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BULLETIN: 2020-KDCU-CUB-22
TO: Kansas Chartered Credit Unions
SUBJECT: Human Trafficking

HUMAN TRAFFICKING

In certain parts of Kansas, high school students have been told which convenience store(s) to avoid because the location was a known “pick-up point.” “Pick-up for what,” you ask? “How does this relate to credit unions?” Unfortunately, it is important once again to remind credit unions that human trafficking does exist in the State of Kansas. Kansas has been designated an “originating” state; hence, the “pick-up” reference. Individuals picked up in Kansas are transported to more populous areas and placed into servitude. Human trafficking is big business, generating billions of dollars annually worldwide.

On October 15, 2020, the Financial Crimes Enforcement Network (FinCEN) issued a Supplemental Advisory on Identifying and Reporting Human Trafficking and Related Activity ([FIN-2020-A008](#)). KDCU issued a [Bulletin](#) in July 2019 addressing this topic.

The FinCEN Supplemental Advisory reminds financial institutions that anyone can be a trafficker. There is no standard profile. In addition to being forced into sex slavery, a victim might be someone who is forced in to working at a restaurant for pennies an hour. Their documents are confiscated and destroyed. The activity may occur in a variety of industries, including hospitality, agricultural and construction.

Since FinCEN issued its [original advisory](#) in 2014, they have worked with law enforcement to update the typologies of human traffickers when it comes to money laundering – now including front companies, exploitative employment practices, funnel accounts and alternative payment methods (including cryptocurrency).

Behavioral indicators include, but are not limited to, a third party speaking on behalf of a member, insisting on being present for every aspect of the transaction, maintaining possession of money or acting in an intimidating manner to the member. The member may show signs of poor hygiene, malnourishment, physical abuse or lack knowledge of their whereabouts. Perhaps the member seems to provide scripted answers. Financial indicators include transactions inconsistent with the member’s expected activity, activity outside regular business hours, cash deposits only with no ACH payments and structuring.

It may be an unexpected [member of the community](#) who is engaged in human trafficking. In this [Ohio](#) case, the defendant has been charged with 18 felony counts. This type of [activity](#) could be happening blocks from the Kansas State Capitol.

[Kansas Attorney General Derek Schmidt](#) provides information and resources to the public on human trafficking. In March 2020, the United States Attorney for the District of Kansas [announced](#) that more than \$65 million in grants was available to help communities combat human trafficking and assist victims.

Credit unions have always prided themselves on knowing their members. Nowhere is it more important than when it comes to victims of human trafficking.

NOTE: In accordance with Governor Laura Kelly’s [Executive Orders](#) and the [Ad Astra Plan](#), KDCU Administrator Jerel Wright continues to review the feasibility of resuming the on-site examination program. This is being done in coordination with the NCUA.