

# Testimony to the Committee on Commercial Sexual Exploitation and Sex Trafficking of Minors in the United States

**Testimony of Ernie Allen**

**To the Institute of Medicine Committee on Commercial Sexual Exploitation and Sex Trafficking of Minors in the United States of The National Academies**

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Mr. Chairman, Members of the Committee, I am honored to appear before you today to provide my thoughts regarding the scope and severity of the problem of commercial child sexual exploitation and child sex trafficking.

Let me briefly report on what we have learned about these two aspects of the problem in the United States. First, commercial child pornography.

The National Center for Missing & Exploited Children is a not-for-profit corporation, mandated by Congress and working in partnership with the U.S. Department of Justice. For 28 years NCMEC has operated under Congressional authority to serve as the national resource center and clearinghouse on missing and exploited children. The statutory authorization includes 19 specific operational functions.

Our primary functions to help address the sexual exploitation of children are the CyberTipline, the national clearinghouse for leads and tips regarding crimes against children on the Internet; and the Child Victim Identification Program, which is the national clearinghouse for identifying the victims of these insidious crimes.

The CyberTipline is operated in partnership with the FBI, ICE, the Postal Inspection Service, the Secret Service, the Military Criminal Investigative Organizations, the Internet Crimes Against Children Task Forces, the Justice Department's Child Exploitation and Obscenity Section (CEOS), as well as other state and local law enforcement. We receive reports in eight categories, four of which are

- possession, manufacture and distribution of child pornography;
- online enticement of children for sexual acts;
- child prostitution; and
- sex tourism involving children.

These reports are made by both the public and by Electronic Service Providers ("ESPs"), who are required by law to report apparent child pornography to law enforcement via the CyberTipline (18 U.S.C. §2258A). The leads are reviewed by NCMEC analysts, who examine and evaluate the

content, add related information that would be useful to law enforcement, use publicly-available search tools to determine the geographic location of the apparent criminal act, and provide all information to the appropriate law enforcement agency for investigation. These reports are triaged continuously to ensure that children in imminent danger get first priority.

In the 13 years since the CyberTipline began, NCMEC has received and processed more than 1.26 million reports, including more than 300,000 reports in 2011 alone. And more than 60 million child pornography images and videos have been reviewed by the analysts in our Child Victim Identification Program, which assists prosecutors to secure convictions for crimes involving identified child victims and helps law enforcement to locate and rescue child victims who have not yet been identified. Last year alone, CVIP analysts reviewed more than 16.5 million images/videos.

One of our CyberTipline reports led us to husband and wife entrepreneurs in Texas who weren't making enough money doing what they were doing, so they went into the child pornography business. We worked with the Dallas Police and federal law enforcement. When the couple was arrested, they had 70,000 customers, paying \$29.95 per month and using their credit cards to access graphic images of young children being raped and sexually assaulted.

In another case a company was identified which was a major Internet processor of subscriptions for third-party commercial child pornography websites. The site was managed in Belarus, the credit card payments were processed by a company in Florida, the money was deposited in a bank in Latvia, and the majority of the 300,000 credit card transactions were from Americans.

I called the head of a major credit card company and asked, "how is this possible?" He said, "we don't know what the transactions are for. If you can identify the merchant bank for us in a timely way, we can take action. This is an illegal use of the payment system."

I contacted the then-Chairman of the Senate Banking Committee, Senator Richard Shelby of Alabama. Senator Shelby said, "if people were buying heroin or cocaine and using their credit cards, we would be outraged and do something about it. And this is worse."

So in 2006 we tried to do something about it. We created a Financial Coalition Against Child Pornography, which now includes 35 companies -- MasterCard, Visa, American Express, Bank of America, Citigroup, HSBC, Deutsche Bank, Banco Bradesco of Brazil, and many more. Our goal was the eradication of the commercial child pornography industry, which many called naïve.

