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THE HUSTLE

ECONOMICS OF THE UNDERGROUND COMMERCIAL SEX INDUSTRY



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Prostitution is said to be the world's oldest profession, but understanding the size and scope of this economy, and the methods and actors involved in this trade, is still a murky endeavor.

Outside the sex sold legally in Nevada, prostitution in the United States transpires in the shadows of an underground economy. There are **no accounting records** to trace, **no receipts** to scrutinize, and **no legal records** to analyze. Simply, it is difficult to grasp the size of this economy.

But a groundbreaking study released by the Urban Institute sheds new light on how much money is generated by the underground commercial sex economy in American cities.

Knowing the size of the economy is the critical first step for enabling law enforcement, the judicial system, and policymakers to make informed

choices about how to fight the harm that happens within these black markets.

The research yields the first scientifically rigorous estimates for the revenue generated in the underground commercial sex economies of Atlanta, Dallas, Denver, Miami, San Diego, Seattle, and Washington, DC, in 2003 and 2007.

CASH IS KING

These economies, in 2007, ranged in value from \$39.9 million to \$290 million. And in all but two of the cities, the size of the underground commercial sex economy shrunk during the five-year span. DC's underground commercial sex economy experienced the biggest drop, dwindling from \$155 million to \$103 million, a roughly 34 percent decline.

In contrast to these drops, both Seattle and Atlanta's sex economies grew. In fact, Seattle saw robust growth, as the market expanded from \$50.3 million to \$112 million, growing about 123 percent.

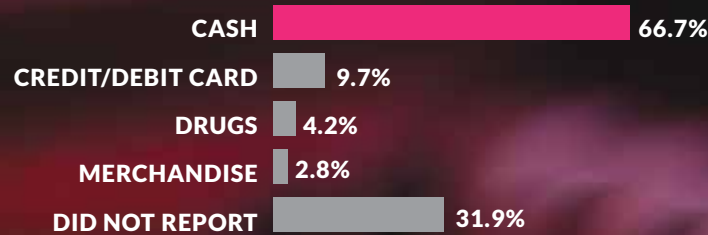
Atlanta had the largest underground commercial sex economy in 2007 at \$290 million, and Denver had the smallest at \$39.9 million.

To put these numbers in perspective, Atlanta's underground commercial sex economy in 2007 was nearly 2.5 times bigger than the 2013 payroll of the Atlanta Falcons. On the other hand, Denver's 2007 black market sex economy was less than one-third of the 2013 Denver Broncos' payroll.

But size is not the only pertinent question. It is also critical for judges, police, and policymakers to ask, what are the forces that compel someone to engage in the underground commercial sex economy; what are the business models, practices, and objectives; how does rapidly changing technology influence the industry; and what are the risks borne by those working in the shadows?

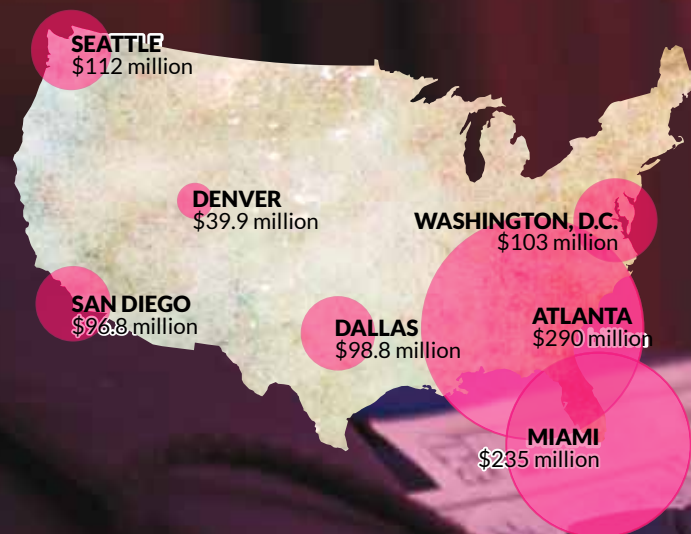
Cash or Credit?

Pimps operate mostly in cash, but some accept other forms of payment for sex.



