



## Chapter 10. Asset recovery

Unit-responsible partner: BayHfoD



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## 10. Asset recovery

### 10.1 Introduction

Asset recovery plays a central role in the fight against THB for the purpose of labour exploitation (shortly: labour exploitation) since **crime must not be profitable** and asset recovery is a way of confiscating all illegally acquired assets (in whatever form) from the perpetrators so that they can no longer dispose of them. The International Labour Organization (ILO) estimates that every year \$ 236 billion are generated in illegal profits (Francavilla, Lyon & De Cock, 2024). The chapter 'Asset Recovery' aims to equip mainly law enforcement agencies (LEAs) and judiciary (e.g., prosecutors) with the necessary knowledge about possibilities to identify, secure and recover illegal assets on a theoretical basis. It outlines different units in the European Union (EU) that are involved in the process of asset recovery. In this context, the legal framework and practical procedures for asset recovery will be summarized theoretically – but they should be covered by the presenter of this chapter in more (practical) detail. In addition, best practices and real-life case studies should be presented to show how asset recovery not only contributes to the financial compensation of victims but can also destabilise the criminal structures behind labour exploitation. The training will help participants to better understand the challenges in this area.

The training chapter begins with the learning objectives of a training participant (Section 2). This is followed by definitions of the most important terms for this chapter (Section 3). Section 4, the core of the training chapter, contains the theoretical and informative background to the topics as well as suggestions about what an expert about asset recovery should include when he/she wants to present the topic. This is followed



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by a suggestion for a practical activity for the training chapter, which enables the participant to deal with and consolidate the information learned in advance (Section 5).

## 10.2 Learning objectives

For the chapter of asset recovery, several learning objectives can be derived. Where applicable, the learning objectives were further subdivided into more specific sub-objectives.

The participant...

- will understand the importance of asset recovery in the context of labour exploitation
- will familiarize with the legal framework (e.g., national, international/EU, victims' rights in this context)
- will know about investigative techniques for asset recovery
- will know possible ways how to cooperate with other agencies and internationally
- will know main challenges in asset recovery and how they could be addressed
- will familiarize with the compensation of victims in this field



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## 10.3 Definitions

The following are key terms essential to asset recovery, along with their definitions. Of utmost significance is, of course, to understand the term of asset. Afterwards, measures for asset safeguarding (Section 10.4) and other useful vocabulary in this context (e.g., to able to understand more about typical business structures applied by the traffickers within labour exploitation) will be explained (Section 10.7).

### Asset

Assets refer to any property, financial instrument, or economic resource that holds value. This includes cash, real estate, vehicles, business holdings, stocks, intellectual property and cryptocurrencies. Assets can be legally obtained or linked to criminal activities.

## 10.4 Measures for asset safeguarding

### 10.4.1 Suspicion and investigating measures

For it to become clear that illegal assets exist and to know which ones can be confiscated accordingly, it is of course first necessary to have indications that a crime has been committed in which illegal assets have been and/or are being acquired. If there is a suspicion, there is first an investigation. Investigations that play a role in asset recovery are financial investigations. While reference is made in particular to training chapter 9, only two important terms are mentioned here by way of example.



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- **Forensic financial analysis:** Forensic financial analysis is the process of investigating financial records, transactions, and asset ownership to uncover illicit activities such as money laundering, fraud, and corruption. It involves techniques such as transaction tracing, financial profiling, and network analysis. For more information, please refer to training chapter 9.
- **Asset tracing:** Very much in line with forensic financial analysis, as it is one part of it, is asset tracing. It is the investigative process of identifying, tracking and locating assets that may have been acquired through illegal activities. Oftentimes, asset tracing serves as a preliminary step before asset freezing, seizure and recovery to help authorities building a case by uncovering hidden or laundered assets. Tracing involves forensic accounting, financial analysis, and often cross-border cooperation to trace assets that may have been transferred, concealed, or converted into different forms (e.g., real estate, offshore accounts, cryptocurrencies). It lays therefore the foundation for asset seizure and asset recovery.

## 10.4.2 Preventive measures

- **Asset freezing:** Asset freezing (or just: freezing) refers to a temporary restriction imposed on assets suspected of being linked to criminal activity. This measure prevents owners from transferring, selling, or using these assets while an investigation or legal process is ongoing.
- **Asset seizure:** Asset seizure (or just: seizure) refers to the temporary securing or confiscation of assets by law enforcement authorities. It is typically used at the beginning of a criminal investigation to prevent individuals from selling or hiding



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their assets. In other words, seizure is the legal process in which LEAs take physical or financial control of an asset based on evidence of its connection to criminal activity. Unlike freezing, which is a preventive action before seizure, seizure involves taking possession of an asset as part of a criminal or civil case. Asset seizure can occur without a final court decision, for example, when there is an urgent suspicion that the assets come from illegal activities. Example: A bank account is frozen, or cash is seized if it is linked to human trafficking or money laundering. Asset seizure is the initial measure to secure suspicious assets.

### 10.4.3 Final measures

To understand the asset recovery, it is useful to first define it, because asset recovery is the final measure/the summary of the final measures. The other related final measures are then explained. In order not to confuse the correct order, Figure 15 below the explanation of these terms shows the process from asset freezing to asset recovery.

- **Asset recovery:** Asset recovery refers to the final legal process through which illegally obtained assets are confiscated, seized, and potentially returned to victims or the state. Usually, it happens after a court ruling or a final judgment. Asset recovery can take place through civil (without a criminal conviction) or criminal proceedings. Example: After a conviction, real estate, luxury cars, or bank funds belonging to a human trafficker are permanently confiscated and transferred to the state or victims. Asset recovery is the final process of confiscating and redistributing those assets (so, asset recovery happens after asset seizure).





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- **Confiscation:** Confiscation is the final legal transfer of criminally obtained assets to the state or another entity, such as a victim compensation fund. This step follows a court ruling or an administrative decision and permanently removes the assets from the original owner.
- **Non-Conviction-Based Confiscation (NCBC):** NCBC or NCB confiscation is a legal mechanism that allows authorities to confiscate assets without requiring a prior criminal conviction. It is used in cases where prosecution is not possible due to the suspect being deceased, missing, or operating from a jurisdiction that does not allow extradition. It can occur in both criminal and civil proceedings. Numerous jurisdictions worldwide are leveraging the benefits of NCBC by implementing civil forfeiture laws. However, in the EU, with the exception of a few countries (the UK, Ireland, Bulgaria, and Slovakia), most jurisdictions have not yet enacted domestic civil forfeiture legislation. To ensure that foreign confiscation orders are recognized and enforced in a broad range of circumstances, international standards require countries to have the authority to respond to requests based on NCB confiscation proceedings and associated provisional measures, unless doing so would conflict with fundamental principles of their domestic law, international standards indicate that jurisdictions should at least be able to enforce orders based on NCB confiscation proceedings in cases where the perpetrator is unavailable due to death, flight, absence, or if the perpetrator is unknown.





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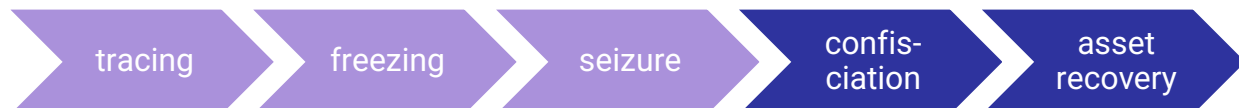


Figure 14. Steps to asset recovery.

Light purple: without jurisdictional involvement possible

Dark blue: jurisdictional choice mandatory

## 10.4.4 Cooperation possibilities to implement these measures

There are several opportunities for cooperation at various levels to facilitate the implementation of the measures presented in Section 10.4.1 and 10.4.2. This is important because national regulations do not help with international cooperation in cross-border cases, for example, so that special cooperation agreement options are required here. Moreover, there is also an opportunity for cooperation between public authorities and the private sector.

- **Asset Recovery Interagency Networks (ARINs):** ARINs are international cooperation frameworks designed to facilitate the sharing of information and coordination among financial intelligence units (FIUs), LEAs, and prosecutors. These inter-agency-networks are often built informally, with each member state nominating contact persons in each agency which takes part in the ARIN. These points of contact support the process of asset recovery (starting from e.g., freezing or even tracing the assets, if needed) Examples include the [Camden Asset Recovery Inter-Agency Network](#) (CARIN) and the [Asset Recovery Network for Southern Africa](#).



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- **Mutual Legal Assistance (MLA):** MLA is a formal process of cooperation between countries that allows authorities to request and exchange legal evidence, assist in investigations, and enforce asset recovery laws across jurisdictions. It is the most commonly used method of international cooperation.
- **Public-Private Partnership (PPP) in asset recovery:** PPPs in asset recovery involve collaboration between governmental authorities (law enforcement, prosecutors, financial regulators) and private sector entities (banks, financial institutions, compliance firms) to enhance intelligence sharing and improve tracking and seizing of illicit assets.

## 10.5 Further important vocabulary

Furthermore, to be able to understand investigation and examination processes which deal with the identification of illicit assets related to human trafficking and labour exploitation, some more terms are useful to clarify in advance.

- **Predicate offense:** A predicate offense is the underlying criminal activity that generates illicit proceeds subject to asset recovery. Examples include drug trafficking, human trafficking, corruption, fraud, and terrorism financing.
- **Money laundering:** Money laundering is the process of disguising the origins of illicitly obtained funds by passing them through a complex sequence of banking transfers, businesses, or financial instruments. It typically involves three stages: placement (introducing illegal money into the financial system), layering (concealing the origin through multiple transactions), and integration (returning the laundered funds to the economy as legitimate earnings).





