



KNOCKING AT YOUR DOOR

LABOR TRAFFICKING ON TRAVELING SALES CREWS

ABOUT POLARIS

Polaris is a leader in the global fight to eradicate modern slavery. Named after the North Star that guided slaves to freedom in the U.S., Polaris acts as a catalyst to systemically disrupt the human trafficking networks that rob human beings of their lives and their freedom. By working with government leaders, the world's leading technology corporations, and local partners, Polaris equips communities to identify, report, and prevent human trafficking. Our comprehensive model puts victims at the center of what we do—helping survivors restore their freedom, preventing more victims, and leveraging data and technology to pursue traffickers wherever they operate.



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TO GET HELP, REPORT A TIP, OR REQUEST INFORMATION OR TRAINING, CALL THE NATIONAL HUMAN TRAFFICKING RESOURCE CENTER AT 1-888-373-7888 OR SEND A TEXT TO BEFREE (233733).

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EXECUTIVE SUMMARY

Labor trafficking is a form of modern slavery in which individuals are compelled to perform labor or services against their will by means of force, fraud, or coercion. The National Human Trafficking Resource Center (NHTRC) hotline and the Polaris BeFree Textline received 419 reports of likely labor trafficking cases involving traveling sales crews between January 2008 and February 2015, more than any other industry except domestic work. This report analyzes data collected from these hotlines, as well as open source data from legal records, government documents, industry experts, news media, and social media.

Sales crews travel frequently across state lines, most commonly selling magazines. Employment by a traveling sales crew becomes trafficking when the employer uses force, fraud, or coercion to maintain control over the salesperson, causing that worker to believe that he or she has no choice but to stay and continue to work. Instead of the promised commission on sales, crew members typically receive a daily stipend of \$10 to \$20 to cover personal costs and meals. Earnings beyond this stipend may quickly disappear to cover “debts” to the crew for housing and transportation. Crew managers may manipulate, threaten, or abuse their employees to pressure them into working harder or to intimidate those who wish to leave their situation. If a crew member insists on leaving, the manager may abandon him or her in an unfamiliar location – often without money or belongings.

The traveling sales business already has a poor reputation due to customer complaints and civil lawsuits attesting to the presence of consumer fraud in many sales crews’ operations. Yet the direct salespeople, often treated as complicit in this fraud, are in many cases victims of a dangerous and highly abusive industry.

MAJOR FINDINGS

Recruitment is a crucial aspect of operations for traveling sales crews due to the high rate of turnover among crew members. Traffickers in sales crews make a high profit with little risk to themselves by targeting low-income, young people within the United States. Person-to-person recruitment, newspaper ads, fliers posted on college campuses, or online

job postings promising fun, travel, and high earnings are all methods crews use to attract new members. While advertisements may specify that new crew members must be at least 18, reports indicate operators do little to verify ages. Thirty-four percent of cases reported to the NHTRC and BeFree Textline involve potential minors. Thirty-nine reported cases feature workers brought into the U.S. through the J-1 visa program, who risk deportation if they leave an abusive crew.

Force, fraud, or coercion is often used in the traveling sales industry to prevent sales crew members from leaving their jobs. Fraud is rampant in the hiring process, and crew members routinely note that working conditions and sales commissions are significantly misrepresented in advertisements or during recruitment. Managers control nearly all aspects of the lives of crew members and drivers while they are on the road, and isolate them from wider society by imposing long work hours, moving frequently between regions, employing “cult-like” peer pressure, and controlling after-hours activity. Managers may deny crew members food, confiscate their driver’s licenses, or threaten them if they do not meet their sales quotas. Abandonment is a key threat from operators, with 25 percent of reports to the NHTRC and BeFree involving workers left behind in unfamiliar areas without means to return home. In nearly 24 percent of cases reported to the NHTRC and BeFree, callers indicated that managers or fellow crew members physically assaulted salespeople who wished to leave. Sexual assault was also reported in dozens of cases.



