

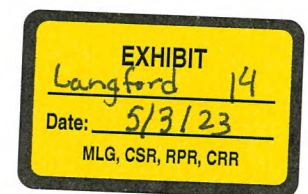
# EXHIBIT 44

## Appendix A

Reference Document on human trafficking prepared by JPMC Corporate AML Compliance.



# AML Operations Human Trafficking Overview



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Version 1.0  
Jessica Craft  
Cory Nealy  
Philip Schmidley

## **I. Overview**

### **A. Human Trafficking Defined**

Human trafficking is defined by the U.S. Department of State in the Trafficking in Persons Report 2009 as “sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such an act has not attained 18 years of age; or the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.” The use of force, fraud or coercion, whether physical or psychological, is the common thread among instances of human trafficking. In a 2005 report published by the U.S. Department of State, about \$9.5 billion are generated from trafficking activities, with almost half coming from sexual exploitation.

### **B. Financial Crisis and Human Trafficking**

The global economic crisis is only making the problem larger and more prevalent. There is a rise in demand for cheap labor and an increase in those workers willing to take greater risks to have employment. One estimate from the International Labor Organization (ILO) claims if the crisis continues more than 200 million workers could be pushed into extreme poverty around the world, mainly in developing countries. The outlook for Asia is particularly grim as that area is already home to about 77% of forced labor worldwide.

### **C. US Department of State Tier Placements**

The U.S. Department of State issues the Trafficking in Persons Report every year. In this report they categorize 175 different countries in tiers. The placement of the countries into their tiers is based upon their compliance with the Trafficking Victims Protection Act (TVPA). Tier 1 countries are in full compliance with the TVPA, while Tier 2 countries are not fully compliant but are making significant efforts to meet the TVPA standards. Tier 2 Watch List countries are the same as Tier 2 but have a significant number of trafficking victims or significant increase in victims and are not providing evidence of their increasing efforts. Tier 3 countries are those whose governments do not fully comply and are not taking steps to comply with the TVPA. The tier placement of these countries can be found in [ [HYPERLINK \l "Appendix\\_A"](#) ]. A detailed breakdown of the Tier 3 countries can be

found in [ [HYPERLINK \l "Appendix\\_B"](#) ]. This includes whether the country is a source, destination, or transit country, the form of trafficking most prevalent, the primary victims in that country, associated human trafficking countries and some key facts for that country.

#### **D. Scope**

Due to the nature and different methodologies, the scope of the trade of human beings is very difficult to assess, however, the U.S. Department of State estimates that between 600,000 and 800,000 men, women and children are trafficked across international borders each year. Of those, approximately 80% are women and up to 50% are children under 18, most of which are trafficked into commercial sexual exploitation. What these numbers fail to account for is the number of individuals trafficked within the borders of their own country, which the ILO estimates at over 11 million, the majority of which are trafficked into forced labor and bonded debt.

#### **E. Victims**

In most cases the victims of human trafficking are targeted based on the vulnerability of their current situation. Children and women are often the victims that are coerced by the promise of a better life by way of employment, better education or marriage. Women are often susceptible to the promise of domestic jobs abroad – only to have these promises turned into forced prostitution, often with no way to escape. In other instances, families will be fooled into giving their children to adults who promise of educational opportunity, but turn around and sell the children into forced labor.

## **II. Major Forms of Human Trafficking**

#### **A. Forced Labor**

Forced Labor is defined as work or service that is enacted unwillingly by an individual in fear of punishment and/or repercussion. It represents a restriction on human freedom and is a violation of basic human rights. The majority of human trafficking in the world takes the form of forced human labor and is often the most difficult to identify. In most instances, the victims are vulnerable to forced labor due to high rates of unemployment,



poverty, crime, discrimination, corruption, political conflict, and cultural bonded labor in the country they live in. In *The Cost of Coercion*, a 2009 report issued by the ILO, it is estimated that there are more than \$20 billion worth of lost wages due to forced labor, most of which affect developing countries and their economic growth. These practices include bonded labor, involuntary domestic servitude and forced child labor.