One coalition member, Standard Chartered Bank of Singapore, contracted with McKinsey Worldwide to estimate the size of the problem. McKinsey reported that commercial child pornography was a "multi-billion dollar" industry.

Our process is simple and completely voluntary. The companies donate live accounts to us at the National Center. We provide those accounts to law enforcement agents who attempt to make purchases on illegal sites we identify. When the transactions go through, we alert the payment

company which stops the payments and shuts down the accounts. We also alert law enforcement for investigation and prosecution.

We are now in the sixth year of that process. Last year, the Treasury Department's Office of Terrorist Financing and Financial Crimes reported to us that commercial child pornography had dropped to "effectively zero," less than \$1 million per year. They attributed this dramatic change to "enforcement and to cooperation with the private sector which shut down distribution and payment mechanisms." This is a business that is virtually impossible to sustain on a cash basis. By attacking their ability to collect payment, we did real damage to their business model. And these companies did it all voluntarily.

We did not hold a press conference and declare victory. I am convinced that organized criminals will adapt and find new ways to profit. Our process goes on. We are continuing to follow the money.

I believe that the problem of commercial child pornography has shrunk dramatically. However, the non-commercial distribution of child pornography has exploded. New technologies such as smart phones, digital cameras and webcams have made it easier for offenders to produce, access, and trade images. More robust storage devices enable offenders to collect unprecedented volumes of images.

These images are crime scene photos. According to law enforcement data, 19% of identified offenders in a survey had images of children younger than 3 years old; 39% younger than 6 years old; and 83% younger than 12 years old. Reports to the CyberTipline include images of sexual assaults of toddlers and even infants.

There are millions of child pornography images being traded online by individuals who view them for sexual gratification. Offenders can access them for free on all platforms of the Internet, including the World Wide Web, peer-to-peer file-sharing programs, and Internet Relay Chat. There is much more to do.

Second, let me briefly address the phenomenon of domestic child sex trafficking. When Americans hear the term, they think it only happens somewhere else on the other side of the world. I can report to you that it is happening every day in American cities to American children, children who are overwhelmingly "hidden victims."

We have been quoted as estimating that at least 100,000 kids are the victims of child prostitution and trafficking each year. However, I always hasten to add that we don't know with certainty how many victims there really are. We have a vast amount of anecdotal information, but estimating the size of this problem empirically is impossible at this time.

The operators of these illicit enterprises are not filing tax returns. Reporting is miniscule and arrest data are meaningless because there are so few arrests. In 2006 the FBI reported that 1,400 juveniles were arrested for prostitution. However, since 2003 we have trained police nationwide not to arrest the juvenile victim. In fact, at least nine states have already enacted versions of the Safe Harbor Law requiring that these kids not be treated as offenders.

The primary basis for our estimate is University of Pennsylvania research funded by the U.S. Department of Justice. However, there are caveats. First, the researchers reported that 293,000 US children are "at risk" of commercial child exploitation each year. Being at risk is different from actually becoming a victim. However, they also reported that the number of 10 -- 17 year olds involved in commercial sexual exploitation each year likely exceeds 250,000, with 60% being runaway, throwaway or homeless youth.

The second caveat is that commercial sexual exploitation is broader than just child prostitution, but there is little doubt that the commercial sexual exploitation of runaway, throwaway and homeless youth is overwhelmingly prostitution -- 60% of 250,000 is 150,000.

Third, the Justice Department's National Incidence Study on Missing, Abducted, Runaway and Thrownaway Youth (NISMART II) estimated nearly 1.7 million runaways and throwaways each year, of which just 357,600 are reported to police. The report found that 1.6 million are 12 – 17 years old, and 1.3 million are gone from 24 hours to 6 months. That last category includes those kids most at risk of becoming victims of child prostitution and child trafficking.

Thus, while 100,000 is just an estimate, we believe it is reasonable, conservative and based on sound empirical research.