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- **Shell company:** A shell company is a non-operational entity with no significant business activities, or employees, often set up to conceal illicit funds. While they can serve legitimate purpose, like holding assets or facilitating merges, they are frequently misused for money laundering, tax evasion, and bribery. Shell companies are usually registered in tax havens and lack a physical presence in their jurisdiction, making it difficult to trace ownership or financial activity. These companies are inexpensive and easy to set up, sometimes costing only a few hundred dollars. They are often used with other methods, such as fake invoices or hidden ownership structures, to obscure the true beneficiaries. Investigating shell companies is challenging, as they do not market themselves or maintain an online presence like regular businesses. Criminals use them to hide assets and launder money through complex networks, making it hard for authorities to track the illicit financial flows across multiple jurisdictions.
- **Beneficial ownership:** Beneficial ownership refers to the individual or entity that ultimately owns or controls an asset, even if it is legally registered under a different name. Criminals often use shell companies, trusts, or intermediaries to hide their beneficial ownership.

## 10.6 Theoretical / informative part

Asset recovery plays a crucial role in the investigation and prosecution of labour exploitation as traffickers exploit individuals for their own financial gain, often operating within sophisticated business structures which are designed to maximise profit while minimising risks to be uncovered. Effective asset recovery disrupts these criminal structures by depriving traffickers of their illicit gains, dismantling their financial infrastructure, and ensuring that victims receive justice and compensation. In other words, asset seizure, confiscation and asset recovery make the business of trafficking in





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human beings unprofitable for the traffickers/perpetrators (Aronowitz, Theuermann & Tyurykanova, 2010).

## 10.7 THB-typical business structures

An ILO study on human trafficking in Europe, based on rational choice theory, highlights how organized crime groups assess risks, rewards, and effort, similar to legitimate businesses. While legal enterprises aim to maximize profits through marketing and cost-cutting while attracting attention, trafficking organisations prioritize avoiding detection (Belser, 2005). Importantly, '[it] is also worth emphasizing that there are several groups of people who benefit from trafficking: the recruiter, the transporter/smuggler, and the final exploiter' (Belser, 2005, p. 18). Moreover, not each person in those groups may be part of an organized criminal network; as Andrees (2004; cited from Belser, 2005) states, different individuals that are contributing to the explicit labour trafficking of people can act individually. Van Liemt (2004, p. 14) summarizes it as follows: 'Some of these people may unknowingly participate in trafficking (airline pilots; train drivers); others know full well that they do (document forgers; owners of brothel and clubs; recruitment agents who use false promises of employment); yet others are in a grey zone (travel agents).'

The operational costs of THB include acquiring victims, and maintaining premises (additionally, especially in the context of sexual exploitation, also purchasing clothing, and advertising). Additional expenses may involve bribes, legal fees, fines, or asset forfeiture if caught. To maximize profits while minimizing risks and costs, traffickers





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employ several strategies (while most of them count for all phenomena of THB, some of them specifically count for sexual exploitation):

- **Cost Reduction:** Overcrowding victims in a single location, avoiding medical expenses, and exploiting individuals with legal residency to bypass immigration issues
- **Risk Mitigation:** Using fraudulent documents, recruiting local sex workers, employing bodyguards, securing safe houses, controlling victims through violence or manipulation, rotating victims between locations, bribing officials, changing phones frequently, and conducting financial transactions under false identities.
- **Profit Maximization:** Targeting high-demand areas, rotating victims to maintain novelty, renting or selling victims to other traffickers, withholding all earnings, forcing unprotected sex, imposing long working hours, and setting high earning quotas for victims.

These tactics allow traffickers to sustain and expand their operations while reducing exposure to law enforcement (see e.g., Belser, 2005).

## 10.8 Legal framework

When working on human trafficking and labour exploitation cases, it is essential to be aware of the relevant legal frameworks governing asset recovery. These include international, regional, and national laws and regulations that provide the necessary legal basis for identifying, freezing, and confiscating illicit assets. Section 10.8.1 deals with international regulations and agreements, Section 10.8.2 roughly explains foundations for national laws and agreements. For covering the national facets in this regard, it is





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recommended to include specific national legal frameworks as they cannot be fully covered for each project or even EU member state.

## 10.8.1 International agreements

International agreements create a framework for coordinated action against financial crime or the deposit of illegal assets which are related to labour exploitation. They address jurisdictional challenges, enhance information-sharing mechanisms, and improve the efficiency of mutual legal assistance requests. Without these agreements, criminals could exploit weak jurisdictions to hide illicit assets, making recovery efforts significantly more difficult. To ensure effective asset recovery, states must implement these agreements into national legislation, allocate resources to investigative agencies, and enhance collaboration with foreign counterparts. Strengthening international cooperation remains vital for tracking and repatriating criminal proceeds globally. Below are key international treaties and initiatives that shape global asset recovery efforts:

- **United Nations Convention Against Corruption (UNCAC):**
  - UNCAC, adopted in 2003, is the first legally binding global anti-corruption instrument. It requires member states to adopt measures for detecting, tracing, freezing, and confiscating proceeds of corruption. Specific information can be found here: <https://www.unodc.org/corruption/en/uncac/learn-about-uncac.html>
  - Article 51 establishes asset recovery as a fundamental principle, encouraging international cooperation for repatriation of stolen assets.
  - Article 54 mandates that states enable confiscation mechanisms through both conviction-based and non-conviction-based proceedings.



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- A significant aspect of UNCAC is its provision for returning assets to their country of origin, ensuring that embezzled funds benefit affected nations rather than remaining in foreign financial systems.
- **United Nations Convention Against Transnational Organized Crime (UNTOC):**
  - The UNTOC is a comprehensive international framework adopted in 2000. It addresses organized crime, including money laundering and asset confiscation. It can, for example, be accessed through <https://www.unodc.org/documents/treaties/UNTOC/Publications/TOC%20Convention/TOCebook-e.pdf>.
  - Article 12 requires states to enable the confiscation of proceeds derived from organized crime and to establish mechanisms for asset tracing and freezing.
  - Article 13 promotes international cooperation in asset tracing, freezing, seizure and confiscation, ensuring swift responses to mutual legal assistance (MLA) requests.
  - Article 14 suggests using confiscated assets for victim compensation and support programs but also promotes the reinvestment into law enforcement efforts to combat THB.
  - Article 18 establishes guidelines for international legal cooperation in asset recovery and covers sharing of evidence and financial data relevant to THB cases.
  - Article 23 criminalizes interference in legal processes, such as hiding assets obtained from trafficking.



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- Additionally, the [Protocol to Prevent, Suppress and Punish Trafficking in Persons](#) (Palermo Protocol) which supplements UNTOC, reinforces asset confiscation efforts by mandating criminalization of human trafficking and encouraging asset recovery as a tool to detect traffickers.
- **[Financial Action Task Force \(FATF\) recommendations:](#)**
  - FATF develops and promotes global standards/recommendations to combat money laundering, terrorist financing, and asset concealment which can also help to combat human trafficking.
  - Recommendation 4 about criminalization and confiscation emphasizes that countries should implement comprehensive asset confiscation frameworks, including the ability for authorities to identify, trace, freeze, and seize assets without requiring a criminal conviction.
  - Recommendation 38 about international cooperation states that nations should collaborate to facilitate the identification and confiscation of assets across borders. Furthermore, establishing agreements for sharing confiscated assets can incentivize cooperation and ensure resources are allocated to support victims and further investigative efforts.
  - FATF's mutual evaluation reports assess national compliance with asset recovery protocols and provide recommendations for improvement.
- **[EU Directive 2011/36/EU](#) on Preventing and Combating Trafficking in Human Beings and Protecting its Victims**
  - The directive has several key points: (1) The criminalization of trafficking is established by defining minimum rules concerning the definition of criminal offenses and sanctions related to THB and mandates all member states to



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criminalize trafficking in human beings in all its forms. (2) Victim protection and support is especially emphasized by underlining the need for appropriate mechanisms to ensure identification of, assistance to, and support for victims. Besides (3) preventive measures, the directive also includes (4) provisions to ensure that victims of trafficking are not prosecuted or penalized for their involvement in unlawful activities that were compelled to commit as a direct consequence of being subjected to trafficking.

- The directive does not explicitly detail procedures for asset recovery, but it provides a framework that supports the confiscation of assets derived from trafficking activities: Article 5 of the directive stipulates that legal entities can be held liable for offenses related to trafficking, which can lead to sanctions, including the confiscation of assets.
- Moreover, there is an advocacy for the utilization of frozen and confiscated assets to support victims. A joint NGO statement emphasizes that directing these assets towards victim assistance enhances their access to rights and justice which is why the directive should be revised, and the EU should accept several amendments. Important for asset recovery is, for instance, their request to accept the amendment of Article 7 Seizure and confiscation (GAATW, 2023):

We strongly support the EU Parliament amendment to art 7 'Member States shall take the necessary measures to ensure that frozen and confiscated proceeds derived from, and instrumentalities used for the commission, or contribution to the commission, of the offences referred to in this Directive are used, as a matter of priority, to provide victims support,



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assistance and protection, including through direct compensation of victims and further invest into investigation and prosecution of trafficking cases.'

Currently financial resources for direct support to victims are very limited and access to compensation remains in practice nearly fully dependent on the availability of frozen and confiscated proceeds. A strong requirement for the use of frozen and confiscated assets for victims' support, assistance and protection will enhance victims' rights and their access to justice. It has been strongly recommended for years by various high level experts<sup>1</sup>, and is currently also embedded in the (negotiated) Directive on Assets Recovery and confiscation; article 17 of this directive calls upon EU Member States to 'consider taking measures allowing the use of confiscated property for public interest or social purposes.

- **[European Union Directive 2014/42/EU](#) on freezing and confiscation of criminal proceeds:**
  - This directive establishes minimum rules on the freezing and confiscation of proceeds and instrumentalities of crime across EU member states. While the directive addresses not only THB, but a broad range of criminal activities, its provision is particularly pertinent to combating THB and specifically labour exploitation.
  - Article 3 defines the scope of confiscation. It introduces extended confiscation measures, allowing authorities to confiscate property derived directly or indirectly from criminal offenses, including THB. This encompasses assets that have been transformed or converted into other property. Assets used or intended to be used in the commission of such offenses are also subject to confiscation.