Child labor has been utilized throughout most of history, but has become more controversial since the concepts of workers' and children's rights. The exploitation of children for labor is common and in high demand because of the relatively low cost and defenselessness, even within the human trafficking world. Children from many countries around the world are pushed into forms of child labor such as forced labor, commercial sexual exploitation and militaries. One form of forced labor that has become more prominent in recent years is the use of children as street beggars. An example of this form of forced labor comes from West Africa. It is common for families to send their sons to Koranic teachers to receive education. While a number of these boys do receive the schooling promised, many others are forced by the teachers to beg for money. In the end, the money received is then forfeited to the teachers. In other instances, these boys are forced into manual labor, with the earnings surrendered to the adults placing them there. A study done by the Understanding Children's Work (UCW) estimated that 90% of the boys found begging on the streets of Dakar, Senegal were victims as described above. Other prominent regions of the world where forced begging takes place are India, Russia, Ukraine and Greece. Some of these areas, like India, exploit children from within their own borders; while others such as Greece have children trafficked from Albania.

#### **B. Debt Bondage and Involuntary Domestic Servitude**

Debt-Bondage is another form of forced labor using a bond or debt to keep a person subjugated and is considered the most contemporary form of slavery. Bonded Labor typically occurs when an employer unlawfully exploits an initial debt the worker has taken on as a term of the employment. Many times, this takes the form of the fees charged by the "recruiter" for removing the victim from the circumstances they were being "saved" from. The debtor is then tricked into working for little or no pay and/or the value of their work becomes significantly greater than the original debt. If the debtor could not perform all the tasks demanded of him, his wife and the children might be forced to work as well.

Often, domestic workers can end up trapped in servitude by the use of physical, psychological or sexual abuse. Children are predominantly vulnerable to this form of trafficking, but females, many of whom are moved into forced marriages are also targeted. This form is very hard to identify because the crime is generally carried out in a private home and cannot be regulated the same as a more formal employment arrangement. Cases of involuntary domestic servitude are also linked with sexual and physical abuse of the worker.

### **C. Child Soldiers**

This form of trafficking involves the unlawful recruitment of children into armed conflicts. In many cases child soldiers range in age from 15 to 18, while there are some reports of children as young as 8 involved in armed conflicts. Children are forced to join armed conflicts in places such as Colombia, Somalia, and Chad, in many instances they are recruited to join the military groups as soldiers, while others are drawn in as scouts, spies, or human shields. Some females are pulled into armed conflicts as sex slaves and wives for the combatants. In many cases, the children are forced to perform heinous acts against family members or others from their villages. A 2007 estimate by Human Rights Watch puts the number of children involved in armed conflicts between 200,000 and 300,000. Africa appears to be the region where children are most prevalently involved in armed conflict; the UN Office for the Coordination of Humanitarian Affairs (UNOCHA) says approximately half the world's child soldiers participate there. However, Africa is far from the only area where children are used in the military. According to the UN, 57 armed groups are using children in their forces.

### **D. Sex Trafficking and Forced Prostitution**

Sexual Slavery is a term that describes any coercion of the unwilling into various sexual practices. These practices include forced prostitution, child prostitution, sex tourism, forced marriage and forced pornography. Every year thousands of women and children are lured into sexual slavery by various means. While the average age of most victims is between 18 and 24, it is estimated that nearly ten percent are younger. Especially in economically struggling regions it can be the promise of work and money that draws these victims into prostitution, however, there are those that have also been forced into sex slavery due to deception by friends, family, abduction or coercion via threats of violence. Additionally, some are mired in ancestral slavery practices.



**E. Forced Prostitution**

A recent report by the BBC claims forced prostitution is more profitable than the drug trade and the arms trade. The difference between forced and voluntary prostitution is a thin line and prostitution itself is often seen by many as an abusive practice and a form of violence against women.

In Europe, the end of the Soviet Union and the collapse of the former Yugoslavia have contributed greatly to the globalization of human trafficking. Impoverished former Eastern bloc countries such as Albania, Moldova, Romania, Bulgaria, Russia, Belarus and Ukraine have been identified as major trafficking source countries for women and children. It is estimated that nearly two-thirds of the women trafficked for prostitution worldwide come from Eastern Europe with approximately 500,000 women from central and Eastern Europe working in prostitution in the European Union alone.

