

SNAPSHOT – ASSESSING THE POTENTIAL IMPACT OF COVID-19 ON THE IMI

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We assess the COVID-19 crisis will severely impact illicit massage business (IMB) operations in the short-to-medium term, particularly in states which ordered the closure of non-essential businesses. The potential long-term effects on the illicit massage industry (IMI) remain unclear given uncertainty surrounding the longevity and intensity of these closures, as well as potential challenges faced by state and local officials in fully enforcing these restrictions. We assess some IMBs will defy state-directed mandates and remain open, while others may re-direct IMB operations to apartment and hotel brothels, although such moves will likely be limited to IMB networks with existing brothel footprints. Prior to a resumption of normal business operations around the country, we judge that some IMB owners may seek to take advantage of federal and state-level assistance programs for distressed small businesses, to include potentially applying for unemployment benefits. Given competing resource demands and wide-spread court closures, we further posit that many law enforcement (LE) partners will be unable to conduct IMB-related investigations for several months, thus impacting traditional IMB disruption efforts.

IMPLICATIONS OF STATE-WIDE CLOSURES ON IMB REVENUE: As of 26 March 2020, twenty-three states had ordered the temporary closure of non-essential businesses.¹ Based largely on information from commercial sex review website Rubmaps, we assess these states contain approximately 6259 IMBs or roughly 60 percent of the overall IMI market share in the United States. In all, we posit the IMI generates roughly \$3.8 billion dollars annually, based on estimates contained in peer-reviewed academic research.² If enforced, and based on data contained in other buyer demand studies, we assess these state-specific closures could result in the **temporary loss of approximately \$23,000-\$39,000 dollars in monthly gross revenue per storefront**. In the aggregate, we assess these closures could result in monthly losses of approximately \$143- \$244 million dollars. Net storefront losses will vary based on fixed overhead costs.

BUYERS FLOOD ONLINE MESSAGE BOARDS: Sex buyers first began commenting online about COVID-19 in late January 2020 and appeared concerned about the potential closure of IMBs as a result of the health crisis. Buyers noted high customer volume at IMBs which remained open and claimed that **some IMBs were operating clandestinely in violation of state-directed closures**, according to a review of online message boards. Some sex buyers remarked that storefront closures could lead some IMBs to offer “out-call” services for known, vetted buyers while others **predicted an increase in higher-risk commercial sex alternatives**. In terms of services, some buyers stated that victim-workers were unwilling to perform certain acts during the health crisis, such as kissing, while others observed IMB workers cleaning the premises upon their arrival. In one case, a victim-worker took a buyer’s temperature prior to providing services. In another instance, **a buyer noted that a victim-worker wiped his body down with an alcohol-based disinfecting spray during the massage**.

CHINESE VICTIM-WORKERS FLEE AS SUPPLY CHAIN GAPS EMERGE: As the COVID-19 crisis began to unfold in early 2020 and following the closure of non-essential businesses in several states, to include California and Texas, some IMB owners claimed **victim-workers were fleeing storefronts and brothels**, according to a review of online message boards. Some IMB owners reported that victim-workers were relocating to ostensible safe havens where they assessed the risk of COVID-19 exposure was low, to include the Midwest, according to these same message boards. We assess IMB owners and brothel operators will seek to recruit U.S.-based victims to fill these staffing voids, while **worldwide travel restrictions will impact their ability to receive new victims from Asia**.

LE AND SERVICE PROVIDER PARTNERS FACING LOCKDOWNS AND COMPETING PRIORITIES: Most local and state LE entities have been mobilized to support COVID-19 containment efforts, to include responding to possible civil unrest. Officers assigned to some federal and state-level task forces, as well as several service providers, were also ordered **to shelter-at-home**. We assess the closure of court systems will likely impact the ability of most law enforcement partners to convene grand juries and obtain other court-approved documents needed to advance IMB investigations.

SOME IMB NETWORKS ATTEMPTING TO ADAPT: Despite state-wide closures, some IMB owners in Flushing chose to remain open, although with reduced staffing, while West Coast-based IMB owners intended to **delay opening new storefronts** until the crisis had abated, according to a review of online message boards. Conversely, in response to a press conference in which President Trump expressed his desire to re-open businesses in April 2020, some IMB owners in California appeared optimistic about their ability to quickly re-start IMB operations and were therefore actively recruiting new workers.

POTENTIAL FOR FRAUD EXISTS: We assess **some IMB owners may seek to take advantage of small business assistance programs being offered at the federal and state level**, while some eligible IMB owners could seek unemployment benefits on a state-by-state basis, although the requirements for such assistance varies state-by-state. **We assess most victim-workers would almost certainly be ineligible for such assistance based on their illegal immigration and work status**.

¹ <https://www.wsj.com/articles/a-state-by-state-guide-to-coronavirus-lockdowns-1158474935>; <https://www.axios.com/coronavirus-state-stay-at-home-orders-d24a664b-c2cb-4f63-9436-729d3f634588.html>

² National IMB revenue estimates are based on a study done by Vanessa Bouche & Sean M Crotty (2017). Estimating demand for illicit massage businesses in Houston, Texas. Journal of Human Trafficking, DOI: 10.1080/23322705.2017.1374080.