In the past eight years our view of this problem has changed significantly. In 2003 the National Center joined with the FBI and the Justice Department's Child Exploitation and Obscenity Section to launch the Innocence Lost National Initiative. For the first time we began to look at the problem from a national perspective, from the 30,000 foot level, identifying the networks and the patterns. Today there are 44 Innocence Lost task forces; 849 pimps have been prosecuted and convicted, with six getting life sentences; and 1,838 kids have been rescued. We have learned five key things:

(1) That these kids are truly victims. This is 21st century slavery. The pimps and the customers are the criminals. The kids need to be rescued, not arrested. However, helping these victims recover is a daunting challenge. They tend to be badly damaged. The trauma is significant, and there are no uniform standards that govern their treatment.

(2) That much of this problem is organized crime. There are networks. There is communication and coordination between the operators. The kids are moved from city to city, taken to places with high demand and the greatest profit potential. I have gone around the country saying that this is not traditional organized crime; Mafia or La Cosa Nostra, but organized nonetheless. Yet, in April 2010 a federal grand jury in New York indicted members of the Gambino crime family for selling kids for sex via the Internet. Why would traditional organized crime become involved in this insidious business? Simple: it is easy, low cost, low risk with high consumer demand and thus, it is enormously profitable.

(3) That offenders don't just parade these kids on city streets any more. Today, customers shop online from the privacy of their homes or hotel rooms. That is why in 2008 we joined with then-Connecticut Attorney General Richard Blumenthal and 40 other state Attorneys General in an agreement with Craigslist, the largest online classified advertising site, to attempt to address this

problem. In September 2010, thanks to the leadership of the AGs, Craigslist shut down their adult ads.

Today, the primary focus is on Backpage, the next largest site. Fifty-one AGs have sent a letter to Backpage. In an effort to eradicate the sale of kids for sex on their site, in 2011 Backpage made 2,695 reports to NCMEC regarding ads on their site that they suspect involve the sexual trafficking of children. Once again the nation's AGs are playing a significant role in attempting to eliminate this problem.

(4) That we need far more attention to prevention. Increasingly, our society sexualizes children at younger and younger ages, making sexual activity involving kids seem "normal." Thus, we encounter child victims who almost expect to be sexually exploited, kids whom some have referred to as "compliant victims," kids who simply accept their victimization. We must take steps to sensitize advertisers, entertainment providers and others to this growing societal challenge; and

(5) That little is being done to attack the demand. No matter how many pimps and operators we successfully prosecute, seemingly there is an inexhaustible supply ready to take their places. It is clear that we cannot arrest and prosecute our way out of this problem. There is massive consumer demand in this country for sex with kids. And it has never been more blatant or more normalized than today in this era of the Internet. We are paying a price as a society because of it.

There are growing efforts to educate the public about this problem, and we support those efforts enthusiastically. However, we need to do more than just educate. We also need to hold the customers accountable for their actions. We need to increase the risk for the person who pays for sex with a child. That person should not be sent to "John School" like someone caught for speeding or for running a red light, he needs to be treated as a criminal. Someone who pays for sex with a child violates the law. Yet, courts and prosecutors are often reluctant to treat them like criminals. These offenders do not match society's stereotype. They are doctors, lawyers, business executives, teachers, coaches, etc. They look pretty much like the rest of us.

Yet, we have to create real deterrence. We need to make customers think twice before they engage in commercial sex with a child. A US Attorney in Missouri is charging the customers under the federal anti-trafficking law. We hope others will follow her lead.

In the fight against commercial child sexual exploitation, we need to awaken the public that this is not just a problem somewhere else, it is happening right here in the United States. There is a need for real awareness and real social change. Today, there are mechanisms in place to do more about this problem than ever before, but we need the public's help. If you see it, suspect it, know about it, report it. Report it to your local police and report it to the National Center for Missing & Exploited Children.

This kind of broad-based approach has worked with tobacco, breast cancer, seat belts and car seats. It is time to awaken the nation regarding the sexual exploitation and victimization of our children.