An example of forced prostitution is the story of "Marina." Born in the Ukraine amidst a difficult life, she answered a newspaper ad offering the opportunity to study abroad. Upon arrival in Israel she was taken to an apartment where it was announced she was now in prostitution. Beaten and raped, she was then locked in a windowless basement where she was bought and sold as a commodity. Eventually she managed to escape, however most are not as lucky. Besides Eastern Europe, other major source regions for forced prostitution include Thailand, North Korea, China and the Philippines. Major destinations for the trafficking of forced prostitution are Western Europe (Germany, Italy, Netherlands, Spain, Turkey, UK and Greece), the Middle East (Israel, the United Arab Emirates), Asia, Russia and the United States.

**F. Child Prostitution**

Prostitution of children refers to children having sexual intercourse for money. While the definition of a "child prostitute" can vary depending on who is using the term, under many laws a child is defined as anyone under the age of 18. It is estimated that 100,000 children are involved in prostitution in the United States alone. One third of street-level prostitutes in the U.S. are under 18 years old while fifty percent of off-street prostitutes are less than 18 years old. Off-street prostitution includes massage parlors, strip clubs, and escort services. According to the US Summary on Commercial Sexual Exploitation of Children in the U.S. Canada and Mexico, 12 to 14 is the average age of entry into prostitution for girls under 17 years old in the United States while the average age of entry into prostitution in Mexico is between 11 and 13. Other major regions with high levels of child prostitution are the



Phillipines, Thailand and Brazil. The occurrence of this form of sex trafficking is also increasing in developed areas such as North America, Europe, Japan and Australia.

An example of Child prostitution in the United States can be found in the case of *United States v. Cortes-Meza (Georgia)*. According to court documents, the defendants would bring young women in from Mexico to engage in prostitution in the metropolitan Atlanta area. The 10 victims named in the case include three young women who allegedly were forced into commercial sex acts against their will by force, fraud and coercion, and four victims who were under the age of 18. The victimization of the young women in this case was made easier by their illegal status, unfamiliarity with U.S. laws, and fear of law enforcement instilled in them by the traffickers. Court documents show some of the victims were beaten, threatened, or faced threats to their families in Mexico in order to force them to work as prostitutes against their will. It is alleged that at least one of the codefendants was always present in the home where the victims lived in order to monitor them and direct the prostitution work. They frequently serviced between 20 and 30 men a night, charging \$25, some of which went to the drivers who transported the young women to the "johns" (a term used to describe those that pay for sexual activities). The majority of the money earned was kept by the alleged traffickers.

Additional cases of child prostitution include instances of family members forcing children into prostitution, the targeting of children who are homeless and also using drugs as a means to lure children into prostitution. Also of note is the continuation in Niger of caste based slavery practices, rooted in ancestral master-slave relationships. Thousands of Nigerians live under conditions of traditional hereditary slavery where children are forced into sexual exploitation and treated as a commodity.

#### **G. Sex Tourism**

Sex tourism is travel to engage in sexual activity with prostitutes. The World Tourism Organization, a specialized agency of the United Nations, defines sex tourism as "trips organized from within the tourism sector, or from outside this sector but using its structures and networks, with the primary purpose of effecting a commercial sexual relationship by the tourist with residents at the destination". The U.N. opposes sex tourism citing health, social

and cultural consequences for both tourist home countries and destination countries, especially in situations exploiting gender, age, social and economic inequalities in sex tourism destinations.

Several countries have become preferred destinations for sex tourists. These include Thailand, Brazil, Sri Lanka, Dominican Republic, Costa Rica, Cuba, and Kenya. In fact, in 1998 the International Labour Organization estimated that between 2% and 14% of the gross domestic product for Indonesia, Malaysia, the Philippines and Thailand is derived from sexual tourism. An individual city or region can have a particular reputation as a sex tourist destination. Many of these coincide with major red-light districts, and include Amsterdam in the Netherlands; Zona Norte in Tijuana, Mexico; Boy's Town in Nuevo Laredo, Mexico; Fortaleza and Rio de Janeiro in Brazil; Bangkok, Pattaya and Phuket in Thailand; Vladivostok in Russian Far East, destination for Asian sex tourists, and Angeles City, the site of a former United States military base in the province of Pampanga, Philippines. In some countries, including Fiji and Cuba, individuals working at hotels and night clubs, as well as family members, act as facilitators for sex tourism.

