

Business Transparency to Combat Human Trafficking

In cities throughout the United States, human trafficking rings operate illicit massage businesses, where women are forced to engage in commercial sex. Criminals engaged in human trafficking and money laundering are able to take advantage of the lack of transparency surrounding beneficial ownership of business entities to evade criminal prosecution. Congress must take action to ensure that law enforcement officials can identify the individual traffickers that control or benefit from illicit massage businesses and hold them accountable.

No U.S. State requires companies to name their beneficial owners

No U.S. state requires corporations or LLCs to disclose the names of their beneficial owners when they are formed. Beneficial owners are the individuals who ultimately benefit from or control a company. The lack of regulations surrounding beneficial ownership allows human traffickers to anonymously operate front businesses, such as massage parlors, bars, and dance clubs. Law enforcement officials who discover these illegal operations are frequently only able to identify the victims of trafficking, many of whom are unwilling or unable to identify the ringleaders who profit most from the trafficking activity. Without the ability to determine the identities of those controlling or benefiting from these operations, law enforcement officials are often unable to bring those truly responsible to justice.

It's nearly impossible to know the identities of criminals profiting from illegal operations

Illicit massage businesses operate in all 50 states. States with the highest concentrations include California, Texas, New York, Florida, and New Jersey.

There are upwards of 6500 illicit massage businesses operating in the United States.¹ In 2016, Polaris analyzed public information to identify human trafficking occurring in businesses fronting as massage parlors in Tampa, Honolulu, Houston, San Francisco, Albany, Columbus, Oklahoma City, and Fairfax County, VA. The inability to identify beneficial ownership was a recurring challenge in every location. In Fairfax County, Virginia alone we identified 108 illicit massage businesses that were connected to 181 different corporations and LLCs. None of these companies are

required to disclose the names of their beneficial owners under Virginia law. It is therefore nearly impossible to know the identities of the criminals controlling or profiting from these illegal operations.

Congress must give police and prosecutors the tools they need to combat human trafficking

In order to ensure accountability for human trafficking, Congress must pass legislation that requires corporations and LLCs to disclose their beneficial owners, thereby guaranteeing that law enforcement has access to this information. Until police and prosecutors can identify the individuals operating illicit massage businesses, criminals engaged in human trafficking will continue acting with impunity across the United States.

¹ All data received from commercial sex review guide websites and other publicly available information.