THE ILLICIT MASSAGE INDUSTRY

A HUMAN AND ECONOMIC ANALYSIS IN GEORGIA
EXECUTIVE SUMMARY

This report brings to the forefront the second largest reported form of human trafficking in the United States, the illicit massage industry. This subset of human trafficking is a $2.8 billion industry with more than 9,000 establishments in America. Illicit massage businesses (IMBs) operate under a cloak of anonymity; this form of organized crime is often disguised as a legitimate enterprise. The buyers that drive demand for illicit sex fuel human trafficking.

It is impossible to solve a problem if you can’t define its scope. For far too long vulnerable populations have been exploited for profit. Now is the time to obtain greater understanding to the prevalence and scope of the issue. We are not looking to create generic solutions, but recommendations that demand an end to traffickers' business models.

The user-generated website RubMaps.ch was utilized to obtain a listing of all IMBs across the state of Georgia, 165 IMBs were identified. Approximately 77% (127) of the 165 IMBs derived were in the Greater Atlanta region, inclusive of twelve counties. Fulton, Cobb, Gwinnett, and DeKalb counties had the largest number of IMBs in the region. The illicit massage industry in Georgia has an estimated annual gross revenue of $42,880,942 and nearly 1,100 unique persons are victimized annually. Our report estimates there are between 1,025 and 1,320 customers per day visiting IMBs in Georgia. These are conservative estimates; the research and analysis was conducted using a combination of surveillance and online research.

Strong coordinated efforts are of the utmost importance to combat illicit massage businesses due to the network of organized crime that runs these establishments across city and state boundaries. Policies vary across the nation and those with the weakest policies are likely to attract the most crime. Recommendations for Georgia include closing loopholes in the massage therapy code; requiring registered business owners to successfully pass a criminal background check; and allowing the Georgia Board of Massage Therapy to conduct inspections without prior notice. IMBs should not advertise lewd interests, have individuals living on the premises, or obstruct window coverage. The study concluded that a collective impact model should be implemented in communities to address this complex issue utilizing tangible strategies.

Sincerely,

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The illicit massage industry (IMI) across the United States represents a sophisticated criminal network that spans over 9,000 establishments, according to a 2018 Polaris report entitled "Human Trafficking in Illicit Massage Businesses." The enterprises engage in a range of activities that violate federal and local laws, such as visa and immigration fraud, tax evasion, money laundering, Occupational Safety and Health Administration (OSHA) workplace standards, zoning, licensing violations, and human trafficking. While these illicit massage businesses (IMBs) appear to operate as individual small business entities, a growing body of research suggests that they actually represent an elaborate criminal web.

Several studies have examined the economic impact of IMBs in specific cities across the United States. In Houston, Texas, the IMI represents a $107 million industry (annually) and a $2.8 billion industry across the United States (Bouché and Crotty 2017). The purpose of the present study is to examine the magnitude of the illicit massage industry in Georgia as a starting point to develop a coordinated and systematic approach to dismantling illegitimate businesses in a manner that focuses on those being exploited.

**METHODOLOGY & RESULTS**

This research closely replicated the methodology used in Houston, Texas. The first step was to derive a listing all of the IMBs in Georgia using the user-generated website, RubMaps.ch. This yielded a list of 165 IMBs across Georgia listed on the site, with the vast majority (77%) in the Greater Atlanta metro area (see Figure 1). There are twelve counties that comprise the Greater Atlanta region: Bartow, Cherokee, Coweta, Cobb, DeKalb, Douglas, Fayette, Forsyth, Fulton, Gwinnett, Henry, and Paulding. Figure 2 shows the number of IMBs in each of these counties.

1 Adding up the number of IMBs across the counties in Greater Atlanta in Figure 2 yields 127 IMBs across the Greater Atlanta region, conflicting with the map in Figure 1 that shows 123 IMBs in this region. The reason is that the map in Figure 1 does not count the four IMBs in Cherokee county as part of the Greater Atlanta count.

![Figure 1: IMBs in Georgia on Rubmaps.ch](image1)

![Figure 2: Number of IMBs per county across Greater Atlanta](image2)
Due to the disproportionate number of IMBs in Georgia that are located in the Greater Atlanta region, we selected a sample frame from that geographic region to estimate demand and economic impact across Georgia. The sample frame was selected in a manner that represented geographic distribution across the region, as well as variability in popularity of the establishment based on the number of user-generated reviews on RubMaps.ch. The sample included 19 establishments across four counties that span the Greater Atlanta region (see Figure 3): Cobb, DeKalb, Fulton, and Gwinnett. Figure 2 reveals that these are the four counties with the largest number of IMBs across the Greater Atlanta region, and they also represent relative geographic distribution across the region.