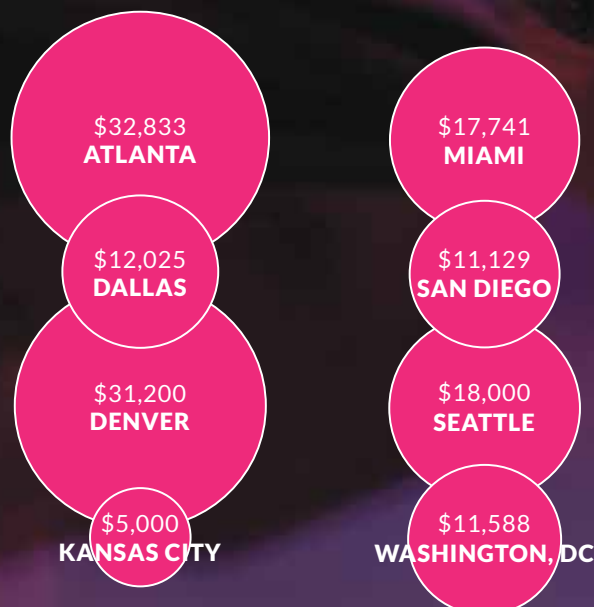
Low Profile, High Value

A look at the value of the underground sex industry in the seven cities studied in 2007.



Stacks of Cash

The following are pimps' average weekly cash incomes between 2005 and 2011.



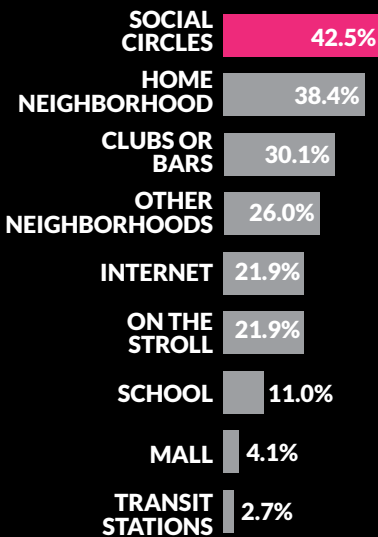


GETTING INTO THE LIFE

On a Tuesday afternoon in DC, a bus screeches to a halt inside the Union Station bus terminal, and off steps a 17-year-old black female.

Scouting Venues

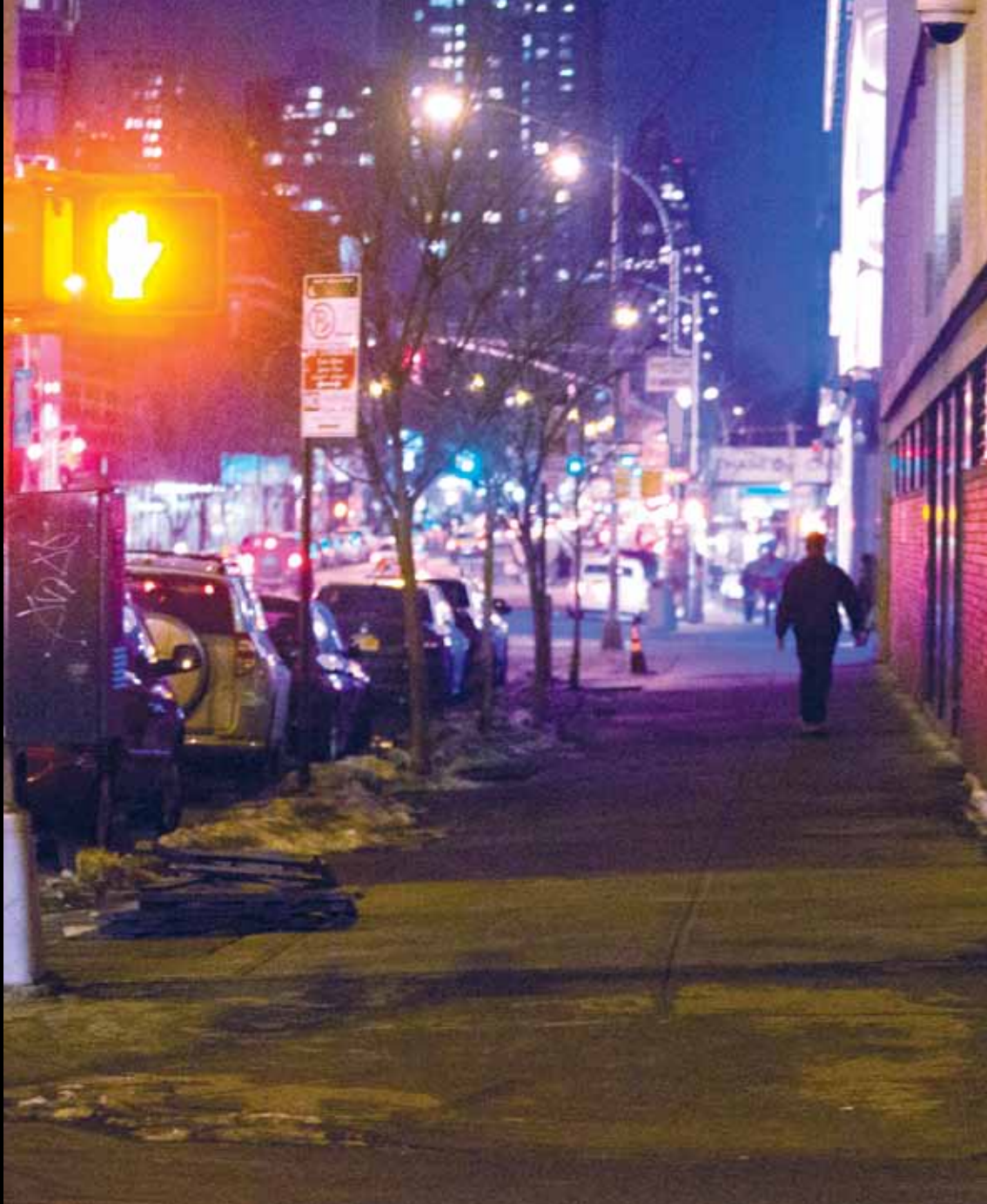
Pimps commonly recruit workers from public locations, most often from social circles.