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- Article 5 on extends confiscation allows for the confiscation of assets beyond those directly linked to a specific crime when a court is convinced that the assets in question are derived from criminal conduct. This is particularly relevant in THB cases, where illicit gains may be intermingled with legitimate assets.
- Article 4 on non-conviction-based confiscation permits the confiscation of assets even in the absence of a criminal conviction. This is applicable in situations where the suspect is deceased, permanently ill, or has fled, ensuring that justice is not obstructed by the unavailability of the perpetrator.
- Article 7 about freezing and precautionary measures empowers authorities to promptly freeze assets that are likely to be subject to confiscation, preventing their dissipation during ongoing investigations or legal proceedings.
- Article 10 on management of frozen and confiscated property requires member states to establish mechanisms for the effective management of frozen assets, including the possibility of selling or transferring property to prevent devaluation, ensuring that the value of assets is maintained for potential restitution or public interest use.
- Article 8 about protection of victim's rights stipulates that confiscation orders should not prejudice the rights of victims to compensation, emphasizing that recovered assets can be utilized to satisfy victim's claims, thereby directly addressing the harm caused by trafficking and exploitation.



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The above list of international forms of cooperation and frameworks cannot be considered exclusive. Nonetheless, it reflects the current key principles of international cooperation for asset recovery.

## 10.8.2 National laws and regulations

Asset recovery laws vary significantly across different jurisdictions. While some countries have well-established legal frameworks that prioritize the confiscation of criminal assets, others still face challenges in implementing effective asset recovery measures due to legal loopholes, lack of interagency cooperation, or limited international alignment.

Overall, it is beyond the scope of this training chapter to list the national laws and regulations of each country in the ERADICATING 2 project or even in the European Union. However, some of the main challenges and general best practices are listed below. Additionally, one can find recommendations what should be included and considered when presenting national laws and regulations on asset recovery in the context of labour exploitation.

**Despite strong legal frameworks in some countries, challenges remain, including:**

- **Differences in legal definitions:** While the EU has established directives to combat THB, their implementation varies among member states, leading to inconsistencies in asset recovery efforts. Moreover, what specifically qualifies as trafficking in general or as an illicit asset (also affecting its legal interconnections) varies across jurisdictions, complicating cross-border recovery efforts.





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- **Insufficient cross-border cooperation:** Despite several existing cooperation opportunities (see Section 10.4.4), challenges persist in harmonizing legal procedures and ensuring timely information exchange among member states (Eurojust, 2024).
- **Time-consuming procedures:** Legal hurdles and appeals can significantly delay asset confiscation. Moreover, the asset recovery procedures can be notably time-consuming, too, due to various legal, administrative, and systematic factors. For example, in Germany, while civil asset recovery measures can be executed relatively swiftly through interim relief proceedings, criminal asset recovery processes often experience significant delays. Criminal proceedings can extend over several years, during which seized assets remain inaccessible to affected parties. This prolonged inaccessibility poses challenges for victims seeking restitution (Wiesner-Lameth, 2022). In addition, also the European Commission's recovery processes have substantial delay as the European Court of Auditors has identified. As of October 2023, debts totalling €450 million were overdue, attributed to cumbersome procedures and inadequate management attention (European Court of Auditors, 2024).
- **Lack of transparency:** Some jurisdictions still provide financial secrecy that allows criminals to shield their assets. Financial secrecy jurisdictions can facilitate labour exploitation by enabling traffickers to conceal and launder profits derived from their illicit activities. The opaque financial system in these jurisdictions allow perpetrators to hide their identities and the origins of their funds, making it challenging for authorities to trace and disrupt financial flows associated with labour exploitation (Cardamome, 2023). Notable examples of EU member states providing financial secrecy are: Luxembourg (e.g., secret tax rulings to individual



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companies to enable tax avoidance; Wikipedia contributors, 2024), Cyprus (especially known to provide financial secrecy to Russian companies and oligarchs; Wikipedia contributors, 2025), and Malta (e.g., Panama Papers leak in 2016 which revealed the involvement of Maltese politicians and businesses in offshore dealings to evade taxes and obscure asset ownership; Wikipedia contributors, 2024a). Additionally, while not an EU member state post-Brexit, also the United Kingdom and its overseas territories and Crown dependencies are criticized for facilitating financial secrecy (e.g., British Virgin Islands as major tax havens).

- **Corruption facilitating labour exploitation:** Corruption within certain sectors can hinder asset recovery efforts by obstructing investigations and prosecutions. For instance, in Spain, particularly in the agricultural sector, corruption has been identified as a factor facilitating labour exploitation. This corruption complicates efforts to trace and recover assets derived from such exploitation (Serrano Puig, 2022).
- **Emerging forms of exploitation:** New forms of exploitation, such as forced criminality and exploitative surrogacy, present challenges for existing legal frameworks, which may not be adequately equipped to address these issues. This gap can impede asset recovery efforts related to these emerging crimes.

### Best practices to enhance asset recovery include:

- **More efforts in investigation, prosecution, and convictions:** The Secretariat of the Council of Europe Convention on Action against Trafficking in Human Beings



(2016)<sup>98</sup> not only emphasizes the importance of financial investigations and the conduction of freezing, seizing, and confiscating assets, but also highlights good practices which are relevant in this field. Examples include:

- Belgium (2013): The country has one specific prosecutor general (in total, Belgium has five prosecutor generals) who is responsible in the area of THB, acting as the contact person for public prosecution. Additionally, there are specialized prosecutors at each prosecutor's office and labour law's auditor office. This contributed to a higher number of labour exploitation cases to be prosecuted. Moreover, the 2012-2014 Action Plan already included the necessity to conduct financial investigations in the field of THB.
- Albania (2016): Responsible for THB are the Serious Crime Prosecution Office and the First Instance Court for Serious Crimes. Albania has a National Anti-Trafficking Co-ordinator who implemented a working group between the Serious Crime Prosecution Office and the National Police in order for them to interconnect in an enhanced manner. In 2015, the country established a Memorandum of Understanding to create a task force aimed at reviewing human trafficking cases that had been dropped or not initiated. In September and October 2024, the OSCE Presence in Albania organized six local-level meetings with prosecutors and police officers to address challenges in investigating and prosecuting human trafficking cases. The discussions emphasized the significance of establishing dedicated anti-

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<sup>98</sup> Unless otherwise indicated in the following indents, the source is as stated here.

trafficking units and fostering stronger collaboration across various agencies to streamline case investigations, strengthen evidence collection, and improve prosecution outcomes like asset recovery (OSCE, 2024).

- Austria (2015): The Asset Recovery Unit of the Criminal Intelligence Service gets involved in all THB investigations. 'According to Section 110(1) of the CCP, a seizure shall be admissible if it appears to be necessary for reasons of evidence, to secure private law claims or to secure a forfeiture, a recovery or another property law order stipulated by law. The public prosecutor orders the seizure and the criminal police perform it. Criminal police officers are entitled to seize objects at their own initiative under certain circumstances, in particular if they were taken from the victim as a result of the punishable act' (Secretariat of the Council of Europe Convention on Action against Trafficking in Human Beings, 2016, p. 23).
- Romania (2012/2016): Investigations are led by the Department for Countering Trafficking in Persons within the Police (DCCO) and the Directorate for Investigating Organised Crime and Terrorism (DIICOT; department within the Prosecutor's Office) which are THB-specialised. The police are allowed to systematically check the financial resources and assets of presumed offenders during criminal investigations. Identified assets are seized so that the court is afterwards able to confiscate them. The information about those confiscated assets comes to the Asset Recovery Office in the Ministry of Justice.
- **Specialized training for enforcement agencies:** Equipping law enforcement and labour inspectors with targeted training improves the identification of exploitation cases and the subsequent recovery of illicit assets. Different EU member states



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have already trained these target groups (Secretariat of the Council of Europe Convention on Action against Trafficking in Human Beings, 2016):

- Austria (2015): The Ministry of the Interior (Sicherheitsakademie, SIAK) provides THB training for police officers at all levels, including annual seminars in cooperation with NGOs. Labour inspectors, tax and customs authorities, and diplomatic staff also receive specialized training.
- Belgium (2013): Regular THB training is provided for judges, police, social workers, and labour inspectors, organized by various governmental bodies.
- Netherlands (2014): Police undergo periodic assessments and specialized training, with additional training for prosecutors, judges, detention centre staff, and municipal employees to detect trafficking.
- Norway (2013): The Fafo Institute and various government agencies train asylum centre staff, child welfare services, and social workers to identify trafficking victims.
- Poland (2013): Police academies systematically train officers on THB, with additional training for border guards, labour inspectors, and social workers, including NGO-led child trafficking seminars.
- Portugal (2013): Police, border guards, judges, and prosecutors receive THB training, including investigative techniques and victim protection. The Observatory of Trafficking in Human Beings also trains professionals in high-risk regions.
- **Increased use of technology:** Artificial intelligence (AI) is increasingly utilized to combat human trafficking, particularly financial investigations related to asset recovery. AI's capabilities in data analysis and pattern recognition enhance the





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detection of financial anomalies associated with trafficking activities. For example, (1) AI enhances the efficiency of financial investigations by automating data analysis, enabling rapid identification of suspicious activities and facilitating asset tracing. (2) Through machine learning, AI refines and updates typologies of trafficking-related financial transactions, improving the detection of evolving money laundering methods. (3) AI systems analyse vast datasets to identify patterns and anomalies associated with human trafficking, aiding in the early detection of illicit financial flows. (4) AI integrates diverse data sources, including social media and dark web activities, providing a comprehensive view of trafficking networks and associated financial transactions (Bagnall et al., 2025). The authors also provide an example how AI can disrupt a trafficking network (Bagnall et al., 2025):

An FI [financial institution] employing contextual monitoring detected a series of small, structured deposits across multiple accounts. Upon further investigation, enhanced entity resolution revealed that these accounts were connected to a network of recruiters and transporters operating across multiple countries. Using advanced network analysis, the institution uncovered links to businesses in high-risk industries, such as massage parlors and nail salons, often associated with HT [human trafficking] operations.

