities. The latter is especially true for cities with relatively small prostitution markets (BG-C1, BG-C4, BG-C8).

Data from the interviews suggests that the reliance on and use of the internet for sex trafficking, including recruiting and customer base development, is anchored in the interplay of assessments for trustworthiness, opportunism and caution of exposure. For example, whereas the internet may present countless opportunities for recruitment and clientele expansion it is void of the typical offline mechanisms for establishing trust. This is why, it is not surprising that both traffickers and sex workers among interviewed respondents exhibit diverse attitudes

toward the online environment depending on subjective preferences and risk perceptions, as well as experiences with rival competitors and law enforcement encounters (BG-C10, BG-C13). Utilisation of online services such as dating sites, social media and specialised websites differs greatly among the respondents, whereby both extremes of the spectrum are involved, e.g. no use versus exclusive use. Apparently, for some operations the internet proves sufficiently valuable so as to expand the network by including external facilitators, such as IT experts, thereby ensuring that the traffickers are able to fully enjoy the benefits and minimise the risks of internet exposure.

Internet services are primarily used for client acquisition and interviewed respondents provided a variety of examples how they are utilised. Many independent traffickers and sex workers rely on various online channels to market their services and solicit clients. One of the respondents reported extensive use of social networks to expand clientele, although new clients were usually accepted upon prior reference by already known clients (BG-C16). Data suggests that social media accounts (usually with fake names) are used for customer solicitation, whereby sex workers engage in maintaining flirtatious communication with their clients (BG-C16, BG-E10). At least one account shows that sex workers may organise themselves into Facebook groups, wherein sexual services are negotiated and arranged with customers within the social media service (BG-C17). There are also reports that Facebook pages are being created where girls advertise their legal front business, such as massage services (BG-C5, BG-E10). In online offering and negotiating of sexual services the details of the transaction are usually carried out through a conversation over Skype or another medium which allows the customer to be seen and assessed for reliability (BG-C2, BG-C4).

Organised trafficking and prostitution networks also tend to use the internet for client acquisition, as well as for sex worker supervision and control. Victims may be instructed to register accounts and profiles on online dating sites that are popular in the country where they work, such as Badoo, eLove Dates, Tinder (for Western Europe) and Gepime, Elmaz, Adam and Eva (for Bulgaria) (BG-C8, BG-C2, BG-C1). The accounts are controlled by the traffickers, whereby in some instances the organiser will hire an expert to deal with the technical details of account management, including for profiles in social media such as Facebook (BG-C8, BG-C6, BG-C1, BG-C5). Such experts are usually external to the network and are not involved on a full-time basis (BG-C5). The control and supervision activities include operating with the sex workers' accounts, messaging on their behalf, instructions not to delete chat messages with clients, regular inspection of the contents of chats, among others (BG-C8, BG-C1, BG-C3). Thus, apart from everything, ICT technologies have also reduced costs for supervision and control.

Hierarchical organisations, are also known to take advantage of internet to trace and recruit independent sex workers who use online dating sites to increase their exposure and popularity. The recruiters would regularly scan the known websites used for offering incognito sexual services and identify potential new recruits to be convinced to join the

network. Once a victim is identified then the typical recruitment tactics of manipulation and coercion will ensue (BG-C1, BG-C4). Some of the interviewees were of the opinion that independent offering of sexual service through online dating and other sites is a short-term experience lasting up to several months. Then the independent sex worker is usually spotted by some local criminal group or network and they will instantly make efforts to recruit her/him (BG-C8, BG-C3).

This is why a large group of traffickers and sex workers are cautious about using the internet actively for their operations because of uncontrollable exposure to the public, including rival competitors and law enforcement, and the perceived benefits of their own proven offline business model. Therefore, many consider face-to-face arrangements and negotiations to be more trusted, safe and reliable than internet-based communications, and therefore avoid online activities as a part of their risk-aversion strategy (BG-C10, BG-C12, BG-C13, BG-C14, BG-C15, BG-C21, BG-C22, BG-C23).