The relationships between sales crews indicate numerous linkages within the business network. It can be challenging to find these links because many organizations, particularly those with a long record of fraud-related complaints, frequently change their names and operating locations while remaining under the same ownership. Even when operating under a new name, their receipts and advertising material may still be labeled with previous business names. Over the past 24 years, some larger networks have at least nominally broken up, only to be replaced by smaller, more flexible crews. Yet NHTRC and BeFree data - and other sources - continue to show significant connections between the newer and older businesses based upon the identities of business owners and crew managers, as well as on linked business records.

Despite long-standing recognition of the abuses rife within the traveling sales industry, numerous attempts to address abuse have failed. Whether classified as independent contractors or outside sales workers, traveling sales crew members are exempt from most of the federal labor protections afforded to direct employees. One of the few notable successes in regulating traveling sales crews occurred at the state level in Wisconsin. “**Malinda’s Law**,” passed in 2009, is named after one of the victims of a van accident which killed seven teenage members of a magazine sales crew near Janesville, WI in 1999.

RECOMMENDATIONS

There are a number of steps that could reduce labor trafficking and severe exploitation among sales crews and increase support for trafficking victims within this industry. Please see the full list of recommendations on pp. 23-26.

Federal Government entities should:

- Amend the Fair Labor Standards Act (FLSA) in order to cover door-to-door sales workers.
- Ensure adequate funding for services designed to assist victims of human trafficking, including victims of labor trafficking on sales crews.
- Hold sales crew employers responsible for providing the required Form 1099-MISC to document expenditures (Internal Revenue Service).
- Investigate abuses of the J-1 visa program (Department of State).

State Governments should adopt stronger laws to regulate employment conditions on traveling sales crews, potentially modeling them after Wisconsin’s successful regulation. They should consider defining a private right of action for individuals who have experienced trafficking situations, employment misclassification, wage violations, or other abuses on traveling sales crews, and highlight the dangers of traveling sales as an occupation.

Law enforcement agents must look for signs of trafficking when stopping crew members for traffic violations or for door-to-door solicitation and pursue action against those at the top of the network rather than on crew members. They can also initiate fraud cases against known abusive businesses.

Service organizations should recognize that sales crew members can be victims of labor trafficking requiring services like other human trafficking victims do, and be prepared to address survivors’ immediate needs for short-term shelter and transportation home. They must also be aware that some survivors, both male and female, have had extremely traumatic experiences of psychological control, physical abuse, and sexual assault.

The publishing industry should make efforts to ensure a transparent business supply chain in their magazine sales in order to protect their brand reputations. Since it is unlikely that publishers have the resources to oversee sales agents, however, they should additionally be prepared to cooperate with government entities in the case of investigations of bad actors within the door-to-door sales industry.

The hotel and transportation industry should train staff to recognize the indicators of traveling sales crew victims, and share available resources like the National Human Trafficking Resource Center hotline, the National Runaway Safeline, and more. Both industries should also partner with service providers to provide hotel or transportation vouchers to victims.

Consumers should be cautious when buying magazines or other items from sales crews that are not clearly affiliated with a local organization such as a school, and be alert to suspicious job advertisements. They can also give the NHTRC or BeFree hotline numbers to sales crew members who display signs of being at risk for trafficking. Consumers should not attempt to follow the crew member or intervene directly.

FORMER CREW MEMBERS SPEAK OUT

“ At the time I felt like I didn't have a choice.
They do a good job of convincing you that you
have to keep up your sales and stay with the crew.”

- from Polaris interview with S. Hunt



INTRODUCTION AND METHODOLOGY

Since Polaris began operating the National Human Trafficking Resource Center (NHTRC) hotline in December 2007, and the BeFree Textline in March 2013, these hotlines have received more reports of labor trafficking on traveling sales crews within the United States than in any other industry except domestic work. Employment by a traveling sales crew becomes trafficking when the employer uses force, fraud, or coercion to maintain control over the salesperson, causing that salesperson to believe that he or she has no choice but to stay and continue to work.

Traveling sales workers are particularly vulnerable to these abuses because they are exempt from most federal and state minimum wage requirements, overtime limitations, and other employment protections. State-level regulation is hampered by the fact that traveling sales crews move frequently from state to state.