By sharing these insights with LE [law enforcement], the FI facilitated the dismantling of the trafficking network. The coordinated effort led to the rescue of dozens of victims and the arrest of key perpetrators, demonstrating the power of AI in identifying and addressing trafficking activities at scale.





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This application is an example of how AI can be integrated into the initial investigative steps and thus not only increases the probability of identifying a case of THB/labour exploitation but also increases time efficiency. Although this is not a specific example of asset recovery in the context of labour exploitation, it should not be forgotten that the links between financial investigations and asset recovery are very strong, as the former is the basis (e.g., answering questions such as ‘What illicit assets are there in the individual case?’) in order to be able to carry out efficient and targeted asset recovery at all.

- Many national actors, but also whole EU member states make use of and are involved in different forms of collaboration and co-operation which is of utmost importance and has therefore a dedicated chapter (see Section 10.11).

### **Recommendations when presenting national laws and regulations for asset recovery:**

- **Introduce the criminal law basis for asset recovery in cases of THB**
  - Which laws/codes are applicable for trafficking in your country? Which laws/codes are applicable for tracing, seizing, confiscating assets?
  - Two exemplary national laws (and to show that there are often more than one law code to consider)
    - Germany: Criminal Code (StGB): §232 StGB, §233 StGB, §233a StGB, §§73-76 StGB and Criminal Procedure Code (StPO): §111b StPO, §111h StPO, §111k stop





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- Bulgaria: Criminal Code (NK): Art. 159a-159d NK, Art. 172 NK, Art. 53 NK and Criminal Procedure Code (NPK): Art. 111-112 NPK, Art. 307 NPK

- **Present the special asset recovery laws and institutions**

- Which institutions are be involved in procedures for asset recovery? Which of them are mandatory to involve? Which specific purpose do they serve in this regard? When to involve which institution?
- From which laws do the different institutions derive their responsibilities and competencies in the context of asset recovery?
- E.g., laws to confiscate illicit money from THB; institutions like financial supervisory authorities and FIUs; LEAs
- Focussing on the perpetrator(s)

- **Present mechanisms concerning labour exploitation and victim compensation**

- How can you ensure according to your national laws that the victim(s) receive compensation?
- E.g., labour laws that allow for retroactive claim for wages; compensation funds with which victims can be supported financially; social services and legal assistance to help the victim to get back their money
- Focussing on the victim(s)



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## 10.9 Identifying assets linked to THB and labour exploitation

First of all, there are various ways in which illegal assets acquired through labour exploitation can be seen/found/identified (for more information, please refer to training chapter 9). On the one hand, suspicious indicators can be recognized - this applies to financial experts working in law enforcement or in the justice system, but also to employees of banks or other (online) financial institutions who can view customers' cash flows might register anomalies. In some cases, even the normal citizen may be able to recognize indicators of financial crime (e.g., a neighbour of a family knows that this family receives state subsidy but drives extremely high-priced cars and the neighbour wonders from where the family got their money to buy/drive such a car).

### **Superficial indicators of financial crime associated with labour exploitation:**

- Unexplained wealth accumulation by individuals with no legitimate sources of income
- Payments to multiple individuals from a single business account, often at irregular intervals
- Cash deposits in large volumes that do not align with the nature of the business
- Use of shell companies to obscure financial flows
- Frequent international transactions with no apparent business justification





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### Transactional financial indicators:

More precisely, the OSCE published a list of transactional financial indicators and so-called red flags which are applicable for human trafficking and especially labour exploitation. The following list has been taken from the OSCE report and three apparently specific indicators for organ removal as well as seven for sexual exploitation have been removed to make it more appropriate for labour exploitation even if in special cases, the indicators may vary and overlap (OSCE, 2019, p. 61ff).

- Commercial account's use of straw persons
- Non-payment of taxes, workman's compensation and other fees to a tax authority
- Rate of pay for each pay period is identical (no changes for overtime, vacation, sick leave, bonus payments, etc.) in jobs where that would not be expected
- Recurring payments for wages at unreasonably low amounts (such as much lower than min wage scale)
- Significant share of the company's capital in no-term deposits – incommensurate financial turnover
- Loans provided by a shareholder to the related legal person and subsequent transfer back, fictitious loan
- Structuring via commercial entities and transfer of money using contract for loan
- Excessive ride sharing after midnight
- Lack of living expenses such as food, petrol, utilities and rent
- Restaurant purchases and room service, no rooms
- Use of multiple individuals to conduct banking



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- High and/or frequent expenditure at airports, ports, other transport hubs or overseas, inconsistent with individual's
- personal use or stated business activity overseas, inconsistent with individual's personal use or stated business
- Cash deposits conducted at different cities across the country
- Payments to employment or student recruitment agencies that are not licensed/registered or that have labour violations
- Relatively high expenditures for items inconsistent with stated business purpose
- Transactions that occur outside the time of known business operations
- Cross-border transfers of funds inconsistent with the stated business purpose of the account holder and/or between
- unexplained patterns of cross-border transactions between known trafficking routes, or areas where there is a higher risk of trafficking
- Wide use of cash, including for purchasing the assets of the businesses
- Domestic transfers from companies active in sectors sensitive to social fraud, the money is withdrawn in cash immediately afterwards
- Use of institutions not belonging to the financial system (non-traditional)
- Use of cash courier and repeated cash withdrawals
- Purchase of bank drafts payable to a casino immediately after the deposits
- Unexplained/unjustified large profits for a company
- Cash deposits often just under the reporting threshold





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- Cash deposits at several branches or ATMs
- Purchase of money orders to pay bills instead of writing personal checks
- Business accounts with apparent deductions in employee wages under various cost types such as housing and food
- Cashed payroll checks where the majority of the funds are either deposited back into the employer's account or kept by the employer
- Remittent or beneficiary with incomplete information
- Purchase of bank drafts payable to a casino immediately after the deposits
- Transfers from different regions to the same persons in countries known to be higher risk for trafficking operations.
- Government assistance checks deposited into the account despite the fact that the holder may have substantial amount of money
- Electronic transfers/wires may also be structured
- Co-mingling of cash with legitimate sources of income
- Refining activity (exchanging small denomination bills into larger denomination bills);
- Frequent purchases in multiples of small amounts of Bitcoin or virtual currencies, directly by the client or through exchanges
- Funds transfers involving third parties with alternative names provided in brackets
- Account receives wage payments from legitimate, often nationwide staff agencies but the funds then remain untouched for long periods.





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- Fast food restaurants: frequent low value purchases in relatively short timelines and inconsistent with expected activity
- Account appears to function as a funnel account.

Moreover, there are some investigative techniques which can be applied by the national or international law enforcement or justice system to identify illegal assets gained from labour exploitation. For instance, some of the criminal profits flow through the financial system, leaving a traceable trail. In-depth analysis of payment flows and account movements, the so-called 'follow the money' strategy, can make a significant contribution to the detection of illegal activities and the identification of victims in this area of serious crime. The most prominent investigative techniques are **financial profiling** and financial accounting which will be explained in the following.

#### **Techniques for financial profiling of individuals and organisations involved in labour exploitation:**

- **Lifestyle analysis:** Highly related to the previous indicators, professionals compare an individual's declared income with their actual lifestyle to detect inconsistencies (e.g., a person reporting a modest salary/dependency of state-subsidy but owning luxury cars, multiple properties, offshore accounts etc.).
- **Transaction monitoring and examining bank transactions:** While reviewing bank statements and financial statements of a company or an individual, prosecutors or police officers can identify irregular activities. Such activities are, for instance, large, unexplained cash deposits or withdrawals, frequent transfers to high-risk jurisdictions (e.g., tax havens) or round-tripping transactions (which means that money is moved in circles between accounts to disguise its origin). Sometimes,





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the financial units of LEAs or prosecution offices already use AI and machine learning to detect transaction patterns consistent with money laundering.

- **Reviewing business structures:** Criminal organisations often use layered corporate structures to hide ownership. Professionals use several profiling techniques to identify those complex ownership structures and shell companies. For example, they examine company records, tax filings, and directorship data to trace beneficial ownership. They may also use data sources like the Beneficial Ownership Registers and try to identify companies which are registered in secrecy jurisdictions (e.g., British Virgin Islands, Panama). Professionals also check for unusual ownership arrangements or frequent changes in directorships.
- **Analysing tax records:** Partly already mentioned in the previous point for especially companies, experts are also looking for inconsistencies between declared income and financial transactions (not only within companies, but also for individual persons). Each country has its own responsible unit(s) dealing with the analysis of tax records. In Germany, for example, there are several actors involved like the *tax investigation* as part of the financial administration of the federal states, the *federal central tax office*, *public prosecutors* specializing in commercial and tax criminal law, and the *Financial Control of Undeclared Work* in the German Customs which counts as part of law enforcement and has therefore the competencies to not only control work, but also the gained assets which is why they are often the first to detect labour trafficking in Germany. On a national level, Germany also has the *German Federal Police Office* that is responsible for investigations in large cases of financial crimes including money laundering, tax evasion and asset recovery. It is therefore advisable to make an overview of responsible national/regional departments for the analysis of tax records.