5. FINANCIAL INVESTIGATIONS OF THB CRIMES: CHALLENGES AND GOOD PRACTICES

Trafficking in human beings is a highly profitable criminal activity, which is driven by both profit and demand, thereby yielding significant proceeds. This has prompted the European Commission to emphasise to member states the need to follow the money in THB investigations. Article 9 of the Anti-trafficking Directive provides that member states shall take all the necessary measures to ensure that effective investigative tools are available to investigation and prosecution authorities, and that investigation and prosecution should not be dependent on reporting or accusation by the victims.⁷

Nevertheless, the deficiencies in the Bulgarian authorities' investigative capacity to tackle complex financial crimes and conduct effective financial investigation remain endemic in the responsible enforcement, investigative and prosecuting structures. The insufficiencies have been ascertained in external evaluations, as well as recognised internally. With regard to investigating and prosecuting money laundering (ML) offences, the Prosecutor's Office concedes in its 2017 annual report that such cases are problematic due to ineffective prosecutorial supervision over ML investigations; transfer of cases to the regional prosecution offices, which leads to re-assignment and delays of investigations; difficulties in evidencing the predicate offences and submitting indictments to the courts; insufficient efforts toward the thorough and timely identification and seizure of the assets of the investigated entities and/or natural persons (ППБ, 2017). A study by the Structural Reform and Support Service (SRSS) of the European Commission in 2016 concluded that "there

⁷ Directive 2011/36/EU of the European Parliament and of the Council of 5 April 2011 on preventing and combating trafficking in human beings and protecting its victims, and replacing Council Framework Decision 2002/629/JHA, OJ L 101, 15.4.2011.

is a big gap in expertise in modern financial investigative techniques in Bulgaria by law enforcement” (SRSS, 2017, p. 23). With regard to police investigations related to ML, the report further notes that the police lack their own financial experts and often rely of external specialists with minimal financial qualifications and experience sufficient to “translate” and interpret financial documents, but inadequate to conduct or facilitate a full-fledged financial investigation (SRSS, 2017).

The difficulties with conducting financial investigations and bringing complex financial crimes to court are reflected in the national judicial statistics. Sentencing ML in Bulgaria remains low when compared to other types of crime (see Table 2). It should be noted that the practice of initiating the financial investigation simultaneously with the criminal investigation, remains rarely used in the country (CSD, 2017). At the same time, investigating and proving ML offences in court remains challenging. This is confirmed by the low volume of ML sentences, compared to other types of crimes, despite the fact that the majority of crimes are profit-driven and employ ML mechanisms in the various stages of the laundering process (CSD, 2017).

TABLE 2. SENTENCING OF SELECT OFFENSES IN BULGARIAN COURTS IN 2016

Types of criminal activity	Type of sentence				
	Effective	Suspended	Probation	Fine	Other
Corruption	26	225	103	113	63
Organised crime	52	68	1	4	6
Human trafficking	12	23	1	8	0
Drug trafficking	556	1,136	62	1,486	111
Money laundering	7	6	1	7	0
Crimes against the tax system	84	943	65	298	67
Counterfeit currency and payment instruments	65	207	5	64	7
Misuse of EU funds	7	23	2	45	0
Total	809	2,631	240	2,025	254

Source: Prosecutor's Office, 2016.

The volume of suspicious transaction reports received by the country's financial intelligence unit – the Financial Intelligence Directorate at the State Agency National Security – and the number of registered money laundering indictments in a year may be cautiously considered as another proxy indicator for the effectiveness of the financial investigation environment in a country. In 2016, the Directorate registered

2,987 suspicious transaction reports, while in the same year 14 ML indictments were registered in Bulgarian courts by the prosecution (SANS, 2017; ПРБ, 2017).

Data from the conducted interviews largely depicts a general environment of deficiency in financial investigations, while adding valuable specific insights into the particulars of THB investigations. As a rule, financial investigations are mostly conducted on a case-by-case basis, rather than systematically and are often limited to asset recovery investigations, which fall under the remit of the Commission for Combatting Corruption and Illegal Assets Forfeiture.⁸ Most often financial investigations arise out of joint investigation teams and other international frameworks for law enforcement assistance. Financial investigation is still considered as an area for specialised experts, rather than an integrated method to be used within the investigating authorities.

Many of the above mentioned deficiencies are rooted in the current structural and functional models of the responsible institutions and specifically GDCOC and the Prosecutor's Office. Following the series of re-structuring of the GDCOC, currently the Directorate has a highly centralised structure with limited resources for carrying out independent investigations at the local level. The investigative powers and expertise remain centralised in Sofia, thereby resulting in most major and complex cases being investigated from Sofia, wherein many investigations lose the advantage of having on-site specialists with expert local knowledge and situational awareness (BG-E5).