Polaris recognizes that legitimate door-to-door sales businesses operate throughout the United States, but due to the lack of labor protections and other vulnerabilities, many traveling sales crews operations are at high risk for labor trafficking.¹ The NHTRC and the BeFree Textline received 419 reports of likely labor trafficking cases involving traveling sales crews between January 2008 and February 2015. The Better Business Bureau files over one thousand complaints about the traveling sales industry each year, including complaints about abusive labor practices engaged in by these businesses. Hundreds more complaints are available on forums such as ComplaintsBoard.com and RipOffReport.com, and on Facebook, where former crew members have testified to having been subjected to force, fraud, or coercion while working on traveling sales crews.² The National Consumers League, the National Runaway Safeline, Georgia Office of Consumer Protection, Parent Watch, and other organizations have similarly identified traveling sales as an industry rife with worker abuse.

Sources and Methodology

This report analyzes data collected from the NHTRC hotline and the Polaris BeFree Textline, as well as data from open

source research. Open sources consulted include legal records, government documents, industry experts, news media, and social media. These sources were of varying credibility individually; accordingly, information included in this report is limited to that which could be confirmed by multiple sources, including NHTRC and BeFree data. With this information, this report aims to identify emerging trends, major challenges, promising practices, and areas of need in the response to labor trafficking in traveling sales crews across the United States.

Confidentiality

Individuals accessing the NHTRC hotline and BeFree Textline may choose to provide as much or as little detail as they wish. There are no requirements to provide identifying details and many individuals opt to remain anonymous. Contact with the hotline is confidential and this report excludes all identifying information. All statistics are reported in aggregate with the utmost care taken to protect the privacy and safety of the individuals who access our services, of our law enforcement and service provider partners, and of our staff. Additional data used to supplement this report was from open sources including business records, legal records, the Better Business Bureau, consumer complaint forums, news media, and social media. All quotes from survivors were made available to the general public by survivors.

LABOR TRAFFICKING IN SALES CREWS

Labor trafficking is a form of modern slavery in which traffickers use violence, threats, manipulation, debt bondage, and other forms of force, fraud, or coercion to force people to work against their will.³ Labor trafficking has been found in numerous industries in the United States, including the agriculture, hospitality, restaurant, homecare professionals, and traveling sales industries. Between January 2008 and February 2015, the National Human Trafficking Resource Center (NHTRC) and the Polaris BeFree Textline received reports of 419 instances of potential labor trafficking in sales crews.⁴

While in many labor trafficking situations the majority of victims are foreign nationals, traffickers who run traveling sales crews target economically disadvantaged young people within the United States. Traveling sales businesses almost exclusively recruit unemployed or under-employed young adults, promising a fun job, travel, and high profits. Instead, recruits frequently find themselves in situations at high risk for labor trafficking. Managers for abusive crews confiscate the majority of victims' earnings, making victims dependent on them for transportation and housing. Abusive managers also use psychological manipulation, violence, sexual harassment or assault, and abandonment in unfamiliar cities to pressure victims into working harder and to intimidate those who wish to leave their situation.

As with other forms of labor trafficking, trafficking in sales crews is a relatively low-risk, high-profit crime for the trafficker. With crew members receiving either a small fraction of the profit from their sales or none at all, the bulk of the profit goes to crew managers and business owners. Few managers or business owners are ever held accountable for their criminal activities. Traffickers exploit the vulnerability of young crew members, who are afforded few legal employment rights, to prevent victims from seeking assistance.

Crew members are further deterred from seeking assistance by the fact that they are typically not provided with solicitation permits, meaning that they, instead of their managers or the business owners, are likely to get into legal trouble if workers report their situation to law enforcement. Avoiding detection is relatively easy for traffickers, who take advantage of the mobility of sales crews, which rarely stay in the same jurisdiction for more than a few days. Additionally, since this is an unfamiliar model of labor trafficking, force, fraud, or coercion factors are often not obvious to law enforcement or the general public. (Read more about force, fraud, and coercion on traveling sales crews on p. 11.)