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- **Crypto and digital asset profiling:** Authorities use various intelligence databases and networks to cross-check financial profiles, such as FIU databases (e.g., Europol's FIU.net), SWIFT (Society for Worldwide Interbank Financial Telecommunication) for international banking records or commercial databases (e.g., World-Check, Dow Jones Risk & Compliance) for tracking politically exposed persons (PEPs) and sanctioned entities.
- **Utilizing open-source intelligence (OSINT):** Another important tool is OSINT research which can include the monitoring of individual social media accounts and business filings for financial red flags.

While financial profiling helps identify illicit assets and link them to crimes, **financial accounting** provides the legal and financial framework for their seizure and proper management. Financial accounting in asset recovery involves documenting, tracing, and legally justifying the confiscation of assets linked to criminal activity. It ensures that assets are managed appropriately, meet legal thresholds for forfeiture, and can be repurposed for public good or victim compensation. Therefore, one can say that financial accounting includes methods to trace assets across jurisdictions.

#### **Key components of financial accounting:**

- **Forensic accounting and auditing:** This involves the detailed examination of financial records to prove that assets were obtained illegally. Specific techniques include the tracing of money flows across multiple bank accounts and jurisdictions, the identification of fraudulent bookkeeping practices (e.g., false invoices, inflated expenses) or the use of forensic technology to reconstruct deleted or altered financial records. It is also possible to track cryptocurrency transactions linked to illicit financial flows here (e.g., blockchain analysis).





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- **Legal documentation and chain of custody:** Proper documentation is essential to ensure that seized assets are admissible in court. Important legal accounting practices include the provision of financial reports and expert testimony linking assets to criminal acts, the establishment of a clear chain of custody for seized funds and physical assets and to ensure compliance with international asset recovery frameworks (e.g., UNCAC).
- **Asset freezing and seizure accounting:** When authorities freeze assets, they must maintain records of asset values and ownership details. What is sometimes quite challenging, is that there are valuation discrepancies (e.g., fluctuating cryptocurrency values, real estate devaluation) and the management of assets that require maintenance (e.g., yachts, luxury homes).
- **Cross-border cooperation in financial accounting:** Criminal assets are often held in multiple jurisdictions, requiring international coordination. There are some useful mechanisms: the mutual legal assistance treaties to access financial records in foreign banks, the EU Asset Recovery Offices (AROs) for intergovernmental financial cooperation which are described in more detail in Section 10.11 and FATF (see Section 3) standards for anti-money laundering compliance.
- **Financial intelligence tools:** There is specific software that can be used to monitor bank transaction to detect suspicious activity. This software is frequently used by tax investigations, financial control of undeclared work, public prosecutors' offices and internal audits of companies. Here are some examples:
  - [CaseWare IDEA](#)
    - Origin: Canada





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- Function: analysis of large amounts of data in general, but e.g., also for data analysis from accounting and banking data to detect anomalies, comparison of tax returns with actual payment flows, linking companies and account transactions to detect tax fraud
- [LexisNexis Financial Crime Compliance](#)
  - Origin: USA / international
  - Function: screening of clients for tax evasion and money laundering, database with PEPs (Politically Exposed Persons) for risk analysis, integration with global sanctions lists (OFAC, EU, UN, FATF)
- Software solutions from FICO/TONBELLER
  - Origin: USA / Germany
  - Function: money laundering and tax fraud monitoring for financial service providers, integration with accounting software (SAP, DATEV) for tax audits, AI-supported transaction analysis
- **Seized assets – what to do with them?** Some countries reinvest confiscated criminal assets into law enforcement or social programs. In the European Union (member states) seized assets are sometimes returned to the victims of trafficking, especially when the assets are linked directly to the trafficking activity. In some countries, the proceeds from seized assets may be allocated to victim compensation programs or specific human trafficking victim funds. In some instances, victims can apply for compensation from the national victim compensation schemes. In most cases, relevant ministries or authorities (e.g., Ministry of Justice) will oversee the redistribution of seized assets to victim services. It is not possible to derive standard procedures what happens with

seized assets as it is very dependent on the national regulations and laws, or even on the structure of the legal system (e.g., in Germany, there are different types of law and correspondingly different courts, which in turn are subject to different laws concerning victim recovery). At this point, it is advisable to invite an expert from law with an appropriate use case/best practice example in the field of asset recovery if the focus of the training chapter/course should be on that topic.

Both financial profiling and financial accounting are indispensable tools in asset recovery. Profiling helps detect and link illicit assets to crimes, while accounting ensures their legal seizure and management. Together, they form the foundation of modern financial crime enforcement and asset recovery strategies. As a final overview, Table 12 shows a short differentiation between both investigative techniques.

*Table 15. Differentiation between investigative techniques*

Aspect	Financial Profiling	Financial Accounting
Objective	Identify, trace, and analyse illicit assets	Legally justify and manage seized assets
Tools Used	Bank records, blockchain forensics, AI-based transaction monitoring	Forensic accounting, financial audits, asset valuation
Focus	Detecting patterns of financial crime	Ensuring compliance with legal and accounting standards



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Outcome	Locating and linking assets to crimes	Seizing, managing, and repurposing assets
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Additionally, sometimes authorities/professionals working in the field of asset recovery establish partnerships with banks and financial entities. Concretely, the asset recovery process can therefore be enhanced by:

- Establishing memoranda of understanding (MOUs) for information-sharing
- Training financial sector employees to recognize suspicious transactions
- Encouraging voluntary disclosures from financial institutions
- Using Suspicious Activity Reports (SARs) to initiate asset-tracing operations

## 10.10 Process of asset recovery and practical advice

This section illustrates the schematic process of asset recovery and names important national or EU agencies which are involved in the corresponding step.

### 1. Identification and tracing of assets

Before freezing or confiscating assets, authorities must identify and trace criminal proceeds. Competent authorities for this are the FIUs, AROs, but also, tax authorities, and law enforcement.

Methods include:

- Financial investigations (see training chapter 9)
- Cross-border data sharing via Europol and Eurojust (see Section 10.11)



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- PPPs/cooperation with banks and private sector (possibilities like anti-money laundering/counter financing of terrorism reporting, suspicious transaction reports)
- Digital forensics (for instance, blockchain analysis for cryptocurrency tracking; see training chapter 9)

*Abstract example:* A bank account suspected of being used for laundering THB profits can be frozen immediately to prevent withdrawals.

*Concrete example:* The AROs in EU Member States exchange intelligence through the CARIN network to trace assets linked to criminal organisations, including traffickers.

## 2. Freezing of assets (preventing disposal)

Once identified, assets can be temporarily frozen to prevent traffickers from moving or hiding them. The legal basis was already mentioned in Section 10.8), e.g., the EU Directive 2014/42/EU on freezing and confiscation of instrumentalities and proceeds of crime, but also national laws on financial crime and money laundering.

Important procedures:

- AROs and law enforcement request judicial approval for freezing
- FIUs may impose temporary freezes on suspicious bank transactions
- Europol/Eurojust assist in cross-border freezing
- Cooperation with third countries under mutual legal assistance (MLA) agreements

*Abstract example:* A bank account suspected of being used for laundering THB profits can be frozen immediately to prevent withdrawals.



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*Concrete example:* In Belgium, assets of companies exploiting undocumented workers can be frozen based on labour inspectorate reports.

### 3. Seizure of assets (judicial control)

Seizure is a step further than freezing, allowing authorities to take physical or financial control over assets before a final court decision. The legal basis is formed by the criminal codes of EU member states and the European Investigation Order (EIO) for evidence collection in other EU states.

Procedure:

- Prosecutors or investigative judges issue a seizure warrant
- Cooperation with banks, real estate agencies, and financial institutions
- If assets are held abroad, [Regulation on the Mutual Recognition of Freezing and Confiscation Orders \(2018/1805\)](#) under EU law applies.

*Abstract example:* A construction company using trafficked workers has its vehicles and machinery seized after evidence of forced labour is uncovered.

*Concrete example:* Italy's anti-mafia laws allow for rapid seizure of property linked to organized crime, including traffickers.

### 4. Confiscation of assets (final court decision)

Confiscation means permanently depriving criminals of their illicit assets after a conviction. Here, legally, the EU Directive 2014/42/EU can be applied which allows extended confiscation beyond direct crime proceeds. Furthermore, in some member states, the NCB confiscation helps to confiscate illicit assets.



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Procedure:

- Court ruling orders confiscation of money, properties, businesses, or luxury goods
- In cases of labour exploitation, traffickers may lose legal ownership of businesses used for exploitation

*Abstract example:* A trafficker's luxury apartment—bought with proceeds from exploiting workers—is confiscated even if not directly linked to a specific offence.

*Concrete example:* In the Netherlands, assets linked to human trafficking cases are confiscated and sold, with proceeds funding victim support programs.

## 5. Recovery and redistribution of assets

Confiscated assets should be reused for social purposes or victim compensation.

Methods include:

- Sale of confiscated assets to fund anti-trafficking initiatives
- Direct restitution to victims (compensation funds)
- Reuse of confiscated businesses under state control

*Abstract example:* A trafficker moves funds to a shell company in another EU country. An EIO is issued to trace and recover the assets.

*Concrete example:* France's AGRASC agency ensures that confiscated assets fund compensation programs for trafficking victims.





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## 6. Victim Compensation

Victims of THB and labour exploitation are entitled to compensation, but they often face barriers. Here, the legal basis is the EU Directive 2011/36/EU (right to compensation for THB victims). Moreover, also national crime victim compensation schemes can apply.

This is often impeded by several challenges:

- Victims must actively claim compensation in court
- Legal aid is often needed
- If traffickers have no visible assets, state compensation schemes must intervene

*Abstract example:* A restaurant owner convicted of exploiting workers has their business confiscated, and the profits are redirected to victim compensation funds.

*Concrete example:* In Germany, victims can claim compensation from traffickers' seized assets, and if unavailable, from the state's Crime Victim Compensation Fund.

While the EU has strong legal frameworks for freezing, seizing, and recovering assets from traffickers, challenges remain in cross-border cooperation, transparency, and victim compensation. Best practices involve efficient asset recovery offices, PPPs, and effective victim restitution mechanisms.