All ML expert operatives of the agency are concentrated at the GDCOC HQ in Sofia, wherein a limited number of experts have to cover ML investigations related to all organised crime activities. Reportedly the financial investigations related to THB cases are two or three annually and usually are conducted within joint investigation teams or within other international mutual police assistance arrangements (BG-E2). Generally, the assumption is that financial investigations have a role in cases related to cross-border trafficking, whereas the cases related to domestic trafficking fall in the remit of the Commission for Combatting Corruption and Illegal Assets Forfeiture (BG-E2). In many cases, the lack of sufficient resources and in-house expertise at GDCOC limit the scope of financial investigations, particularly those with strong international dimensions, to simple network analysis such as tracing cross-border payments via money transfer services. Usually, no further analysis is undertaken (BG-E2). Investigations on the use of legitimate business structures for concealing criminal activities and proceeds of crime is also hampered due to the legal restrictions on access to tax information by law enforcement officers (BG-E2). Insufficient staffing and lack of specialisation of investigating police officers generally leads to disregarding the financial aspects of THB (BG-E5).

Structural and functional impediments impact also the work of the Prosecutor's Office. Currently, cases related to money laundering

⁸ Operational since 19.01.2018, previously Commission for Illegal Assets Forfeiture.

involving organised crime are handled by the Specialised Prosecutor's Office, whereas all other cases fall into the remit of the Regional Prosecutor's Offices. However, the most recent data indicates that for 2016 the Specialised Prosecutor's Office had initiated only five new pre-trial investigations on money laundering, whereas the biggest portion of such investigations is handled by the Sofia City Prosecutor's Office (ПРБ, 2017).

Part of the problem is the functional division of tasks within the prosecution in Bulgaria, wherein cases of human trafficking are usually handled by the District Prosecutor's Offices and money laundering cases by the Regional Prosecutor's Offices. Similarly, in the Special Prosecutor's Office usually the ML investigation is separated from the one for the predicate offence and tasked to a different prosecutor. The Specialised Prosecutor's Office, like GDCOC, is a centralised structure and does not have any regional offices, which among other things ensues various logistical and practical impediments, when pre-trial investigations outside Sofia need to be handled.

The usual practice during pre-trial investigations is that the financial investigation materials are separated by the materials on trafficking in human beings and compiled into a separate file. The ML file is then handled by a different prosecutor at the Regional Prosecutor's Office or at the Specialised Prosecutor's Office, as per the functional and structural requirements of the workflow in the prosecution (BG-E2, BG-E3, ПРБ, 2017). This leads to interruption in the investigative work, which results in a low number of completed ML investigations. Moreover, the structural requirement of separating the prosecutorial authority over the predicate and the ML cases, from the regional to the district prosecution office, may decrease the incentive for collecting evidence for financial investigation in the original predicate prosecution. To further complicate the situation, in many cases judges require a conviction for the predicate offence in order to consider a ML case (BG-E3).

The system for random assignment of cases in the prosecution has also had the unintended consequence of hampering efficiency of ML investigations. This system was implemented with the main purpose of preventing corruption, conflicts of interest and influence trading. However, in terms of the quality of investigating practices the random assignment system may prove to have a detrimental effect as it appears to hinder specialisation among the magistrates. Firstly, the system allows for highly complex and sophisticated cases to be randomly assigned to inexperienced prosecutors, thereby jeopardising a successful investigation (SRSS, 2016). Secondly, the random assignment means that a prosecutor may not be able to develop practical experience and expertise in ML cases, as there is no assurance that the prosecutor would continue to work in that specific crime field. This also proves particularly important in financial investigations, e.g. money laundering, which may require specific skills and expertise often gained exclusively through experience (BG-E15).

6. CONCLUSION AND RECOMMENDATIONS

Human trafficking remains one of the most important sources of revenues for the Bulgarian organised crime. Although in the last decade the market has fragmented and decentralised, and the share of the independent traffickers and sex workers increased, it still remains largely controlled by organised crime. However, the modus operandi of all trafficking actors has shifted away from the violence and coercion towards the use of subtler methods involving economic incentives. The extensive penetration of the ICT and the steady growth of internet use have played an important role for these recent developments. Among other things, they have contributed to a significant reduction of client acquisition cost for trafficking operations.