Desperate to escape her former life, her hopes for a better future propel her to the nation's capital. But where she dreams of starting anew, others wait inside the bus station for the chance to exploit her femininity, economic desperation, family problems, low self-esteem, or history of sexual victimization.

According to several of the 73 convicted pimps interviewed in 2012 and 2013 for the study, scouting at transportation hubs is one of their many recruitment practices.

Besides mass transit stations, pimps recruit women at nightclubs, strip bars, malls, high schools, college campuses, and neighborhoods and streets known for prostitution, as well as via online and social media



channels. In other cases, women who are already involved in sex work, or are looking to get involved, ask men to protect and care for them in exchange for money, respondents said.

Pimping depends entirely on having employees perform sexual acts with customers, also known colloquially as "johns." In other words, recruitment is the most important component of any pimp's business model.

So who do pimps want to recruit, and how do they recruit them?

Those interviewed said they prefer to employ white women because they believe they're who clients typically want, they're easier to manage, and they're better able to blend into and work in a variety of environments. Nevertheless, pimps also said they employ women from all ethnic backgrounds.

"They have a saying in the pimp game, 'if it ain't white, it ain't right. If it ain't snowing, I ain't going.'" Another pimp explained: "Some dudes exclusively chase white girls. That's their thing. Go to the suburbs, malls, that kind of thing."

Most of the pimps interviewed are currently serving time for pimping or trafficking at least one minor. The few who admitted to intentionally recruiting



Runaway and homeless youth are a vulnerable population often targeted by pimps. This block on the west side of Manhattan, New York City, is home to a runaway youth center, making it an area likely to attract pimps on the prowl for new employees.

minors said they did it because younger women are easier to manipulate, work harder to earn money, and are more marketable.

Pimps typically use a variety of psychological methods of manipulation to persuade recruits to conduct sex work, such as flashing money around, seducing them, entering into romantic relationships, convincing them that they may as well make money if they're already having sex, or having

other female employees sell the idea.

Others said recruitment simply comes down to having the reputation as a pimp who can provide security and is not physically abusive. Only 15 percent of pimps admitted to using violence against their employees at some point, but that number is likely low.

For their part, nearly one-third of the pimps said they entered the underground

commercial sex economy because they grew up around it. Exposure to sex work as children made the trade seem like a normal, achievable means to earn a living.

"The community I grew up in was full of prostitutes," one pimp said. "My mom was a prostitute. I had a sister who was an erotic dancer and another was a prostitute."

Others said they were attracted to pimping by mentors in their neighborhoods,

aspirations of getting out of the drug game, and the desire to move up the economic ladder.

"We were piss poor," said another pimp. "I remember when I was little I was on welfare. I lived in the projects. Dope fiends, pimps, and prostitutes. Gang bangers, [a] helicopter over your roof. That's no way to live. Seeing glitz and glamour, I always wanted that."

