



**TESTIMONY OF DOUGLAS J. PETERSON
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**BEFORE THE
NATIONAL SECURITY AND INTERNATIONAL TRADE AND
FINANCE SUBCOMMITTEE
OF THE BANKING, HOUSING, AND URBAN AFFAIRS COMMITTEE**

**HUMAN TRAFFICKING AND ITS INTERSECTION WITH THE
FINANCIAL SYSTEM**

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Good afternoon, Chairman Ben Sasse, Ranking Member Mark Warner, and distinguished members of the National Security and International Trade and Finance Subcommittee. It is a privilege and an honor to speak before this committee. I want to start by thanking the committee for its focus today on this important topic of human trafficking.

Nebraska may not be the first place that comes to mind when one thinks of forced labor or sex trafficking. As I travel the state, I have noticed that some Nebraskans are initially a little skeptical about the scope of the human trafficking problem. However, once we are convinced it happens here, now – in our state and on our watch – there is no shortage of outrage or of dedication to end it.

We are now four years into our formal statewide effort to accomplish our three-fold goal:

- (1) to help the victims and survivors,
- (2) to stop the traffickers, and
- (3) to end the market.

Senator Sasse has asked me to highlight this work in Nebraska and I am happy to do it. I am proud of what we have done, though there is a lot more we need to do before we can begin to claim success.

The first human trafficking law in the country, the Trafficking Victims Protection Act, was passed by the U.S. Congress in 2000. Nebraska passed its first law against it in 2006. It was a good start, but like its federal counterpart, it needed strengthening. Therefore, in 2015 the state legislature amended the law to increase both the penalties and the scope of those to be held responsible. Two years ago, Nebraska made more changes. It again increased the penalties, beyond the federal penalties in some cases. The Unicameral followed Congress' lead in explicitly including buyers with sellers in the category of "human traffickers". The law also clarified that a trafficker cannot get away with buying or selling minors by claiming he did not know the victim's age. Last year, Nebraska Legislature passed the most comprehensive record relief law in the nation, according to Polaris, the organization that runs the national human trafficking hotline. It gave Nebraska a B for its law providing trafficking victims a way to clear their record when the "crimes" committed were actually the result of their exploitation. It was the only state to get a grade above a C. Shared Hope International also rates each state on its legislative framework to address the commercial sexual exploitation of children. Nebraska went from an F to a B in 5 years. This past year the state legislature enhanced our abilities to investigate trafficking by authorizing wiretaps for human trafficking investigations.

These laws – federal and state – are only as good as those who use them. Nebraska is blessed with dedicated and focused public servants, eager to use the law to address human trafficking. In 2010 the FBI-led Omaha Child Exploitation Task Force was formed and to this day serves the greater Omaha area with distinction. 2015 saw the formation of the statewide initiative, the Nebraska Human Trafficking Task Force (NHTTF). It began under a federal grant from DOJ's Bureau of Justice Assistance – the "Enhanced Collaborative Model" grant. There have been many of these across the country, always awarded to a partnership of a law enforcement agency and a service provider organization. NHTTF was among the first, however, to apply this grant, not to a metropolis, but to a geographically large state with a diffused population.

Organizationally, NHTTF divided the state into five regions. While we develop statewide protocols and tools, the work on the ground is done by these regional teams. This work includes investigating leads, confronting traffickers, and giving victims a lifeline to a better life. These teams meet at least quarterly, more often when needed, such as in preparation for a proactive sting. This structure is a realization that the team leaders know the local dynamics and know the best way to motivate the

greatest number to collaborate. They also know what events to best target, and whom to include in the operations. NHTTF has conducted successful proactive stings in each of the regions. These mostly involve law enforcement in two scenarios – (1) posing as sellers to draw out those seeking to buy sex from minors; and (2) posing as buyers, especially when law enforcement has reason to believe a person being offered is underage or coerced.

NHTTF takes a distinctive approach to these operations. They begin with a presumption that someone being provided for commercial sex is a victim. This is based on a realization that many “prostitutes” were coerced or forced into commercial sex, many of them while minors. It is also true that sex trafficking victims very rarely self-identify as victims. This presumption that the person is a victim is rebuttable, but it is the starting premise, which is a change in the traditional law enforcement approach regarding someone selling sex. Among other reasons to do this, a victim is much more likely to help us find and stop a trafficker if law enforcement consistently treats this victim as a citizen to protect rather than as a suspect to arrest.

Another key aspect to the momentum in Nebraska is the training and awareness efforts. When it comes to human trafficking, raising awareness is critical to our success. Sometimes there are precious few windows of opportunity when a trafficking victim is in the public view. It is vital the general public – and especially public servants – get informed and keep an eye out for signs. The first step in stopping it begins when someone sees where and when it is happening.

So, NHTTF and its partners have done a great deal of trainings. Much of it has been for the general public – talks in Rotary, Kiwanis, community and church groups. However, NHTTF prioritizes focused training for strategically located people. Law enforcement is an obvious category and NHTTF has trained over 1,000 sworn officers across the state. Service providers are another key group. Those who work in hospitals, in schools and in hotels will more frequently encounter trafficking victims, so NHTTF has custom-designed training that we eagerly provide to them.

Now, with that background, let me narrow my comments to what is most relevant to this Finance Subcommittee – the financial aspects of human trafficking. I’ll address the profit motive and then hurdles to prosecution.

As this committee is aware, criminal networks are becoming more sophisticated with their ability to hide and move financial assets. Human traffickers are no exception. They may even be driving some of the innovations. Most of the commercial sex NHTTF encounters in Nebraska is still done in cash. Often this cash is eventually deposited into accounts into traditional financial institutions. Subpoenas from bank records and wire transfers have helped investigators uncover enterprises as they connect the dots through financial transactions. Yet, with all the new ways to hold and transfer finances, the task force encounters obstacles to tracing the financial aspect to human trafficking.

Another hurdle is proving the commercial nature of the crime. Of course, an element of sex trafficking is that the sex act is commercial. To prosecute, the state must establish an exchange of money or of something else of value. Traffickers are getting creative, making this element harder to prove. NHTTF partners have certainly seen them use cash, but also pre-paid credit cards, Venmo and PayPal, and crypto-currency. In other cases in Nebraska, the commercial transaction has been a purchase of airline tickets, or payment of an extended hotel stay, or bond money to get the sex seller’s relative out of jail, or even the sex buyer registering his car in the sex seller’s name. These all come with extra difficulties to find and then prove the commercial aspect, and to establish the financial connection

between seller and buyer. While the criminal element is becoming more creative, so too is law enforcement. For one, NHTTF has collaborative partnerships with not only local traditional banks in our state but also with newer financial entities. For example, the task force has received valuable assistance from mobile payment service providers. Continued collaboration with both traditional and next generation financial service companies is critical for law enforcement agencies to obtain information necessary for prosecution. Forums such as this are helpful to encourage this type of collaboration between law enforcement and the financial services sector.

As the task force moves forward, NHTTF wants to conduct even more targeted investigations into the larger but more financially savvy trafficking enterprises. To do this successfully, the task force will also need to be more sophisticated in its investigations. NHTTF has greatly benefited from collaboration with others, such as Homeland Security Investigations, the FBI, and HTI Labs, who will also testify before you today. The task force is eager to use all the tools at its disposal and all the wisdom of its tech-savvy partners to follow the money and root out this crime. We aim to make human trafficking in Nebraska a high-risk, low-profit proposal.

Thank you again for your focus on human trafficking and the chance to testify here today on what we are doing to address it in our state. I am happy to take any questions you might have for me.