At each establishment, a camera was set up for 24 hours on public property on a random day of the week. A total of 456 hours of film was analyzed to count the number of customers that received services at each establishment, including the time they entered and the time they departed. Those who attempted to enter but did not receive services were not counted in the customer count; only those who entered and exited within a time period where it could be reasonably deduced that they received services were counted in the demand totals. The dependent variable is the total customers receiving services within two-hour time intervals throughout a 24-hour period.

This demand data was then combined with user-generated data on RubMaps.ch, including information on the average amount customers pay at each establishment, the number of reviews, and payment methods accepted. These three variables comprise the independent variables in the study.

All of this data was then cleaned and prepared for analysis. A regression analysis was conducted to estimate fitted demand in two-hour increments for each establishment in the sample. The beta coefficients derived in this model were then used to estimate total demand across the 165 IMBs in Georgia. The specification is:

\[ Demand = \beta_0 + \beta_1(\text{number of reviews last three months}) + \beta_2(\text{average cost per service}) + \beta_3(\text{cash only}) + \epsilon \]

2 Fourteen of the establishments were surveyed during the weekdays from Monday through Thursday, while the remaining five were surveyed on Friday and Saturday. None of the surveillance took place on Sunday. There are no significant differences in average demand in this sample based on day of the week.

3 IRB approval was obtained for this study and the study was determined to be exempt under 45 CFR 46.104.

4 Some customers spend less than ten minutes in the IMB while others spend over two hours. The average amount of time spent in an establishment is one hour, four minutes. Due to the set up and tear down of the video cameras, there are some customers for whom we do not have accurate time stamps due to the camera being set up after they entered or taken down before they exited. Every customer included in this analysis is male.

5 The equation also controlled for time of day. Each two-hour increment served as an index variable with 12am-2am serving as the comparison category.
Estimated daily demand for each of the 165 IMBs in Georgia was calculated using the beta coefficients derived from the model above combined with the user-generated review information from RubMaps.ch for each of the establishments. After fitted demand across all establishments was calculated, these numbers were summed across all 165 establishments to obtain total estimated demand in Georgia.

\[
\text{Total Estimated Demand} = \sum_{i=1}^{165} \beta_0 + \beta_1(\# \text{ reviews last three months}) + \beta_2(\text{av. cost/service}) + \beta_3(\text{cash only}) + \epsilon
\]

The results of this regression analysis estimate 1,025 customers per day across all 165 IMBs in Georgia, which equates to roughly 6 customers per day per establishment. However, the regression estimates of customer count per IMB per day are extremely conservative as compared to the actual customer counts observed by video camera. Figure 4 below shows how the actual customer count compares to the fitted customer count estimated from the regression equation, revealing that the fitted customer count estimates 50 less customers per day than the actual customer counts. This is primarily due to IMB number 1 in the graph, which had 43 customers in one day, a significant outlier from the rest of the sample. Nevertheless, it is important to note that there are an average of 11 customers per day per IMB based on the observed demand of the sample, while the fitted demand estimates 8 customers per day per establishment for the same sample, and both of these numbers are higher than the estimated 6 customers per day from the regression analysis. Taking the lower average, this leads to a range of 1,025 to 1,320 customers per day across all IMBs in Georgia.

Figure 4: Actual demand versus fitted demand for sample IMBs

An examination of customer count by time of day reveals relative stability from the hours of 10am-10pm. There are, on average, 1-2 customers per establishment every two hours between the hours of 10am-10pm.
In order to determine the annual gross revenue of the IMI in Georgia, the fitted estimates of the number of customers per day per establishment was multiplied by the average amount paid by customers to that establishment for services received. These payment amounts are based on self reports of the customers for each establishment as reported on RubMaps.ch. These values were then summed across all 165 IMBs and multiplied by 365 days/year:

$$\text{Total Gross Revenue} = \sum_{1}^{165} (\# \text{daily customers})(\text{average cost})(365 \text{ days/year})$$

This yields an estimated annual gross revenue of $42,880,942.30 for the IMI in Georgia. The average amount paid per service based on the self-reported information on RubMaps.ch is $110.46. With the estimated range of daily customers above being between 1,025 to 1,320, this yields a range of $41,325,847.50 to $53,219,628.