FORCE, FRAUD, AND COERCION ON SALES CREWS

FORCE

- Physical and/or sexual abuse

FRAUD

- Misrepresentation of working conditions
- Denial of wages
- False promises

COERCION

- High sales quotas and punishments for failure to meet them
- Verbal abuse
- Psychological manipulation
- Threats of abandonment
- Isolation and/or removal from familiar surroundings
- Claims that crew members are indebted to the organization
- Denial of food and/or adequate sleeping conditions

CUSTOMERS: NOT THE ONLY VICTIMS

The traveling sales business already has a poor reputation: customer complaints and civil lawsuits show that consumer fraud is common in many traveling sales companies. Yet low-level crew members, often treated as complicit in this fraud, are in many cases victims of a dangerous and highly abusive industry. According to former Better Business Bureau president Tom Bartholomy, "Customers aren't the only victims. . . . The young salespeople are also potentially being taken advantage of by their employers and forced to work long hours, endure substandard living conditions and have their wages withheld from them."⁵

ROB'S STORY

Recently, a crew member named Rob reached out for assistance after being physically assaulted by his manager. After speaking with an operator at another hotline, Rob, a young adult male, was conferenced into the National Human Trafficking Resource Center (NHTRC) hotline. The young man explained that he joined a traveling sales crew after seeing an online advertisement for a lucrative job.

But the reality of the job was different than advertised. The crew he joined sold magazine subscriptions and walked door to door from early morning until very late

in the evening every day. When the crew members complained or did not meet their daily quotas, their manager prohibited them from eating or made them sleep on the street instead of in the hotel. Rob wanted to leave, but was unable to since he was far from home and had no money of his own.

The NHTRC Call Specialist referred the situation to a nearby service provider who helped Rob find a place to sleep that night and transportation home. In addition, the service provider offered to perform outreach for the remaining crew members. The service provider helped several other young men

leave the sales crew and reached out to law enforcement agents who ultimately arrested the manager. In less than a week, all of the victims had received bus tickets and safely returned to their hometowns.

This story is representative of the types of calls received by the National Human Trafficking Resource Center (NHTRC), operated by Polaris. Names have been changed and personally identifying information has been omitted to preserve the confidentiality of the people served.

CREW OPERATIONAL MODELS

Reports of abuses within the traveling sales industry date back to at least the 1970s, and Congressional hearings in 1987 highlighted problems within the industry, many of which uncannily mirror those in traveling sales crews today.⁶ Products involved, recruitment methods, means of controlling crew members, and the basic sales tactics of crews have remained almost constant for at least three decades, testifying to the fact that crew operators find the business model both financially rewarding and low-risk.

The basic operational model of traveling sales crews has not changed significantly since the 1970s. According to the 43 cases in which crew size was specified, crews vary in size, with approximately 10 to 40 people on most crews, but as many as 100 in some cases [Fig. 1]. Crew members are supervised by direct managers, who are in charge of acquiring housing for the night, making disciplinary decisions for the crew, and moving members from city to city every few weeks. Managers are also responsible for running morning and/or nightly crew meetings, which may stretch the work day to 10-12 hours. Long days on the road are another serious danger for crew

members. Drivers often operate crew vehicles for extended periods of time, leading to inattention and exhaustion; others may drive with expired or revoked licenses. Vehicles are often in poor shape. These risks have led to serious crashes in previous years, which is one of the few ways for a sales crew to come to local media attention. Wisconsin is the only state that regulates traveling sales crews, and it did so after the crash of a van that killed seven crew members and injured five more in 1999.⁷ The Wisconsin law, commonly called “Malinda’s Law” after one of the crash victims, limits crew members’ working hours and obliges crews to have vehicles regularly inspected.⁸

JOHN’S STORY

The story of John Ellison, as reported by the Associated Press in 1978, could with very few alterations be the story of many on sales crews today.⁹ Responding to an ad, Ellison met with a recruiter in Texas who promised travel, parties, comfortable housing, and the opportunity to make money with all expenses covered. In practice, Ellison had to work eight hours of selling per day followed by a three-hour sales meeting at which he

and others who failed to make their quota would be ridiculed. He saw little to none of the promised commission on sales. He and other members who wanted to leave were abandoned in Louisiana with no money in an unfamiliar place. A former crew manager also interviewed in the article indicated the elements of force and psychological coercion present on the crews, commenting that “the crew chief becomes mother, father, minister,

guidance counselor and boss... [He] makes his kids into absolute slaves ... and he keeps them hundreds of miles away from home so that they have to keep working.” Elements of fraud and coercion present throughout Ellison’s story strongly suggest that had the Trafficking Victims Protection Act existed in the 1970s, his situation might have been classified as human trafficking.