The current analysis examined in-depth the financial underpinnings of the human trafficking both at the domestic market and abroad. There is a widely shared belief that human trafficking is practically low-cost criminal activity bringing huge profits, wherein market entry does not require any particular investment. The collected information to a large degree refutes this common myth at least in the Bulgarian context. Certainly, recruitment and transportation costs can be negligent to none, but the exploitation stage does require initial investment, especially if it is expected to generate sufficient revenue. A big competitive advantage of Bulgarian traffickers is that being EU citizens they can enjoy visa free travel and low-cost transportation. However, client acquisition costs can be substantial, particularly for access to high profitable locations such as placement in an adult club at the sea coast resorts. Internet does provide an alternative and can significantly lower costs for client acquisition, but on the other hand it raises risks related to encountering abusive clients or coming across with rival competitors or extortionists. Thus, it also increases cost for protection. Expanding business is also related to additional costs for monitoring and control a larger number of sex workers, as well as costs for concealment of criminal activities, for example through establishing legitimate businesses as a cover. Nevertheless, the collected data indicates that social capital can alleviate or significantly reduce many of these costs for new-starters or provide them with the needed credit line to enter the business.

The extensive penetration of ICT services in prostitution markets have not changed much with regard to settlement of payments. Cash transactions still dominate trafficking business, whereas both payments from clients and within trafficking groups or networks remain in cash. The character of the money flows to a large extent predetermines the low sophistication of money laundering methods used by traffickers – money is moved across borders via non-bank money transfers and recently more often via money couriers. Subsequently, the money is invested in real estate and cash-intensive businesses. Trade-based money laundering is also commonly used. The analysis also shows a newly emerged trend of criminal entrepreneurs investing their proceeds in the destination countries, especially in assets that allow them to expand their business – brothels or various hospitality businesses that

are used as a cover for provision of sexual services (e.g. restaurants, cafes, hotels, etc.).

The changing nature and growing sophistication of trafficking operations is posing new challenges to the law enforcement and judicial authorities of the country and apparently the latter are not fully equipped to meet them. This is particularly true with regard to financial investigations, which lags behind due to a variety of impediments, such as the lack of sufficient resources and existing functional and structural gaps in the institutional setup.

Drawing on the analysis the following recommendations could be drawn:

1. A side effect of the growing use of legal business structures to enable and facilitate THB for sexual purposes is a higher level of sophistication of criminal finances as licit and illicit financial flows become intertwined in the process of money laundering. These new trends are coupled with lack of financial investigation expertise in law enforcement, which is currently compensated by contracting of external experts with uncertain expertise and efficiency (SRSS, 2017). In order to address this, recruitment, training, and deployment of additional police officers able to conduct complex financial investigations is much needed.
2. The current institutional setup and particularly the functional division of tasks within the prosecution, whereby investigations of predicate and ML offence are usually handled by different prosecutors, hinders parallel financial investigations, which are paramount for the timely tracing and freezing of criminal assets. In this regard, the follow-the-money doctrine should be institutionalised so that ML investigations are conducted in parallel with all THB investigations. This could be achieved through establishing working mechanisms for better coordination within the prosecution, as well as with other relevant institutions such as the Commission for Countering Corruption and Illegal Assets Forfeiture.
3. Furthermore, a modification of the random allocation principle at the Prosecutor's Office should be considered to ensure that casework on ML offences is managed and supervised by prosecutors with the appropriate experience and skill-set.
4. To ensure the early identification and freezing of relevant assets, especially in organised crime cases, the lead prosecutors at the Specialised Prosecutor's Office need to supervise both criminal and financial investigations more proactively by instructing suitably trained officers to collect the relevant financial evidence and ascertain the full extent of the assets of suspects. Where appropriate, this should be undertaken in conjunction with the Commission for Countering Corruption and Illegal Assets Forfeiture. Establishing regional departments of the Specialised Prosecutor's Office is also advisable to speed up collection of evidence and improve coordination and monitoring.
5. Forfeiture of illegal assets is a major and indispensable tool in the combating of organised crime. The international experience shows that structures with a remit to investigate illegally acquired assets are best institutionally and operationally situated within the prosecution or the

police. In Bulgaria, the structural approach to illegal asset seizure has shifted sharply away from best practices and into an unprecedented and ambiguous merger of responsibilities to include assets forfeiture, conflict of interest and anticorruption into one mega structure. Consideration should be given to bringing assets forfeiture within the remit of institutions charged with investigating and prosecuting the predicate offences supposedly yielding the proceeds to be seized.

