

SNAPSHOT – THE CHINESE SUPPLY CHAIN: AN ANALYTIC BASELINE

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We assess over **84%** of illicit massage businesses (IMBs) in the United States (U.S.) are “Chinese” - in that their management and/or workers originate from mainland China. Structurally, Chinese Supply Chain (CSC) IMB networks appear diffused, with small, unrelated networks often competing or coexisting in the same locality, whereas CSC brothel networks typically report to a single leader. CSC networks appear active in all 50 states, although Flushing, New York, and the San Gabriel Valley of Los Angeles play an outsized role in the broader CSC.

VICTIM WORKERS

According to a wide body of reporting, the average Chinese IMB victim-worker (VW) in the U.S. is **30-50 years old** and hails from an impoverished region of China. They are often **fleeing difficult personal situations**, such as spousal abuse, or seeking to pay off large debts. VWs usually have minimal education, lack full literacy in Chinese, and almost never speak English. VWs are typically rotated from IMB-to-IMB every few weeks.

RECRUITMENT

According to several victim workers, **CSC recruitment occurs on both sides of the Pacific**. In China, women visit ostensible travel agencies offering visa application assistance, flights, and airport pickup.

- Full-service visa agencies promise work authorization and jobs at Chinese-run businesses in the U.S., to include restaurants and IMBs. In some cases, these VWs understand or strongly suspect they will be performing sexual services upon their arrival, although such sentiment is not universal.
- These visa **services cost \$30,000 to \$50,000** and victims often borrow these funds from Chinese loan sharks, their families, or the travel agency itself. **Interest charges on these debts typically average 20% to 30% of outstanding principle compounded monthly.**

Victims obtain **valid B1/B2 tourist visas** from U.S. diplomatic installations in China and then typically travel from Beijing to either LAX or JFK. In a small number of documented cases, VWs were **illegally smuggled across the U.S.-Mexico border**. This practice occurred as recently as early 2019.

- Upon arrival, most VWs reside at Chinese-owned family style hotels (FSHs), and VWs with pre-arranged IMB jobs immediately begin work.

Women searching for jobs upon arrival typically learn about IMB employment from other FSH residents, massage recruitment postings in Chinese language print or digital media, or via WeChat.

WORKING CONDITIONS

According to a wide body of reporting, **IMBs are usually staffed by one managerial figure and an average of two victim workers**. Managers coerce workers into providing sexual services to **8-12 customers per day** and often rely on shame, abuse, and debt leverage as means of control. Sometimes managers retain physical possession of the VWs' passport.

- VWs tend to live on-site or in a nearby manager-controlled residence, and often cannot leave without permission. In some cases, VWs are **monitored 24/7 by closed circuit cameras**.

Managers coach VWs in preparation for police raids, instructing them to claim they are new in town, planning to leave the area, and were referred to the job by an unidentified “friend.”

- If caught performing a sexual service, victim workers will typically exonerate the manager and erroneously claim they choose to perform sex acts even though they are prohibited by management.

IMB BUSINESS PRACTICES AND STRUCTURE

According to a wide body of reporting, the vast majority of IMBs are **located in strip malls or business districts**, but they may also appear in single family homes in un-zoned or dual-zoned commercial-residential areas.

- Clientele will be predominantly or exclusively male, and sex buyers may perform support functions for network facilitators.
- In states with enforced licensing requirements **VWs will almost always possess valid massage therapist licenses**, although the licenses often appear to have been fraudulently procured. Many VWs assert credentials from massage schools which appear to operate as “diploma mills.”

When states or localities require business entity filings, IMBs will observe corporate formalities. IMB storefronts are sometimes opened by individuals from Flushing or the San Gabriel valley, whom we refer to as “establishers.” These individuals quickly transfer ownership and oversight to local IMB operators.

- On average, CSC house fees range from \$50 to \$100, with sex acts costing an additional \$50 to \$300.
- **Workers see very little of the income**, paying exorbitant fees for room and board, luggage storage, attorneys fees, lingerie, condoms, phones, meals, transportation, and money transfer fees.
- Managers often instruct VWs to arrange their own transportation between job sites using Chinese ridesharing services or the Chinese bus.

According to a limited body of reporting, network facilitators sometimes open U.S. bank accounts in a VW’s name and then retain control over the accounts. These facilitators also often establish multiple businesses for the same storefront. They use these business bank accounts and the individual VW accounts to move money domestically and internationally.

COMMAND AND CONTROL MAINTAINED VIA WeCHAT

According to a large body of reporting, network managers and VWs **rely on WeChat groups to communicate** and managers often monitor these groups for **signs of disloyalty**.

- VWs often only engage with their immediate management and rarely know the names of higher-level leaders beyond their WeChat handles.
- **Managers also use WeChat groups to threaten and make examples of noncompliant workers.** In one case, managers circulated a video of American police shooting a civilian to suggest American law enforcement officers are violent and cannot be trusted.

LAW ENFORCEMENT (LE) AND SERVICE PROVIDER ORGANIZATION (SPO) RESPONSE

According to a large body of reporting, **citizen complaints** of suspicious activity often trigger LE action against IMBs and CSC storefronts accounted for more than 70% of LE IMB raids in 2018. LE has used traffic stops of sex buyers, surveillance of businesses and management, and business, tax, and financial records to connect single IMB storefronts to city-wide or regional networks.

- Operational success and positive response outcomes depend on strong LE-SPO collaboration and a clear understanding of the **cultural factors at play in the illicit massage industry**.
- Without specific cultural understanding, responders may assume that VWs who do not appear “grateful to be rescued” or who claim to have willingly performed sexual services are prostitutes.
- According to a wide body of reporting, abused, Chinese-born VWs who have never been afforded basic human rights often place little value on individual choice. Some SPOs shield VWs from LE in an attempt to prevent re-traumatization; however, these same SPOs often refrain from interjecting when traumatized VWs seek to return to IMB or illicit brothel work.