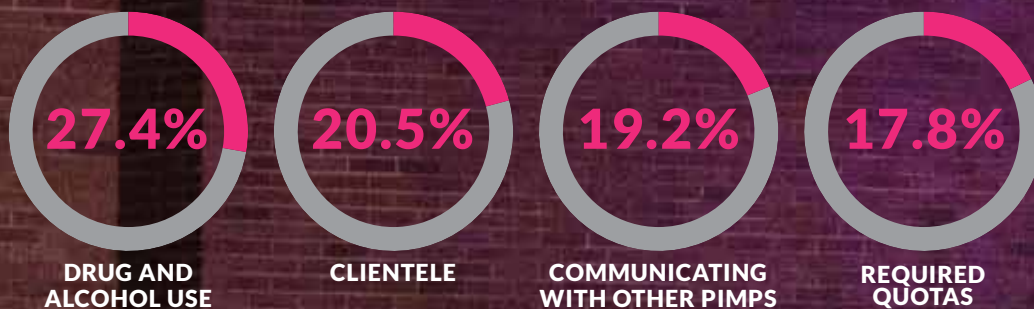
EMPLOYEE MANAGEMENT

The business models pimps use don't conform to those we see in the legitimate commercial world. The biggest challenge, most said, is controlling employee behaviors and actions. And the first order of business is typically to collect all the money.

"These girls, they don't get no cut or anything, but they do get anything they want or need," one pimp said. "The reason you don't give them their own money, they would be like 'I can just keep this.'"


Indeed, many pimps say they use deprivation to create dependency and motivate their employees by either compensating them with material goods or denying them these rewards.

A Pimp's Prerogative | Share of pimps who have rules about



Pimps also set up a host of rules, quotas, and performance incentives. Rules related to drugs and alcohol are common. Many pimps said that employees using hard drugs are typically unreliable and a danger to themselves. Others prefer that their employees not smoke marijuana or drink, but still tolerate it.

"I didn't like none of my girls to have a habit. I smoked weed so I didn't have a problem with them smoking weed. I just didn't want them to have no hard drugs. I wouldn't even take those girls—ask straight up, you have any habits? When they have a habit, I'd put some money in their bra, take a little to get high with [and then send them away]."



Pimps also reported that drug use could threaten earnings, especially if employees are willing to charge a lower price in exchange for narcotics.

About one in five pimps said they impose restrictions on their employees about what clients they can solicit, often banning black men and younger men. Pimps are commonly concerned that such clients would engage in drug use, be rough, commit robbery, or leave without paying. Black men are also suspected of being pimps scouting for new employees.

In terms of revenue, about 18 percent said they impose a dollar figure quota that employees would have to earn each day. These figures range from \$400 to \$1,000, depending on the day of the week.

Other pimps say that, instead of requiring quotas, they incentivize performance by collecting and depositing cash at the end of every night so that the group starts each day without money. If the employees want to ensure food, lodging, and other necessities, they would have to go out and earn more money, pimps reasoned.

Some pimps instill competition between employees by rewarding the most profitable with attention and affection, and ignoring those earning less.

"They are not allowed to date black dudes ... 25 and under, [I] don't let them date either. Don't let them date unless [the guy is] 50 [years old] or something. Young dudes usually want to do drugs with them or rob them. Black dudes might try to fight them or might be pimps. They try to take their money or say they will pay you later. It's always something."

"Don't disrespect me. A bitch got to be in pocket. Another [pimp] come along, don't be looking at him. Keep your head down, look the other way."

"I had a quota of \$600—if they came back with \$550, or \$599, she had to go back out. I mean, I don't want you to think I'm really harsh or hard on them over a penny, but I just had to teach them they couldn't be doing that, stashing away money."

FROM THE TOP DOWN

As with any other company, organizational structures typically take shape within sex work businesses. However, a pimp's role is not a clearly structured position with concrete hours or an established set of duties.

To run a successful sex business requires recruiting, job training, marketing, setting prices, arranging date details, providing transportation if necessary, protecting the staff, collecting and managing money, and seeing to the needs of the employees.

Some pimps take a more hands-on approach, while many others delegate tasks to other employees.

Nearly one in three pimps said they delegate management responsibilities to a "bottom," or the most experienced employee. On rare occasions, bottoms are made an equal partner in the business.

"You want a bottom girl ... who runs everything when you're out of town, knows how to do everything a pimp do," said one respondent. "Once you get a bottom girl, it comes automatic."

Bottoms are typically tasked with training new employees on how to solicit, prepare for, and conduct themselves on dates. They can also perform recruiting, administrative, and supervisory duties, such as waking the employees, keeping them on a schedule, paying bills, making doctor's appointments, keeping the peace, and sometimes administering disciplinary actions. In some cases, pimps will physically discipline their bottoms to keep their other employees in line.