### Practical advice

To go one step further, there are several judicial and court processes and issues that should be considered when dealing with asset recovery in cases of labour exploitation.

➤ **Jurisdiction and legal framework:** As these cases often involve cross-border operations, jurisdiction is a key challenge because different EU member states



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apply laws for asset recovery differently. It is advisable to use EU legal tools like the EIO and the Regulation on the Mutual Recognition of Freezing and Confiscation Orders (2018/1805) to streamline asset recovery across borders. Furthermore, also Eurojust can be involved quite early in a case to coordinate cross-border prosecutions.

- **Risk of asset dissipation:** Traffickers often transfer or hide assets as soon as they sense law enforcement action. Delays in issuing freezing orders can allow traffickers to move money offshore. It is possible to use emergency freezing powers immediately after detecting suspicious assets. In addition, it is beneficial to strengthen cooperation with financial institutions for getting useful data like real-time transaction monitoring.
- **Gathering sufficient financial evidence:** Courts require strong financial evidence to justify asset freezing and confiscation. Many traffickers hide assets under third parties' names (family members, shell companies, offshore accounts). Therefore, proving that businesses or properties were purchased with illicit gains can be complex. A possible solution is to strengthen financial investigations using specialized forensic accountants and anti-money laundering tools. Moreover, one can use reverse burden of proof laws (where applicable), requiring traffickers to justify unexplained wealth.
- **Lengthy legal proceedings:** Asset recovery cases can take years to resolve due to appeals, legal loopholes, and slow judicial processes. Criminal trials and asset confiscation proceedings are often separate, delaying justice. One advice can be to use civil forfeiture laws, where possible, to recover assets independently of a criminal conviction (the possibility of success may vary from country to country!).



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Try to fast-track labour exploitation cases by using specialized THB prosecutors and judges, if possible.

- **Protection of victim's rights during proceedings:** Courts often prioritize state confiscation over victim compensation, leaving victims with little financial redress. Victims may furthermore lack legal representation to claim compensation from seized assets. It is advised to ensure that victims are granted legal aid and can easily file civil claims against traffickers' assets. The use of victim compensation funds to provide interim relief while legal proceedings are ongoing is also possible.

Last, but not least, the [Tools and Best Practices for International Asset Recovery Cooperation Handbook](#) from Thomas, Day & Jackson (2019) might also be helpful for any theoretical or practical questions concerning asset recovery in complex, cross-border cases of labour trafficking. *Complexity* and *international relations* moreover already indicate what the next section is about.

## 10.11 Interagency and international collaboration

Effective cooperation between FIUs, LEAs, NGOs, academic institutions, and the financial sector is an essential prerequisite for effectively combating human trafficking. Section 10.2 already introduced important international agreements. Besides them, there are several collaborations between agencies on a national and international level to be able to better identify and track the way illicit/illegal assets are taking, for instance:

- **Law enforcement and financial intelligence units (FIUs):** Sharing data to track financial flows. There is a specific and consistent way, how LEAs and FIUs interact





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and collaborate. The main purpose of this interaction is to share data to identify suspicious financial activities related to THB and to track financial flows. This in turn serves the higher objective to gain intelligence from the THB investigation, which is then completed and proven, and can be used for the conviction of the perpetrator(s), but also for asset recovery. The schematic process of collaboration between LEAs and FIUs is depicted in Figure 16. The main part of this figure was copied from OSCE (2020).



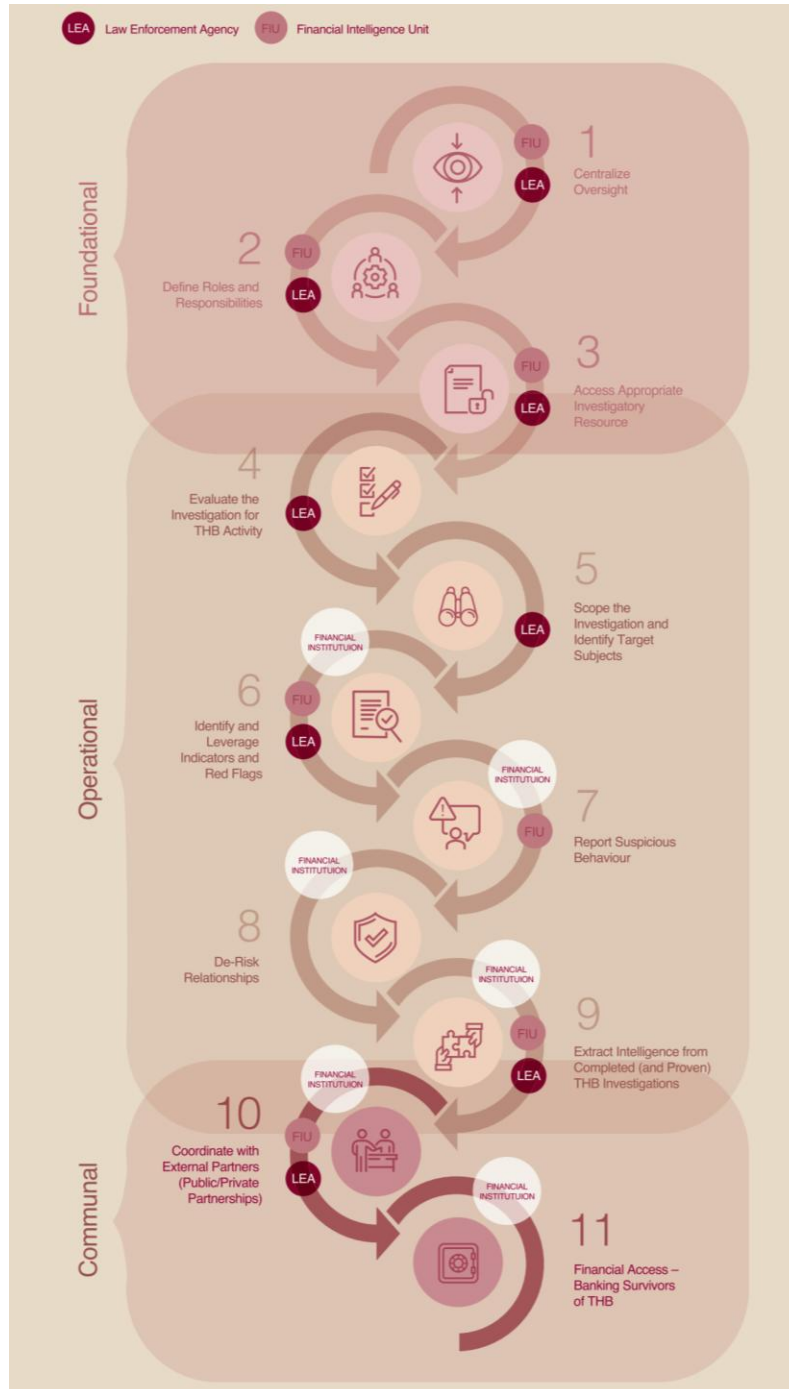


Figure 15. Step-by-step process of collaboration between LEAs and FIUs.



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- **Labour inspectors and social services:** There are different possibilities how labour inspectors and social services can work together. They can, for instance, collaborate via joint inspections to identify indicators of labour exploitation (e.g., poor working conditions, withheld wages). Afterwards, when exploitation is suspected, the financial evidence is shared with LEAs for criminal investigation. The relevance here for asset recovery is that unpaid wages and illegal deductions can be used as financial evidence to justify confiscation and labour inspectors' documentation about violations which can support freezing and confiscation orders. Furthermore, labour inspectors can refer cases involving unpaid wages, illegal payroll schemes, and fraudulent contracts to not only the financial crime units, but also to Asset Recovery Offices (see below). Additionally, social services can assist victims in filing claims for compensation from seized assets for which it is very beneficial if the social service provider directly builds contact with relevant LEAs and prosecutors, sometimes also the Asset Recovery Offices. In some countries exist formal agreements or referral mechanisms (e.g., Memorandums of Understanding), setting clear procedures for communication between social services, LEAs, and prosecutors.
- **Public-private partnerships (PPPs):** At the core of PPPs is the cooperation between authorities (public sector, e.g., LEAs) and private organisation like banks and corporate registries. PPPs have proven effective in combatting THB, also in the realm of asset recovery. By combining resources and expertise from both sectors, these collaborations enhance the identification, seizure, and confiscation of illicit assets. Financial institutions play, for instance, a crucial role in detecting and reporting suspicious activities related to THB. By partnering with LEAs, banks can provide valuable financial data that aids in tracing and recovering assets



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linked to trafficking operations. For example, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) applies financial sanctions targeting human trafficking networks, thereby disrupting their financial flows and facilitating asset recovery efforts (U.S. Department Of The Treasury, 2020).

- **EU Asset Recovery Offices (AROs):** AROs are specialized government agencies in EU member states responsible for tracing, identifying, and recovering assets derived from criminal activities. They were established under [Council Decision 2007/845/JHA](#) and play a key role in combating organized crime, including human trafficking. They have several functions and responsibilities: (1) Of significant importance is the tracing and identification of assets. AROs investigate illegally acquired assets such as bank accounts, real estate, luxury goods, and cryptocurrencies linked to criminal activities. They work closely with law enforcement, tax authorities, banks, and other relevant institutions. (2) Moreover, AROs support the national and international investigations as they act as national contact points and facilitate EU-wide information exchange on suspicious assets. Specifically, they cooperate with Europol, Eurojust, and [OLAF](#) (the European Anti-Fraud Office). (3) On top of that, AROs serve to cooperate across borders and share relevant information with other countries. They use specialized databases and networks like CARIN (Camden Asset Recovery Inter-Agency Network) to facilitate cross-border financial investigations and often collaborate with FIUs, which analyse suspicious financial transactions. (4) Additionally, AROs can (initiate to) freeze and confiscate asset as they assist judicial authorities in seizing and ultimately confiscating criminal assets. In some countries, they work alongside Asset Management Offices (AMOs) that manage seized assets and, in certain cases, repurpose them for public or social use.