ABANDONMENT OF SALES CREW WORKERS

“As soon as I told [my managers] I wasn’t going to stay, they kicked me out of my hotel room and left me in a bad part of town without any money. I had to find my own way to the bus station and I had to ask around for hours before I got there. My mom paid for my ticket, but by the time I got home I was sick and hadn’t eaten for three days.”

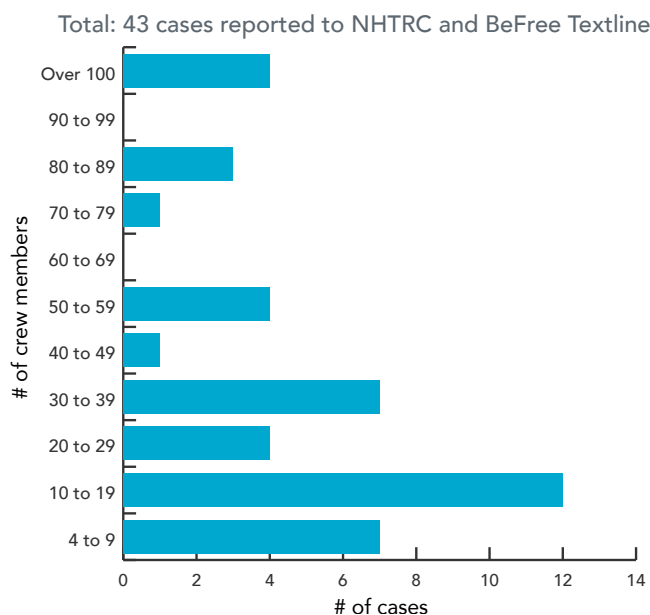
- from Polaris interview with S. Hunt

Instead of the commission on sales promised during the application process, all but the highest-performing salespeople receive a daily stipend of \$5-\$20, which must cover the cost of meals and personal items. Earnings beyond this stipend are generally kept “on the books,” and may quickly disappear to cover “debts” to the crew for housing and transportation. Members who wish to leave the crew will often be put under significant pressure to stay through the use of psychological manipulation, threats, or physical violence. If a member still insists on leaving, the crew will often abandon him or her in an unfamiliar location without money or belongings.

ITEMS SOLD

Certain industries that employ traveling sales crews stand out as particularly prone to labor abuses and potential human trafficking situations. According to Parent Watch, an organization dedicated to assisting survivors of abusive situations within traveling sales crews, the most exploitative traveling sales businesses deal in magazine sales, followed distantly by those dealing in cleaning products.¹⁰ This estimate is confirmed by data from the National Human Trafficking Resource Center hotline, which shows that 64 percent of the 357 cases which specified items sold reference magazine sales. [See Fig. 2 on page 9.] The NHTRC hotline and the BeFree Textline have received significantly less evidence of abusive activity in traveling cleaning products crews, with only 9 percent of these cases directly referencing this industry. The remaining 27 percent of reports

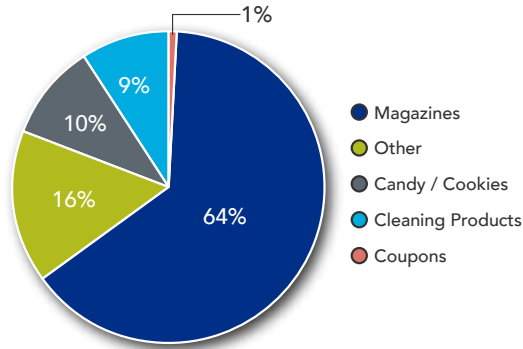
FIGURE 1: SIZE OF CREWS



referenced the sale of any other type of product, including textbooks, cookbooks, or coupons. Based on the dates of reports of hotline data and on open source research, it is clear that some magazine sales businesses have begun to diversify their products in recent years, selling coupons for local businesses, textbooks, or devotional pamphlets either in addition to or instead of magazines. This may be explained in part by the fact that the direct magazine sales industry has built up a negative reputation which is now accessible to consumers who

FIGURE 2: ITEMS SOLD BY CREWS

Total: 357 cases reported to NHTRC and BeFree Textline



can easily look up a sales organization online. However, for the time being, magazine crews still account for the majority of NHTRC hotline and BeFree Textline cases related to trafficking in sales crews.