According to the 28 pimps who shared information about business sizes, the number of employees ranged from 2 to 36, including non-sex workers to facilitate business operations. Friends or family members of the pimp often work as drivers, bodyguards, nannies to care for employees' children, and ad distributors.

Pimps often network with other pimps. These typically informal partnerships help pimps recruit employees, get intel on new business destinations, monitor law enforcement activity, advertise services, and even get financial help when times get tough.

Pimps also covet relationships with legal businesses.

Some hotel employees and managers turn a blind eye to prostitution occurring within their establishment, help market services, give discounts, and even tip off pimps to law enforcement inquiries. In return, they might receive money or free sexual services.

Other businesses that pimps said gave them preferential treatment include mobile phone dealers, photographers, clubs, clothing retailers, car dealerships, and adult stores.

Pimps even have special relationships with police officers who are clients.

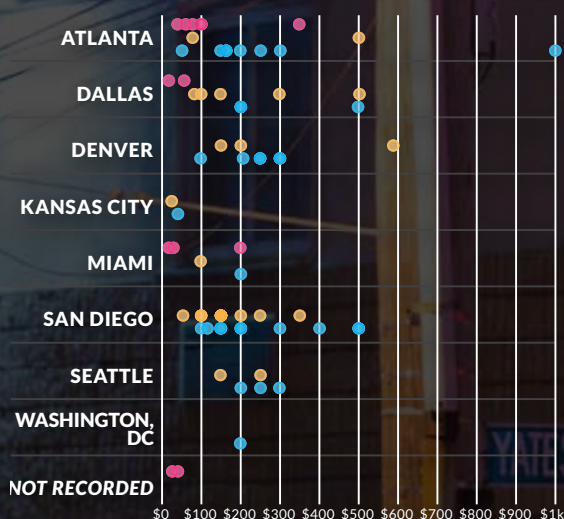
"I felt I wasn't going to get caught," said one pimp when talking about a police officer. "He would come through and date my girl and then look out for me. Let me know when stings going on. He gave me a heads up."

Pricing, by Time Increment

According to the 73 convicted pimps in the study, when charging by time, prices ranged from \$15 to \$1,000.

Each dot represents one pimp's pricing for

● 15 min. ● 30 min. ● 60 min.



Business Expenses

Share of pimps reporting expenditures on particular costs

| | |
|-------------------------------------|-------|
| CARS AND TRANSPORTATION | 65.8% |
| HOUSING | 64.4% |
| CLOTHING AND APPEARANCE FOR WOMEN | 45.2% |
| ADVERTISEMENTS | 45.2% |
| HOTELS AND MOTELS | 43.8% |
| CELL PHONES | 39.7% |
| LEGAL EXPENSES | 28.8% |
| COMPUTERS AND INTERNET | 27.4% |
| DRUGS AND ALCOHOL | 19.2% |
| DRIVERS AND SECURITY | 19.2% |
| FOOD | 15.3% |
| CONDOMS | 13.7% |
| FINANCIAL INVESTMENT AND MANAGEMENT | 8.2% |
| BUSINESS LICENSES AND RENTALS | 8.2% |
| BILLS AND UTILITIES | 4.1% |
| RECRUITERS | 2.7% |
| WEAPONS | 2.7% |



THE DIGITAL STROLL

A 22-year-old white woman logs into her boss's web page and updates her profile with a new picture, her availability details, and coded language for how much her services cost.