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Even if they have important competences and contacts in the field of asset recovery, AROs face some challenges. For instance, differing legal frameworks across EU member states can complicate the cooperation across borders. Some AROs lack sufficient staff or technical capabilities to efficiently track and recover assets. Last, but not least, even AROs cannot simply overcome the challenges of hidden Assets: Criminals use offshore accounts, shell companies, and cryptocurrencies to obscure illicit funds. Despite these challenges, AROs play a crucial role in the European strategy against financial crime. Their efforts help prevent criminal profits from being reinvested in illegal activities and contribute to victim compensation—particularly in cases of human trafficking.

- **The Stolen Asset Recovery Initiative (StAR):** StAR is a joint initiative by the World Bank and the United Nations Office on Drugs and Crime (UNODC), established to support international endeavours aimed at preventing laundering of corrupt funds and facilitating the recovery of stolen assets. StAR primarily focuses on combating corruption and the misappropriation of public assets, but its methodologies and frameworks are applicable also for human trafficking and labour exploitation.

Key aspects, relevant for labour exploitation, are (1) the non-conviction based asset forfeiture, where StAR advocates for the adoption of legal mechanisms that allow for confiscation of assets without necessity of a criminal conviction. Besides, StAR concentrates on (2) international cooperation and capacity building and (3) deterrence through financial disruption. By targeting the financial underpinnings of e.g., THB, StAR aims to alter the cost-benefit analysis for perpetrators – and asset seizure, confiscation and recovery serve as a significant deterrent, reducing the attractiveness of engaging in such illicit activities.

Practically, StAR also provides technical support, policy recommendations, and legal expertise to enhance national asset recovery capacities.





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- The **Camden Asset Recovery Inter-Agency Network (CARIN)**: CARIN was already exemplarily depicted in Section 3 when explaining ARINs and is here only explained as one example of multiple ARINs. It is an informal international network of asset recovery specialists dedicated to improving cross-border cooperation through fostering direct communication between FIUs, LEAs, and prosecutors.

CARIN's members share best practices and facilitate direct information exchanges to expedite asset confiscation processes. Moreover, CARIN facilitates, where possible, also training in all aspects of confiscating the proceeds of crime, equipping practitioners with necessary skills to effectively target assets (e.g., obtained through human trafficking).

CARIN comprises more than 60 jurisdictions, including 27 European member states, the United Kingdom, and 13 international organisations. CARIN has a specific membership structure: Full membership is open to EU member states and other jurisdictions that participated in the CARIN launch conference in 2004. Each member can designate two representatives, one from law enforcement, one from a judicial authority. Jurisdictions and non-private entities that do not qualify for full membership can obtain observer status. Observers can nominate two representatives, but those do not have voting rights. Last, but not least there are bodies which are not involved in operational information exchange but play a complementary strategic role in asset recovery. These bodies can acquire associate status. Also being able to nominate two representatives, they are likewise not allowed to vote in CARIN.

Furthermore, there are some examples of cross-border cooperation that can serve the recovery of assets:





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- **INTERPOL**: INTERPOL's global network enhances international cooperation among LEAs, FIUs, and AROs. INTERPOL can support in criminal intelligence sharing, cross-border investigations and coordination and has access to biometric and criminal databases which may be useful for specific cases to search in. The efforts from INTERPOL can best be seen in the grand global initiative called ***Operation Liberta***, targeting THB and migrant smuggling and coordinated by INTERPOL (INTERPOL, 2024).
- **Europol**: Like INTERPOL, Europol provides operational support and coordination for joint investigations in cross-border THB cases, and also secure platforms for EU LEAs to share intelligence on trafficking networks. Europol participates in the European Multidisciplinary Platform Against Criminal Threats (EMPACT), focusing on disrupting criminal networks engaged in human trafficking for labour as well as sexual exploitation. Specifically relevant for asset recovery is that Europol assists EU member states in tracing and recovering assets (Europol, 2022). In the latest programme for 2025 – 2027, Europol also indicates that 'The Commission will establish a cooperation network on asset recovery and confiscation to facilitate cooperation among AROs and AMOs and with Europol' (Europol, 2024, p. 24).
- **Eurojust**: Eurojust, the European Union Agency for Criminal Justice Cooperation, can also assist in cases of labour trafficking for purposes of asset recovery, e.g., by providing operational support in the form of legal and logistical assistance to national authorities (for example, during the whole investigation process, but also during the whole asset recovery process). This includes the organisation of coordination meetings and facilitating the establishment of joint investigation teams (JITs). Eurojust helps in aligning prosecution strategies across different jurisdictions, ensuring that legal requirements are met, and that evidence is



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effectively gathered and shares among member states. It also identifies and addresses challenges in money laundering and asset recovery through analysing casework and organising expert meetings. Case examples can be found [online](#).

- **Research institutes:** There are several European research institutes and organisations that focus on combatting THB and labour exploitation: Group of Experts on Action against Trafficking in Human Beings ([GRETA](#)), European Union Agency for Fundamental Rights ([FRA](#)), Council of the Baltic Sea States (CBSS) – Task Force against Trafficking in Human Beings ([TF-THB](#)), Organization for Security and Co-operation in Europe (OSCE) – Office of the Special Representative and Co-ordinator for Combating Trafficking in Human Beings ([CTHB](#)) or United Nations Office on Drugs and Crime (UNODC) – [Human Trafficking and Migrant Smuggling Section](#) to name the biggest ones. Moreover, there are different scientific projects which deal with THB (for instance, the [Human Trafficking Data Research Project](#) (HTDR Project) at Dedman College of Humanities and Sciences; [Stanford Human Trafficking Data Lab](#) at Stanford University). Even if they are not specifically linked to asset recovery, they support efforts in this field by e.g., systematising data on THB, making it available to the stakeholders on the one side, and on the other side enabling direct participation in the scientific analysis of this crime which secondarily can also improve legal procedures like asset recovery (e.g., via creating a deeper understanding of gaps in this field).





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## 10.12 Victim support and compensation

It was already stated in Section 10.8 that victims may be compensated directly through confiscated assets, but this is uncertain and very dependent on national regulations. Nonetheless, victim support and compensation for what the victim has experienced should not be overlooked, and various ways should be found to support the victim in this respect in the best possible way. Therefore, the importance of training chapter 5 (and 13) is highlighted as it shows ways of interacting with the victim in a sensitive, appreciative and respectful manner. Of course, it is important not to impose yourself on the victim, but to respect any space for retreat that the victim wishes to claim for themselves and to provide the offer of further clarification on the issue at hand so that the victim can decide for themselves whether and when they wish to accept this help.

The potential support for victims in the context of asset recovery can be two-folded: (1) To help the victim during the asset recovery process and (2) to ensure that he/she receives compensation from recovered assets or from elsewhere.

Supporting victims during asset recovery processes in cases of labour trafficking is crucial to ensuring justice, reparations, and long-term recovery (financially, but also secondarily on a mental and emotional basis). This process involves a victim-centred approach, collaboration between LEAs and victim support NGOs. Mechanisms to guarantee compensation must be applied.

General to dos:

- Ensuring that victims have legal representation during confiscation proceedings
- Providing interim financial assistance from frozen assets





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- Coordinating with NGOs to address immediate housing and medical needs

To go more into detail concerning asset recovery:

- **Legal and institutional support:** Victims should be recognized as parties in asset recovery cases to claim compensation from confiscated assets. Moreover, many jurisdictions claim compensation or damages from the proceeds of crime, often through civil lawsuits or criminal proceedings. Victims require pro bono legal aid or state-supported legal assistance to navigate complex financial and legal proceedings.

Practically, victims should be regarded as key witnesses, not just passive bystanders. They must be allowed to participate in criminal and civil cases for asset recovery. Therefore, it is crucial, that the victim is informed about their legal rights to participate. This can be done through outreach by NGOs, legal aid services, or specialized trafficking units in LEAs. For legal aid access it is furthermore essential, that access to interpreters and documents in the victim's native language is ensured.

- **Identifying and freezing assets:** Trafficked persons can provide key evidence on how traffickers controlled their wages, assets, or financial transactions (in some countries, like Germany, such testimonies are even mandatory in order for human trafficking to be prosecuted). The early freezing of assets can prevent traffickers from disposing of money that could later be used to compensate victims.
- **Compensation and restitution:** For compensation, it is essential to raise the awareness of victims that they can claim confiscated assets. Confiscated funds should be allocated to victim support services, direct compensation, or social reintegration programs. Some countries offer state compensation funds when





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direct asset recovery is difficult. Non-monetary restitution is also possible and can include support for housing, healthcare, education, or vocational training (using recovered assets).

- **Psychological and social support:** As many traffickers threaten victims to prevent them from testifying, protective measures like witness protection programmes are essential. Compensation and asset recovery should furthermore empower victims by restoring their financial independence and dignity. If the resources or capacities of national victim support services are limited, grand and international organisations like OSCE, IOM, and [Hope for Justice](#) assist victims in claiming their rights and navigating legal processes. Moreover, it is advisable to get an overview of different national or regional assistance services and programmes (protection assistance, medical assistance, shelter programmes, rehabilitation, skills training, education, material assistance, language assistance, etc.).

For a more comprehensive overview what has to be considered concerning victims and what could be searched for in terms of victim compensation, please be referred to, for example, the UNODC Toolkit to Combat Trafficking in Persons from e.g., 2012 and the [UNODC Toolkit for mainstreaming Human Rights and Gender Equality into criminal justice interventions to address trafficking in persons and smuggling of migrants](#) from 2021.