**Key Takeaways**

It is important to note the time-bound nature of this study. The data in this report was collected in the summer months of 2019, at which time 123 IMB locations in the Greater Atlanta region were listed on RubMaps.ch. However, in November 2019 the number increased to 132 IMBs listed on RubMaps.ch in Greater Atlanta. This is reflective of the fact that these businesses are very fluid and open and close with regularity. Sometimes they open and close in the same location under different names, other times they will open and close in new locations with the same name. It is important to track changes over time in order to stay on top of trends and understand the nature of these businesses, how they operate, and the demand that is keeping them in business.

Another takeaway relates to the level of demand for commercial sex services at illicit massage businesses across Georgia. This study estimates conservatively that there are between 1,025 to 1,320 people per day across Georgia visiting IMBs for illicit sexual services. Research on sex buyers indicates that a disproportionate share of demand for commercial sex is among “high frequency” buyers, or those who purchase once per week or once per month. Assuming that each of these individuals purchased sex from IMBs only once per month, that would equate to a minimum of 30,000 unique individuals purchasing sex across Georgia from IMBs on a monthly basis, or about 1% of the entire male population in Georgia. The roughly $40-$50 million that they are spending on illicit sex services enriching organized criminal networks is $40-$50 million that the Georgia economy loses every year.

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7 There were several establishments that did not have any pricing data on RubMaps.com. For these IMBs, the average amount paid across all IMBs was used, which is $110.46.
Second relates to the impact of this behavior on those who have been victimized working in these establishments. Assuming there are at least three people working at each establishment at any given point in time, that is about 500 victimized individuals of the IMI on any given day across Georgia. Research suggests that those who have been victimized regularly moved from IMB to IMB, not just within a state, but also across state lines, and that the movement is roughly every three weeks to a month. While it would be impossible to know how many of these 500 on any given day move out of Georgia on an annual basis, if only 10% of them are new to Georgia in any given month, then that would mean this business impacts 1,100 unique individuals that are exploited across Georgia over the course of one year, and the toll on their lives is significant, adding to the social cost of the IMI in Georgia.

POLICY RECOMMENDATIONS

The study highlights the necessity for policies to ensure the illicit massage industry in Georgia is curtailed. It is imperative to create policy that dictates transparency for IMBs to transform its negative impact within our communities. IMBs open and close interminably, thus policy recommendations are warranted to safeguard those being victimized.

Establishment Recommendations

Definition(s)

When defining code for "massage" businesses include terms in the code, such as foot spa, relaxation spa, Asian massage, bodyworks, reflexology, reiki, acupressure, and acupuncture.

Establishment License

License/permit/certification: registered business owner and onsite manager(s) must be registered and approved (or denied) based on criminal background or set of criteria.

The business and/or legally registered name must be listed with the owner’s name. A change in owner or manager onsite must be submitted in writing. Create a system to maintain record of denials.
**Enforcement Policy Inclusions**

The massage board must have the authority to inspect for license violations during business hours without notice.

The massage board must have investigators performing regular checks on licensed and unlicensed massage businesses.

Create measures that allow landlords to evict unlicensed or illicit massage businesses. Allow tenants to get out of their lease if a landlord allows an unlicensed or illicit massage business to conduct business on adjacent property.

Create civil and criminal enforcement strategies that are trauma-informed with culturally competent practices. This level of enforcement is the implementation of policy changes at a state, county, or city that target the root of the problem.

Engage landlords and property owners that may lack awareness of illicit activity on their properties. When changes are made in policy to also hold landlords responsible, they are compelled to act.

The success of any code is in the entity’s ability to enforce the code. A combination of city and state legislation will yield the most effective results.

**Business Operation Recommendations**

Mandatory hours of operation, as a general rule 8:00am to 8:00pm.

Create mandates around what constitutes unlawful advertisement and prohibit advertisement that appeals to lewd interests.

Mandate a display of business and massage therapist licenses.

Require businesses to display a complete list of services with costs in large letters near the entrance, such as information stating if tips are permitted and a notice that no service other than those listed are authorized.

Mandate ease of entrance policy for inspectors.

Require IMBs to log all massage therapy services administered at the facility (i.e., date, time, type of massage therapy provided, and the therapist’s name). Records will be retained for a minimum of one year (365 days) post therapy session and are subject to review by inspectors.
Building Code Recommendations

Customer entry. Customer access to the building entry shall only be through the front door of the primary building entrance facing the public right of way.

Occupancy and doors. No person or persons shall be permitted to reside on the premises of a massage business.

Doors used for customer entry and exit shall be transparent or contain a transparent viewing window. The viewing window shall be located in the upper half of the door, be at least thirty percent (30%) of the area of the door, and be situated in manner that promotes visibility from both sides of the door. Completely solid or opaque doors are not permitted.