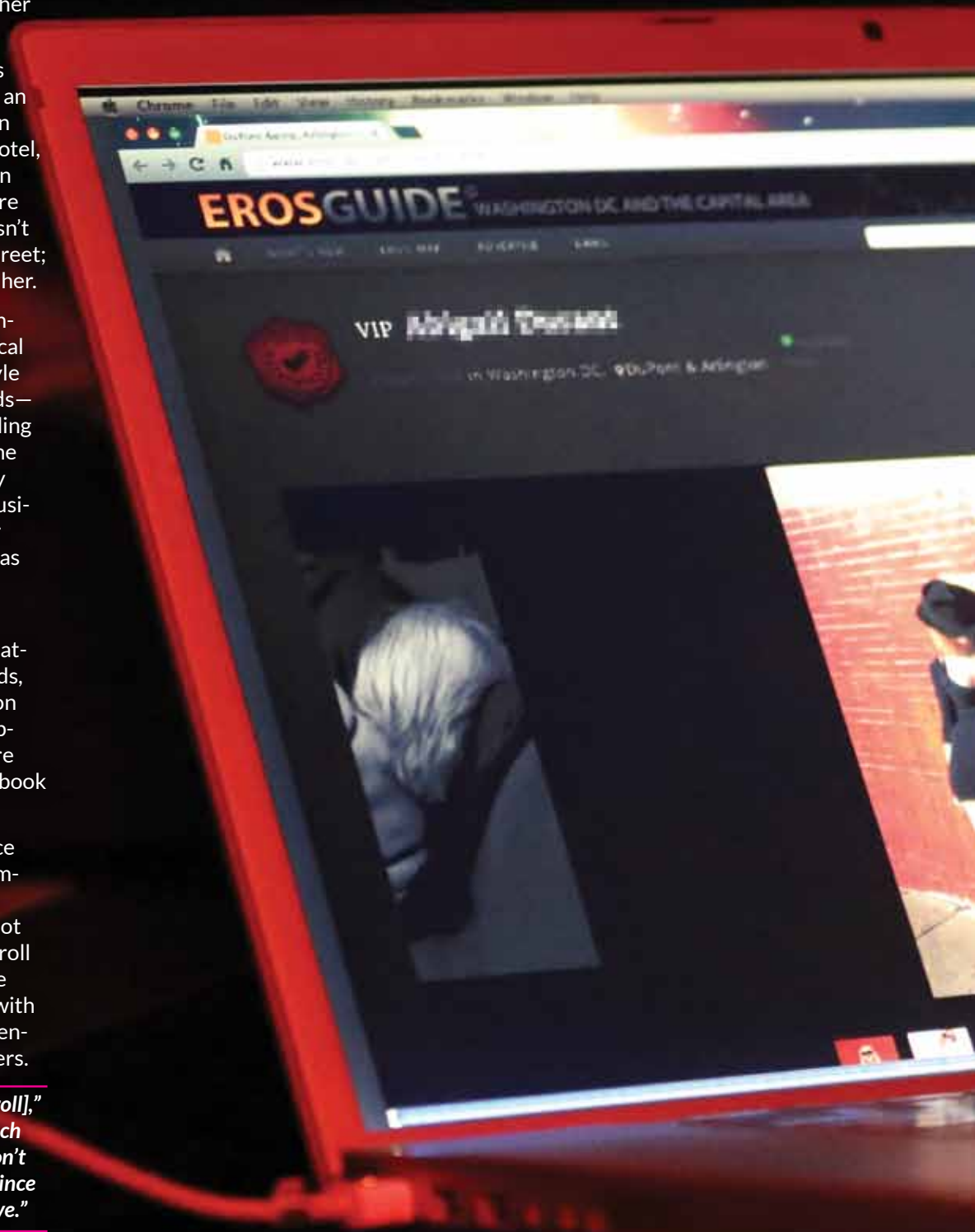
Within minutes, a client replies to her ad and she is engaged in an instant messaging conversation where she tells him the time, hotel, and room number where he can find her. Half an hour later, there is a knock at her door. She doesn't need to take one step on the street; the business comes directly to her.