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## 10.13 Suggested activities for the chapter

One might choose between the following two activities (group exercise or roleplay). Both are somehow adaptable to the extent the trainer/presenter/facilitator wants to focus on asset recovery. If both activities would last too long, it is advised to show a use case and then to start a general group discussion which can concentrate on questions that are included in e.g., the first activity.

*Table 16. Asset recovery phases – Group exercise and role play*

Activity Name	Asset recovery phases – Group exercise
Type of Activity	Group exercise (dividing the participants in different groups)
Duration	20-45 min (depending on the degree the trainer/facilitator wants to focus on asset recovery; combination with training chapters 6, 7 or 9 possible)
Learning Objectives	Structured understanding of the entire asset recovery process and possibilities of cooperation between agencies
Materials Needed	<p><b>Case example</b> (e.g., as printed version)</p> <ul style="list-style-type: none"> <li>Thomas, Day &amp; Jackson (2019) on pp. 31-38 and pp. 38 – 42 at <a href="https://airewb.org/wp-">https://airewb.org/wp-</a></li> </ul>



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	<p><a href="#">content/uploads/PUBLICATIONS/AR_EN_handbook_tools_best_practices.pdf</a></p> <ul style="list-style-type: none"> <li>• Crates (2022) on pp. 9-14 at <a href="https://www.antislaverycommissioner.co.uk/media/h4ggz4c2/iasc-construction-report-april-2022.pdf">https://www.antislaverycommissioner.co.uk/media/h4ggz4c2/iasc-construction-report-april-2022.pdf</a></li> <li>• U.S. Department of Labour Blog (2022) at <a href="https://blog.dol.gov/2022/01/11/fighting-human-trafficking-the-legacy-of-the-el-monte-sweatshop">https://blog.dol.gov/2022/01/11/fighting-human-trafficking-the-legacy-of-the-el-monte-sweatshop</a></li> <li>• Lam &amp; Skivankova (2009) on p. 5 at <a href="https://www.antislavery.org/wp-content/uploads/2017/01/trafficking_and_compensation2009.pdf">https://www.antislavery.org/wp-content/uploads/2017/01/trafficking_and_compensation2009.pdf</a></li> <li>• KOK German NGO Network against Trafficking in Human Beings at <a href="https://www.kok-gegen-menschenhandel.de/menschenhandel/was-ist-menschenhandel/fallbeispiele">https://www.kok-gegen-menschenhandel.de/menschenhandel/was-ist-menschenhandel/fallbeispiele</a> (use auto-translation for the website and select sub-section 'Human Trafficking for Labour Exploitation')</li> <li>• Training chapter 8</li> </ul>
<b>Guidelines for the facilitator</b>	<p>The participants are divided into different groups and each group is assigned one of the key asset recovery phases:</p>

	<ol style="list-style-type: none"> <li>1. Identification &amp; tracing (if too less participants or already covered by training chapter 9, then leave it out)</li> <li>2. Freezing</li> <li>3. Seizure</li> <li>4. Confiscation</li> <li>5. Recovery</li> <li>6. Victim compensation (if too less participants, merge victim compensation with recovery)</li> </ol> <p>The group task involves a discussion about their phase according to the case study, involving the following key questions:</p> <ul style="list-style-type: none"> <li>• Which actors are involved?</li> <li>• Which legal tools are available in their country and the EU?</li> <li>• Challenges during their phase?</li> <li>• Best practices for their phase?</li> <li>• ...</li> </ul>
<b>Debriefing</b>	<p>After the group task is finished, each group will present their findings/discussion outputs to the plenary. The others can of course comment and/or present their opinion or their experience.</p>
<b>Tips for facilitator</b>	<p>Plan the timing beforehand and stick to the time you have foreseen for the activity (e.g., 5-8 min for presenting the case</p>



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	study, 2 min to form the groups, 10-20 min group task, 10-20 min discussion in the plenary).
<b>Handouts</b>	A case study that should be printed and provided to participants.
<b>Variations for online implementation</b>	Online implementation should not be a problem; you can just make breakout-groups.
<b>References</b>	<p><i>These are the references for case examples.</i></p> <p>Thomas, Day &amp; Jackson (2019)</p> <p>Crates (2022)</p> <p>Lam &amp; Skivankova (2009)</p> <p>U.S. Department of Labour Blog (2022)</p> <p>KOK German NGO Network against Trafficking in Human Beings (n.d.)</p>
<b>Activity Name</b>	<b>Asset recovery in court - Roleplay</b>
<b>Type of Activity</b>	Roleplay in groups



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<b>Duration</b>	<p>Depending on whether the training should focus on asset recovery or not, this exercise can take 60 min (high focus) or quite less (e.g., 20 min).</p> <p>It could be connected with training chapter 9 (financial investigations, digital forensics) or training chapter 6 (inter-agency co-operation) / training chapter 7 (international co-operation).</p>
<b>Learning Objectives</b>	<p>Help participants understand the roles of different actors in asset recovery, practice cross-agency communication, and navigate challenges in confiscating proceeds from cases of THB/labour exploitation</p> <ul style="list-style-type: none"> <li>• How interact different agencies interact in asset recovery?</li> <li>• What is the role of financial investigation in proving THB-related crimes? (→ link to training chapter 9)</li> <li>• How to use EU cooperation tools like Eurojust and EIOs effectively?</li> <li>• Common obstacles and strategies to overcome</li> </ul>
<b>Materials Needed</b>	<p>Case example with sufficient background (e.g., printed version)</p> <ul style="list-style-type: none"> <li>• Thomas, Day &amp; Jackson (2019) on pp. 31-38 and pp. 38 – 42 at <a href="https://airewb.org/wp-">https://airewb.org/wp-</a></li> </ul>

	<p><a href="#">content/uploads/PUBLICATIONS/AR_EN_handbook_tools_best_practices.pdf</a></p> <ul style="list-style-type: none"> <li>• Crates (2022) on pp. 9-14 at <a href="https://www.antislaverycommissioner.co.uk/media/h4ggz4c2/iasc-construction-report-april-2022.pdf">https://www.antislaverycommissioner.co.uk/media/h4ggz4c2/iasc-construction-report-april-2022.pdf</a></li> <li>• U.S. Department of Labour Blog (2022) at <a href="https://blog.dol.gov/2022/01/11/fighting-human-trafficking-the-legacy-of-the-el-monte-sweatshop">https://blog.dol.gov/2022/01/11/fighting-human-trafficking-the-legacy-of-the-el-monte-sweatshop</a></li> <li>• Lam &amp; Skivankova (2009) on p. 5 at <a href="https://www.antislavery.org/wp-content/uploads/2017/01/trafficking_and_compensation2009.pdf">https://www.antislavery.org/wp-content/uploads/2017/01/trafficking_and_compensation2009.pdf</a></li> <li>• KOK German NGO Network against Trafficking in Human Beings (n.d.) at <a href="https://www.kok-gegen-menschenhandel.de/menschenhandel/was-ist-menschenhandel/fallbeispiele">https://www.kok-gegen-menschenhandel.de/menschenhandel/was-ist-menschenhandel/fallbeispiele</a> (use auto-translation for the website and select sub-section 'Human Trafficking for Labour Exploitation')</li> <li>• Training chapter 8</li> </ul>
Guidelines for the facilitator	Participants are assigned roles (3-5 min)

- Labour inspectorate: Identified possible exploitation but needs financial evidence
- Financial Intelligence Unit (FIU): Tracks suspicious transactions
- Law enforcement (police/ARO): Conducts investigations and executes asset freezes
- Tax authority: Examines tax fraud and undeclared earnings
- Prosecutor: Decides on legal action and prepares for trial
- Victim support organisation: Advocates for victim compensation
- Eurojust representative: Assists with cross-border asset recovery
- Defence lawyer (optional): Challenges the proceedings
- Another role? Please adapt to your national context, if needed.

### **The facilitator introduces a case scenario (3-6 min)**

Present the use case scenario (where e.g., a company has multiple bank transfers to offshore accounts and authorities suspect money laundering and tax fraud) either in front of all or give the participants A4 leaflets with the description of the use case and everybody reads it on his/her own.

	<p><b>Roleplay (10-30 min)</b></p> <ul style="list-style-type: none"> <li>• The labour inspectorate presents concerns based on workplace inspections.</li> <li>• The FIU shares financial red flags.</li> <li>• The police/ARO considers freezing assets but faces challenges (e.g., funds moved abroad).</li> <li>• The tax authority investigates undeclared earnings.</li> <li>• The prosecutor decides on legal tools (EIO, MLA requests, Eurojust support).</li> <li>• The victim support organisation fights for compensation from confiscated assets.</li> <li>• The Eurojust representative helps coordinate EU-wide action.</li> <li>• The defence lawyer (if included) argues against asset freezing.</li> <li>• Another role?</li> </ul>
<p><b>Debriefing</b></p>	<p><b>Discussion (10 – 20 min)</b></p> <ul style="list-style-type: none"> <li>• Each role presents their actions and challenges.</li> <li>• Discussion on how to improve inter-agency and international cooperation (with focus on asset recovery)</li> </ul>

	<ul style="list-style-type: none"> <li>The facilitator explains (or deduces from the discussion) best practices in asset recovery and victim compensation</li> </ul>
<b>Tips for facilitator</b>	Adapt the preferred use case in advance for the participants. The facilitator might also prepare small leaflets for the different roles he or she needs for the participants in advance.
<b>Handouts</b>	A case study that should be printed and provided to participants.
<b>Variations for online implementation</b>	Possible to conduct the activity online, but this activity might be better to conduct on site.
<b>References</b>	<p><i>These are the references for case examples.</i></p> <p>Thomas, Day &amp; Jackson (2019)</p> <p>Crates (2022)</p> <p>Lam &amp; Skivankova (2009)</p> <p>U.S. Department of Labour Blog (2022)</p> <p>KOK German NGO Network against Trafficking in Human Beings (n.d.)</p>



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