Twin Cities ACAMS Chapter: Human Trafficking Learning Event

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**What is Human Trafficking:**
Human trafficking is a form of modern slavery – it is the “act of recruiting, harboring, transporting, providing, or obtaining a person for compelled labor or commercial sex acts through the use of force, fraud, or coercion.” An estimated 40 million people are victims of human trafficking globally.

Human trafficking is the fastest growing criminal industry in the world, second to drug trafficking. International Labour Organization (ILO) reports human trafficking generates over $150 billion a year in illegal profits. Approximately $99 million is generated from the forced commercial sex trade.

**U.S. Bank Anti-Human Trafficking Initiative:**
Human Trafficking operations generate billions of dollars in illicit profits and rely heavily on financial institutions as a vehicle to launder these funds. Financial Institutions including, U.S. Bank is in a unique position to identify transactional “red flags” associated with human trafficking and can be instrumental in detecting and stopping human trafficking. With this year’s Super Bowl LII being held Minneapolis MN, in the U.S. Bank stadium, U.S. Bank EFCC: Emerging Risks and Typology Development team has spearheaded a firm wide initiative to partner with LE and combat Human Trafficking and safeguard U.S. Bank from misuse by human traffickers.
U.S. Bank Anti-Human Trafficking Initiative: Typology Development

Typology Overview
- The Primary goal of this ERT Initiative is to apply a data-driven approach to assess the relative prevalence of U.S. Bank accounts that could have some connection to activity that is consistent with financial flows related to Human Trafficking activities. The ERT developed a sustainable and repeatable typology designed to identify the electronic “chokepoints” and “transactional red flags” indicative of human trafficking.

Electronic Chokepoint
- Payments to online adult advertising websites, primarily Backpage
  - Despite Backpage’s termination of Adult Services postings in January 2017, Backpage still thrives as a driving force in global sexual exploitation. In fact, a recent Senate report finds Backpage knowingly facilitates online sex trafficking, and the National Association of Attorney General describes Backpage as a “hub of human trafficking, especially the trafficking of minors.”
  - Over the last 12 months, the ERT has developed a human trafficking typology which identifies accounts conducting substantial payments for adult advertising services, namely, Backpage, coupled with additional high risk transactional attributes potentially indicative of human trafficking.

Choke Point → Output → Alert Generation → Investigative Red Flags → HT Cases

Customer Attributes
- Age
- Account Tenure

Transactional Attributes
- Velocity
- Funnel Account
- Round Dollar ACH
- Aggregate Cash Deposits/WD
- Excessive Payments to Advertisers
- High Volume of Transaction related to Airlines/Uber/Hotel/Food
- Minimal to NO COGS

Risk Mitigants
- Rent
- Groceries
- Lifestyle payments

Additional Filters
- Newly transactional descriptors
- Backpage utilizes to circumvent the FI controls

Query
- DDA’s

Customer’s with >=1 hit and additional Transactional markers indicative of Human Trafficking

Human Trafficking Alerts
10 days before the Super Bowl
U.S. Bank Anti-Human Trafficking Initiative: Super Bowl LII

The Super Bowl and Human Trafficking:
• While Human Trafficking happens 365 days a year, large events, in particular, sporting events like the Super Bowl, provide a significant concentration of people in a relatively small area which becomes a desirable location for traffickers to bring their victims for the purposes of commercial sexual exploitation.*

Movement of Victims:
• The Super Bowl and other large events create an increase demand for adult services and bring a large movement of victims to meet these demands. Studies have shown a substantial (40%) increase of non-local area codes appearing in Backpage ads in cities hosting prior Super Bowls. These same phone numbers were identified in prior ads located in other cities suggesting a coordinated movement of victims.

U.S. Bank Initiative:
• Backpage Demographics
  – Based on this research, U.S. Bank is partnering with third party vendor Verafin to identify telephone numbers obtained from BP ads in the Minneapolis region every day, starting 10 days prior to the Super Bowl.
  – U.S. Bank will leverage this information as well as implement the HT Typology previously discussed in order to identify U.S. Bank specific accounts exhibiting a transactional and/or demographic nexus to Backpage

• Peer Bank Working Group
  – U.S. Bank EFCC will also partner with a number of peer banks who will also leverage the information provided by Verafin and combine forces and identify potential Human Trafficking rings and victims to help Law Enforcement combat Human Trafficking

*https://www.mccaininstitute.org/applications/Super_Bowl_2014_Sex_Trafficking_Research_Full_Report_ASU_MI-1BW_%281%29.PDF