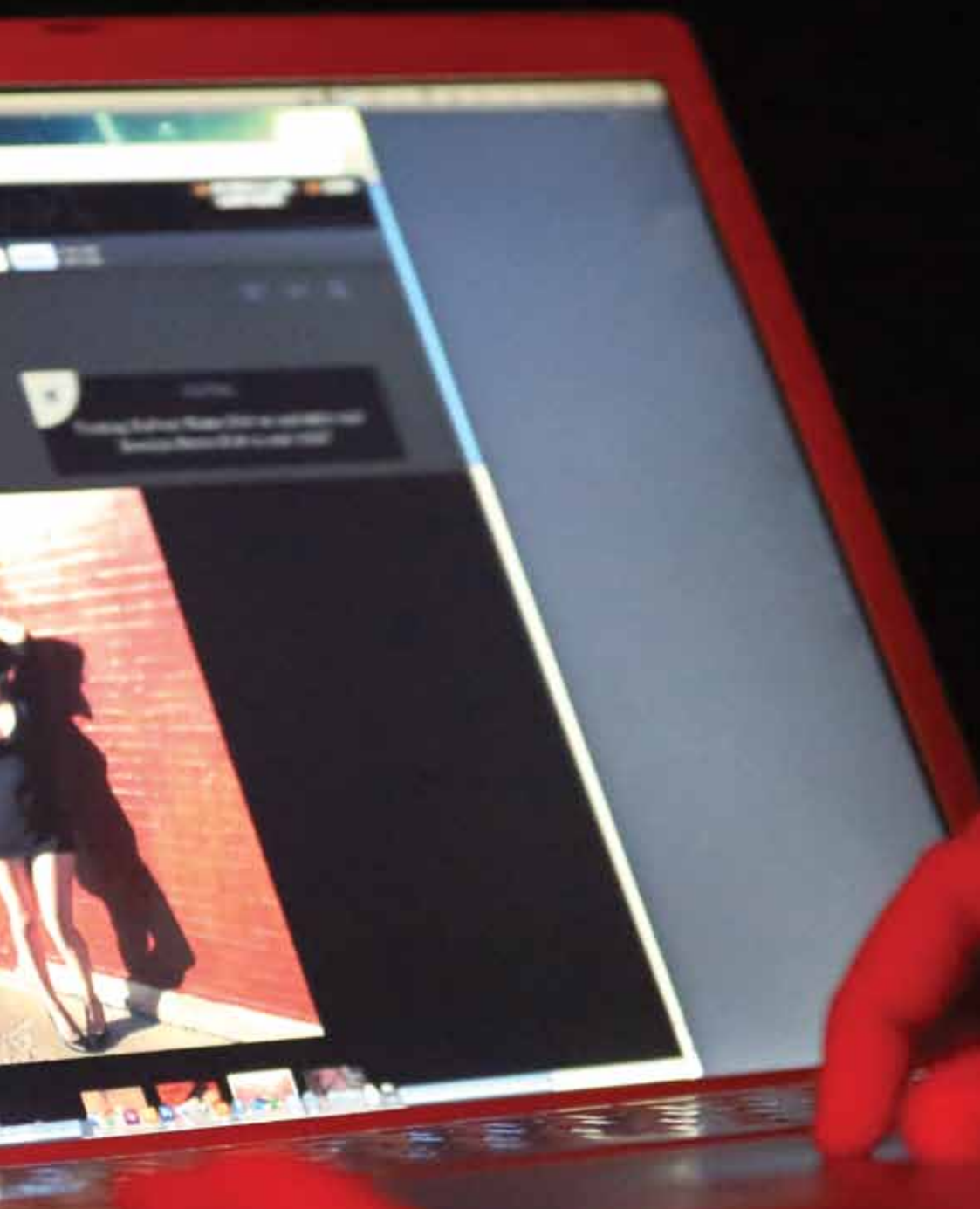
The old-school marketing methods—ads in the phone book, local newspapers, alternative lifestyle publications, and business cards—are still in use, but they are ceding more and more ground to online mediums. As is being physically present at brick-and-mortar businesses or on streets known for prostitution, often referred to as “the stroll.”

Forty-nine percent of pimps reported using Internet ads to attract business. Online classifieds, social media vehicles, discussion boards, chat rooms, dating websites, and custom web pages are commonly used to attract and book new business.

The spatial limitations that once governed the underground commercial sex economy are gone. Now people who once would not have ventured to their city's stroll in search of commercial sex are able to anonymously connect with sex workers. Often the new clientele are higher-paying customers.

The “Internet is crushing [the stroll],” said one pimp. “I break every bitch in with the [stroll]. However, I don't really play the [stroll] as much, since the Internet is way more lucrative.”





Police talk to two young women before arresting them for prostitution in Dallas. The young woman second from left turned out to be underage at the time of her arrest. In a city known as a national hotbed for prostitution, a special Dallas police unit is trying new approaches to identify, reach, and assist underage girls being lured into the street life. (AP Photo/LM Otero)

ROLLING THE DICE

Moving marketing from the street to the information superhighway also helps pimps and sex workers better manage the physical risks of the business.

"Over the years, right, the Internet became an easier way to get money without having to take so many chances as far as injury, or assholes outside," said one pimp. "You never know what happens at night. A lot of creeps come out."

About 18 percent of pimps said their greatest fear was for their personal safety.

"Going in blind when those tricks was threatening them, that was the riskiest," said another pimp. "I never knew

what was on they mind when I had to go deal with them."

Employee safety was a concern cited by only 6 percent of pimps. They were worried that their employees would be raped, killed, arrested, or infected with a sexually transmitted disease.

To guard against physical violence, 16 percent of pimps said they carried weapons on the job, and 22 percent said their employees were armed.

But while moving more of the business online put some pimps at ease about some of the physical risks, it introduces new legal threats for pimps, sex workers, and clients.

With every text, email, chat message, or other online communication sent between pimps, employees, and customers, a new opportunity arises for police to document transactions in the underground commercial sex economy. More business online makes evidence easier to collect.