The primary building entrance shall be in the front façade parallel to the street and readily visible from the public right of way. At least one (1) main building entrance shall be located on the primary street.

Window Coverage. The view from outside of the building through windows, doors, or other transparent surfaces shall not be obstructed or blocked by more than twenty-five percent (25%) by any painted, stenciled, applied sign or film; bars or other security device; interior display, shelving, cooler, furniture; or other solid fixtures or covering, separately or in combination, except as outlined below.

Security Devices. Steel barriers, shutters, hurricane curtains, and other similar security devices are not permitted on the exterior of the building. If located inside the building, they may not be visible from the public sidewalk or right of way during business hours. Security bars or other similar devices are permitted; security bars count against window coverage.

Parking. A parking area abutting and associated with an establishment shall be readily viewed from inside the building by means of either a camera, part of a functioning video surveillance system, or by a transparent window of at least six (6) square feet in area for every forty (40) linear feet or portion thereof of the wall(s) of a building that faces the parking area.

Lighting. Lighting should facilitate the visual ability of those performing security or enforcement functions. Providing a clear view of an area from a distance and enabling anyone moving in or immediately around the area to be easily seen and recognized is a necessity. Potential hiding places should be removed to permit identification and create the perception that those in the area are distinguishable; complementing other security devices.
POLICY EXAMPLES

IOWA - Ordinance 18-4766 in Iowa City

Business Information Form

Requires illicit massage businesses in the massage or spa industry to fill out and complete a "Business Information Form." The goal of the form is to ensure the "Business Manager" is local (lives in the state of Iowa) and all massage therapists on staff are licensed with the state. As far as addressing human trafficking, seeing businesses comply with the ordinance is a key element for law enforcement.

OKLAHOMA

Code Example

28-69. - Employment of massage therapists. No person shall employ, as a massage therapist, any person unless said employee has obtained and has in effect a license issued pursuant to this chapter. (Ord. No. 23531, § 7, 1-29-08)

28-77. - Indecent conduct
(a) It shall be unlawful for any person conducting a massage to place his/her hand or hands to touch with any part of his/her body, to fondle in any manner, or to massage a sexual or genital area of another individual.

(b) It shall be unlawful for any person conducting a massage to expose his/her sexual or genital areas, or any portion thereof, to another individual. It shall also be unlawful for any person conducting a massage to expose the sexual or genital areas, or any portions thereof, of any other person.

(c) It shall be unlawful for any person, while in the presence of any other person conducting a massage, to fail to conceal with a fully opaque covering the sexual or genital areas of the body.

(d) It shall be unlawful for any person owning, operating, or managing a massage establishment to knowingly cause, allow, or permit in or about such massage establishment, any agent, employee, or any other person under his/her control or supervision to perform such acts prohibited in Subsections (a), (b) or (c) of this section. (Ord. No. 23531, 7, 1-29-08)
TENNESSEE

The Tennessee Massage Therapy Rules allow for inspections during business hours, both announced and unannounced. Tenn. Code Ann. § 63-18-106 and Rule 0870-01-.03. There is no requirement that there be a complaint or suspicion before an investigation.

Massage is defined broadly as the "manipulation of the soft tissues of the body with the intention of positively affecting the health and well-being of the client;" Tenn. Code Ann. 63-18-102. This closes the loopholes used by many IMBs to avoid regulation and investigation by using a term other than massage such as spa or sauna.

ALABAMA

Alabama also broadly defines massage as the "mobilization of the soft tissue which may include skin, fascia, tendons, ligaments, and muscles, for the purpose of establishing and maintaining good physical condition. The term shall include effleurage, petrissage, tapotement, compression, vibration, stretching, heliotherapy, superficial hot and cold applications, topical applications, or other therapy which involves movement either by hand, forearm, elbow, or foot, for the purpose of therapeutic massage. Massage therapy may include the external application and use of herbal or chemical preparations and lubricants such as salts, powders, liquids, nonprescription creams, mechanical devises, such as T-bars, thumpers, body support systems, heat lamps, hot and cold packs, salt glow, steam cabinet baths or hydrotherapy. The term includes any massage, movement therapy, massage technology, myotherapy, massotherapy, oriental massage techniques, structural integration, or polarity therapy. The term shall not include laser therapy, microwave, injection therapy, manipulation of the joints, or any diagnosis or treatment of an illness that normally involves the practice of medicine, chiropractic, physical therapy, podiatry, nursing, midwifery, occupational therapy, veterinary, acupuncture, osteopathy, orthopedics, hypnosis, or naturopathics." AL ST § 34-43-4