In addition to adults being trafficked and forced to work in brothels as a part of sex tourism trade, child sex tourism has become a multi-billion-dollar criminal industry that is believed to have victimized as many as 2 million children worldwide. UNICEF estimates that there are 60,000 child prostitutes in the Philippines alone with many of the 200 brothels in the notorious Angeles City offering children for sex. Many foreigners flock to the Philippines for sex with children. A BBC report shows that both the British and Philippine government have recently begun cracking down on sex tourism, with one convicted British man currently serving 16 years for organizing sex tours.

Another recent case is that of the *United States v. Pepe* (California) where a 54 year old retired Marine Corps captain was convicted on seven counts of traveling to Cambodia for the purpose of engaging in illicit sexual conduct with minors. During the trial,



government prosecutors presented testimony from six of the seven girls that were sexually abused. The defendant faces up to 210 years in federal prison as a result of the guilty verdicts.

#### **H. Forced Marriage**

Forced marriage is a term used to describe a marriage in which one or more of the parties are married without his or her consent or against his or her will. Still practiced in some areas of South Asia, Middle East and Africa, it is in most cases the female (rather than the male) who is the involuntary spouse.

In North Korea, women and girls from the impoverished North Hamgyong province willingly cross the border into the People's Republic of China (PRC) in order to escape poor economic and political conditions. Once in China they are often captured and then sold as brides to PRC nationals. Often these women are re-abducted by the traffickers or are sold by husbands who no longer want them. There have been cases where the women are sold multiple times to different men by the same trafficker.

The practice of mail order brides is another concern in regards to human trafficking and abuse. While not illegal in most areas of the world, there have been cases of women being coerced and at times forced into marriage arrangements as well as instances of abuse stemming from these arranged marriages. One such case is that of Susanna Blackwell who met her husband through an international marriage broker called Asian Encounters and left the Philippines to settle with him in Washington State in 1994. The husband, Timothy Blackwell, physically abused Susanna, including one incident in which he choked her the day after their wedding. Susanna reported the abuse to the police and obtained a protection order against him. While awaiting divorce/annulment proceedings in a Seattle courtroom many months later, Susanna and two of her friends were shot dead. Blackwell was convicted of murdering all three women.



Other regions with high volumes of foreign brides are Asia (South Korea, Japan, China, India and Taiwan) and Eastern Europe (Ukraine, Belarus and Turkmenistan).

### **I. Forced Pornography**

Pornography refers to images or films depicting sexually explicit activities. When minors are photographed during these activities it is child pornography and is considered child abuse. The wide distribution and availability of these materials compounds the abuse on the child. Child pornography is a multi-billion dollar industry and among the fastest growing criminal segments on the Internet, according to the National Center for Missing and Exploited Children (NCMEC). The advent of new technology such as the internet and digital cameras, have made child pornography more prevalent than ever. A report by the National Society for the Prevention of Cruelty to Children states that more than 20,000 images of child pornography are posted online every week and approximately 20% of all Internet pornography involves children with over 100,000 websites offering illegal child pornography.

Children are coerced into pornography via similar means as those that are forced into slave labor and prostitution, such as the threat of violence, luring with the promise of wealth, abduction and also coercion by family members and friends through physical and sexual abuse. A recent investigation into a missing eight year old girl in Tracy, California is focusing on 60 individuals who have been identified trafficking in child pornography, along with 78 "registered" sex offenders.

Efforts to fight against illegal pornography have yielded mixed results. One recent successful investigation into a child pornography sex ring yielded several multi-national arrests and 7 convictions as well as uncovering 750,000 images with 1,200 unique identifiable faces being distributed over the web.

Regions with noted issues with both the trafficking of children for the purposes of pornography as well as the distribution and viewing of child pornography include Canada, India, Japan, the Philippines, Taiwan, the United Kingdom and the United States.

### III. Key Links and Data Resources

The following are links that were key to the research provided in this report. These links are helpful in finding supplemental information.