Nearly 21 percent of the pimps interviewed said their greatest fear was being arrested and prosecuted.

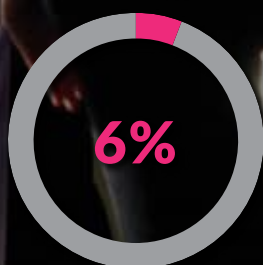
With few exceptions, respondents felt that law enforcement efforts surrounding pimping and sex trafficking have increased in recent years.

Pimps, cognizant of the

"Yes. Girl, I've got stab wounds all over me. I've been stabbed in my head, all up my legs, in my kidney. I've been raped about 40 or 50 times. So I've been through all this stuff... 'cause a lot of times people will drive way out somewhere where you don't know where you're at. And I've had people—I've had to jump out of the car going on the freeway before to get out."

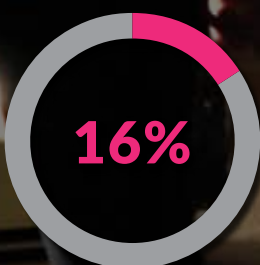


Pimps' Safety Concerns



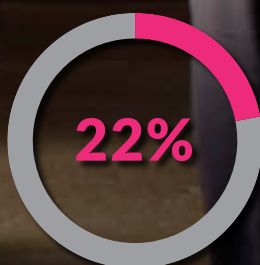
WORRIED THAT EMPLOYEES WOULD BE RAPED, KILLED, ARRESTED, OR INFECTED WITH AN S.T.D.

legal risks of conducting business online, frequently opt to communicate with employees in coded language, through face-to-face meetings, walkie talkies, prepaid cell phones, or text messages.



CARRIED A WEAPON ON THE JOB

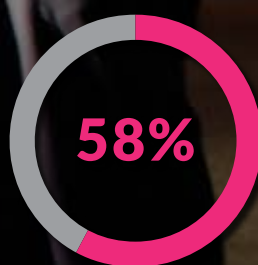
To guard against sting operations, pimps encourage employees to ask clients if they are police, scrutinize physical appearance and body language, and push johns to cross lines they know police are not lawfully allowed to cross.



EMPLOYEES CARRIED A WEAPON

For some of the more risk-averse and astute pimps, a critical practice is to call the client and look for red flags that he might be law enforcement. Common indicators are incoming calls from hotels or return phone numbers that don't have a

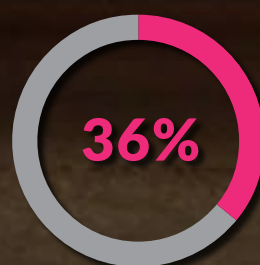
Sex Worker Safety



FACED VIOLENCE AS A SEX WORKER

matching voicemail greeting set up, they said.

"It all boils down to the appointment setter putting up the first line of defense," said one pimp. "Police can't call you to a residence. That's entrapment."



HAD ABUSIVE OR VIOLENT CLIENTS



POLICY PRESCRIPTIONS

The truth hidden in the shadows of the underground commercial sex economy is a hard, difficult reality that is too often left unacknowledged.

Armed with the insights discovered by the Urban Institute's study, policymakers and practitioners can amplify training, communications, public education, and online efforts to fight the insidious crimes that occur in this black market.

Teaching narcotics, gang, and vice investigators improved interviewing and evidence-collection techniques could lead to better identification of telltale psychological wounds, encourage inter-unit cooperation, and drive up prosecutions of pimps and traffickers.

Similarly, training prosecutors and judges on the evidentiary requirements needed to prove psychological coercion

in court would go a long way toward making more cases.

Simply sharing intelligence across law enforcement units and departments would facilitate better evidence collection. One city giving other cities a heads-up when they are going to crack down on pimping and prostitution would facilitate preparations for related migrations.



Public campaigns highlighting the hard realities of sex work and trafficking would educate potential victims, prospective offenders, future jury members, school officials, parents, peers, mentors, and everyday people of the telling signs and consequences of life in the underground commercial sex economy.


Attacking this black market where it

lives online is also important. Laws governing websites that profit from advertising sex work could be strengthened to impose large fines and penalties. These websites could also be populated with ads for victims' services and awareness materials.

Above all, combating the underground commercial sex economy will require commitment in the form of resources

and political will. Those victimized in the underground commercial sex economy need access to mental health services, and law enforcement requires funding to persistently enforce laws.

The underground commercial sex economy is still unsettlingly murky, but by shining more light on it we can help more victims to escape the shadows.



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