Alabama’s Board of Massage Therapy also has two full time investigators who inspect each massage location at least twice a year according to an interview with one of the investigators. These dedicated investigators are directly responsible for the annual closing of many massage businesses in Alabama owned by individuals who also own massage businesses in the surrounding states, including Georgia.
In 2018, Calvin University with Solutions to End Exploitation (SEE.) co-led the Estimating the Demand and Gross Annual Economy of the illicit massage industry in Grand Rapids, Michigan. Annual gross revenue was estimated by using data from both Rubmaps.ch and USAsexguideinfo.com on each of the illicit massage business’ sites in the sample. Annual gross revenue estimates were calculated using IMB-specific costs per service. The estimated total annual gross revenue for the 16 IMBs in the sample is $6,005,710 for IMB services.

The context of this study was coupled with collective impact efforts through SEE and the Kent County Area Human Trafficking Coalition to create spaces for community strategy and measurable impact. The demand data catalyzed conversations and awareness building with multiple sectors in the community including city government, health workers, social service providers, and law enforcement. The collective impact framework provided through the Coalition educated local leaders about human trafficking indicators and demonstrated the high probability that human trafficking was taking place inside local illicit massage businesses. Even if a sex act is not exchanged with every customer, the role of debt bondage and coercion points to the vulnerabilities of victimized workers and the potential for human trafficking. Controlling money is an important and widely practiced method for controlling victimized individuals/workers in IMBs, done through debt bondage or labor wage violations, whether accrued in the country of origin or in the United States.

The state of Michigan licenses massage therapists through the Department of Licensing and Regulatory Affairs. This license is an individual license and not business licensure. Local leaders assessed there were gaps in accountability to determine if local businesses were advertising "massage" or utilizing exception language like bodyworks to hide illicit practices behind the guise of legitimate business. Therefore, strategic meetings brought together social service professionals who serve human trafficking survivors as well city code enforcement and law enforcement. These leaders discussed the barriers to determine violations, learned from one another, and together designed solutions. Local leaders also gleaned valuable information from cities outside of Michigan that had implemented city policy addressing measures to prevent and stop illicit massage businesses.

These strategic convenings led to work to generate policy change and came at a time when the city of Grand Rapids was creating a new ordinance, Crime Prevention Through Environmental Design (CPTED). Crime Prevention Through Environmental Design is a philosophy that utilizes a multidisciplinary approach to the built environment.
It is intended to deter criminal behavior and foster quality of life through the use of passive strategies incorporated into the normal planning, design, and management of the built environment. The built design, such as the front door entrance in a massage business, fit into this philosophy. As a result, the city of Grand Rapids included "bodyworks" and illicit massage businesses into the ordinance along side liquor, tobacco, and marijuana establishments.

The ordinance included language to bridge the gaps in accountability and provide the means for signs of human trafficking to be recognized as city staff flag non-conformity to the ordinance. This approach centers attention with the storefront and the business owners’ responsibility to follow state licensure laws and provide a healthy and safe work environment. This new ordinance, passed in August 2019, will provide coordinated means to reach and protect those victimized by human trafficking in the illicit massage industry.

**FLORIDA**

**Health Inspector Routine Check**

The investigation at Vero Beach on illicit massage businesses began on July 6, 2018 with a phone call to the Martin County Sheriff’s Office from Karen Herzog, a Florida Department of Health inspector. According to court documents, on a routine inspection of the Bridge Spa in Stuart, she noticed suitcases, slept-in massage tables, and provocatively dressed masseuses. This led to the arrest of Patriots owner Robert Kraft and many others.

**SYSTEM LEVEL RECOMMENDATIONS**

The overarching recommendation from this study is to utilize a collective impact model; a framework for social change which seeks to address complex problems through community partnerships, rigorous alignment of resources, and strategies informed by data. This theory of change includes an organization or selected team, often referred to as the backbone group, to facilitate the space for the collaborative work grounded in a unique invitation that moves away from circling around a problem toward pursuing a future possibility.

Street Grace has grounded this report in scientific research and data collection and is perfectly poised to become the backbone of the collaborative multi-sector work including, but not limited to governmental; policy; state and local; along with direct service providers and awareness organizations needed to eliminate the illicit massage businesses through an evidence-based response with measurable data-driven outcomes.
Street Grace is a faith-based organization that utilizes evidence-based demand reduction strategies to eradicate the commercial sexual exploitation of children (CSEC) through prevention/protection, policy, and pursuit.

CSEC is sexual activity with a child in exchange for something of value given to the child or a third person.