LIST OF ABBREVIATIONS

ICT	information and communication technologies
GDCOC	Directorate General Countering Organised Crime
GDP	gross domestic product
GRETA	Group of Experts on Action against Trafficking in Human Beings
Mol	Ministry of Interior
ML	money laundering
OCG	organised crime group
SANS	State Agency National Security
THB	trafficking in human beings

LIST OF INTERVIEWEES

Respondent code	Position/Department	Institution/Role
BG-C1	Pimp (male)	Recruitment, client acquisition, money mule
BG-C2	Prostitute (female)	Worked in Pazardzhik and on the Bulgarian seaside
BG-C3	Pimp (male)	Security, money collection, customer acquisition and sometimes recruitment
BG-C4	Pimp (female)	Recruitment (previously for a group); money collection, securing working terrain, buying protection (currently)
BG-C5	Prostitute (female)	Worked in Plovdiv, on a Bulgarian winter resort and at seaside
BG-C6	Prostitute (male)	Worked in Pazardzhik, on the Bulgarian seaside and Cologne, Germany
BG-C7	Pimp (female)	Recruitment, security (but not muscle)
BG-C8	Prostitute (female)	Worked in Pazardzhik, Innsbruck, Austria and Madrid, Spain
BG-C9	Prostitute (female)	Worked in Plovdiv and Saint-Tropez, France
BG-C10	Pimp (male)	Money collection, securing accommodation, recruitment
BG-C11	Pimp (multiple, male)	Recruitment, transportation, money laundering, corruption payments
BG-C12	Pimp (male)	Security, money collection, organisation of accommodation abroad, transportation, money laundering, corruption payments
BG-C13	Pimp (male)	Security, money collection, organisation of accommodation abroad, transportation, money laundering, corruption payments
BG-C14	Pimps (three, male)	Recruitment, securing working terrain, money collection, money laundry
BG-C15	Pimps (male and female)	Securing working terrain, recruitment, money collection, corruption payments
BG-C16	Prostitute (female)	Worked in Bulgaria, the Netherlands, currently France and Belgium
BG-C17	Pimp (male)	Security, securing working terrain, money collection, corruption payments
BG-C18	Pimps (numerous, male)	Recruitment, transportation, securing working terrain, corruption payments, money laundering
BG-C19	Prostitute (female)	Worked in Sofia

Respondent code	Position/Department	Institution/Role
BG-C20	Prostitute (female)	Worked in Sofia and at the Bulgarian seaside; dabbled briefly in recruitment
BG-C21	Prostitute (female)	Worked in Germany and France
BG-C22	Prostitute (female)	Worked in Bulgaria and Norway
BG-C23	Prostitute (female)	Worked in Bulgaria and abroad (unknown where)
BG-E1	Police officers	Regional Directorate Combatting Organised Crime, Rousse
BG-E2	Police officer	Money laundering Sector, General Directorate Combatting Organised Crime
BG-E3	Prosecutor; police officer	Regional Prosecution, Regional Directorate Combatting Organised Crime, Bourgas
BG-E4	Police officer	SANS
BG-E5	Police officer	Head of sector, General Directorate Combatting Organised Crime
BG-E6	Prosecutor	Specialised Prosecution
BG-E7	Prosecutor	Specialised Prosecution
BG-E8	Prosecutor	Regional Prosecution Rousse
BG-E9	Prosecutor	District Prosecution Plovdiv
BG-E10	Prosecutor	Regional Prosecution Plovdiv
BG-E11	Social worker	NGO, Pazardzhik
BG-E12	Police officer	Regional Directorate Combatting Organised Crime
BG-E13	Prosecutor	District Prosecution, Dobrich
BG-E14	Prosecutor	Head of District Prosecution, Dobrich
BG-E15	Prosecutor	Regional Prosecution, Dobrich
BG-E16	Prosecutor	Regional Prosecution, Dobrich
BG-E17	Police officer	Regional Directorate Combatting Organised Crime; Sliven
BG-E18	Police officer	Regional Directorate Combatting Organised Crime Varna
BG-E19	Former police officer	Retired Director of Directorate Combatting Organised Crime
BG-E20	Former police officer	Regional Directorate Combatting Organised Crime, Pazardzhik
BG-E21	Former police officer	Deputy Director, Regional Directorate Combatting Organised Crime, Varna
BG-E22	Former prosecutor	Specialised Prosecution
BG-E23	Prosecutor	Regional Prosecution Pazardzhik
BG-E24	Prosecutor	District Prosecution Pazardzhik
BG-E25	Police officer	Police Internal Investigations Directorate

Respondent code	Position/Department	Institution/Role
BG-E26	Police officer	Regional Directorate Combatting Organised Crime, Plovdiv
BG-E27	Prosecutor	District Prosecution Sliven
BG-E28	Prosecutor	District Prosecution Sliven
BG-E29	Retired police officer	Regional Directorate Combatting Organised Sliven

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