1. U.S. Department of State website – Trafficking in Persons Report 2009  
[ HYPERLINK "<http://www.state.gov/g/tip/rls/tiprpt/2009/>" ]
2. Human Trafficking website – dedicated government and Non-Government Organizations (NGOs) in East Asia and the Pacific together in combating human trafficking.  
[ HYPERLINK "<http://www.humantrafficking.org/>" ]
3. Africans in America, Inc. website – leading African community organization.  
[ HYPERLINK "<http://www.aiainc.org/a/p/m/bsumht.html>" ]
4. National Underground Railroad Freedom Center website – Community group in Cincinnati dedicated to the Underground Railroad and current day issues such as human trafficking.  
[ HYPERLINK "<http://www.freedomcenter.org/slavery-today/>" ]
5. Not for Sale website – Campaign to help inform about present day issue with slavery.  
[ HYPERLINK "<http://www.notforsalecampaign.org/>" ]
6. U.S. Department of Justice website – National Crime Victim's Rights Week notice pertaining to Human Trafficking  
[ HYPERLINK "<http://www.ojp.usdoj.gov/ovc/ncvrw/2005/pg51.html>" ]

7. U.S. Department of Justice website – Attorney General’s Annual Report to Congress and Assessment of U.S. Government Activities to Combat Trafficking in Persons Fiscal Year 2008  
 [ HYPERLINK "<http://www.usdoj.gov/whatwedo/agr-report-fy2008.pdf>" ]

**[ HYPERLINK \l "Appendix\_A\_2" ]**

**U.S. Department of State – Trafficking of Human Persons 2009 Report: Country Tier Placements**

**TIER 1**

Australia	Denmark	Lithuania	Norway
Austria	Finland	Luxembourg	Poland
Belgium	France	Macedonia	Slovenia
Canada	Georgia	Mauritius	Spain
Colombia	Germany	The Netherlands	Sweden
Croatia	Italy	New Zealand	Switzerland
Czech Republic	Korea, Rep. of	Nigeria	United Kingdom

**TIER 2**

Afghanistan	El Salvador	Laos	Romania
Albania	Estonia	Liberia	Rwanda
Antigua & Barbuda	Ethiopia	Macau	Serbia
Armenia	The Gambia	Madagascar	Sierra Leone
The Bahamas	Greece	Malawi	Singapore
Barbados	Honduras	The Maldives	Slovak Republic
Belarus	Hong Kong	Malta	South Africa
Benin	Hungary	Mexico	Suriname
Bolivia	Iceland	Mongolia	Taiwan



Bosnia & Herzegovina	Indonesia	Morocco	Tanzania
Botswana	Ireland	Mozambique	Thailand
Brazil	Israel	Namibia	Timor-Leste
Brunei	Jamaica	Nepal	Togo
Bulgaria	Japan	Oman	Trinidad & Tobago
Burkina Faso	Jordan	Palau	Turkey
Chile	Kazakhstan	Panama	Uganda
Costa Rica	Kenya	Paraguay	Uruguay
Cyprus	Kosovo	Peru	Vietnam
Ecuador	Kyrgyz Republic	Portugal	Zambia

**TIER 2 WATCH LIST**

Algeria	Congo, Rep. of	Iraq	Qatar
Angola	Cote d'Ivoire	Latvia	Russia
Argentina	Djibouti	Lebanon	St. Vincent & the Gren.
Azerbaijan	Dominican Republic	Lesotho	Senegal
Bahrain	Egypt	Libya	Sri Lanka
Bangladesh	Equatorial Guinea	Mali	Tajikistan
Belize	Gabon	Micronesia	Tunisia
Burundi	Ghana	Moldova	Turkmenistan
Cambodia	Guatemala	Montenegro	Ukraine
Cameron	Guinea	The Neth. Antilles	United Arab Emirates
Central African Rep.	Guinea-Bissau	Nicaragua	Uzbekistan
China (PRC)	Guyana	Pakistan	Venezuela
Congo (DRC)	India	Philippines	Yemen

**TIER 3**

Burma  
Chad  
Cuba  
Eritrea  
Fiji

Iran  
Kuwait  
Malaysia  
Mauritania  
Niger

North Korea  
Papua New Guinea  
Saudi Arabia  
Sudan  
Swaziland

Syria  
Zimbabwe