Door-to-door crews selling jewelry and other miscellaneous items, as well as peddling crews selling cookies and candy, appear to operate separately from those that sell magazine and cleaning products. While the NHTRC has received sporadic reports of abuse on such sales crews, these businesses employ few of the tactics which make the magazine and cleaning products industries rife with trafficking situations. Jewelry salespeople tend to be older, receive higher commissions on sales, and often provide their own transportation from town to town – meaning that while this may be a difficult and low-profit job with potential for labor exploitation, salespeople are relatively independent and elements of force, fraud, or coercion are less often present. The risk of trafficking is also lower in crews peddling candy or cookies, due to the fact that the minors on the crews typically return home every night. It should also be noted that traveling sales crews and peddling rings are both separate from groups affiliated with local schools selling magazines and other items for fundraisers. Legitimate fundraising for local schools will clearly identify the school, and provide contact information for the fundraising drive.

RECRUITMENT

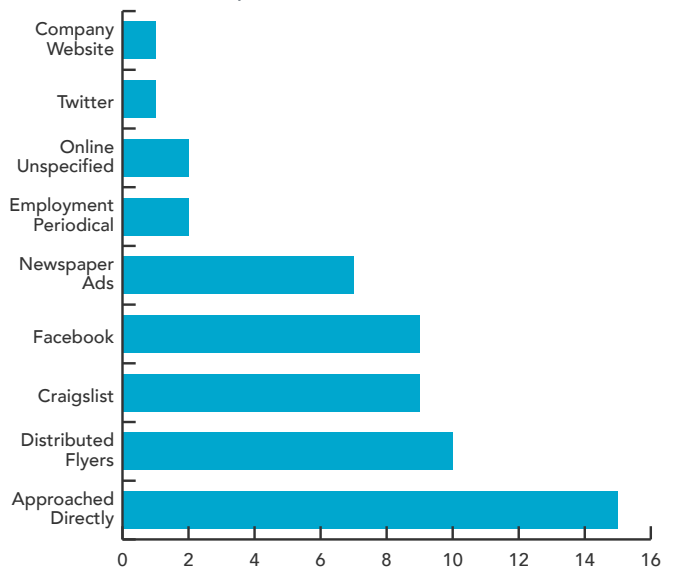
Frequent recruitment is crucial for traveling sales crews due to the high rate of turnover among crew members. Crews use person-to-person recruitment, newspaper ads, fliers posted on college campuses, and online job postings promising fun,

travel, and high earnings to attract new members.¹¹ Fifty-six cases reported to the NHTRC hotline or the BeFree Textline describe recruitment methods, and the majority of these note that the crews had approached potential victims directly [Fig. 3]. Accounts on online forums confirm that this is a common recruitment method. Many crews attempted to recruit young individuals who were unable to afford subscriptions. Others approached strangers in retail parking lots or fast food restaurants. Online recruitment was also common, with an equal number of hotline cases referring to recruitment occurring on either Craigslist or Facebook. A minority of hotline cases referenced recruiting attempts on Twitter or other online sources.

Recruiters tend to target younger, lower-income individuals. Advertisements specify that new crew members must be at least 18, since in most states a minor cannot legally work in traveling sales due to the dangers of the job. Nonetheless, accounts from former members indicate that most crews do little to ascertain whether applicants are old enough to be legally employed, and 34 percent of hotline cases reference potential minor members. Former crew members and community members contacting a hotline or recounting their experiences online suggest that some crews deliberately recruit minors as young as 15. According to these accounts, some managers even direct minors to lie about their age and claim to be adults.

FIGURE 3: RECRUITMENT METHODS REPORTED*

Total: 56 cases reported to NHTRC and BeFree Textline



* These statistics are non-cumulative. Survivors may reference multiple methods of recruitment or may not provide this type of information.



JOHNATHAN'S STORY

A recent *Al Jazeera America* investigative article highlights the story of Johnathan, a 25-year-old Waffle House server.¹² Johnathan was working at a Waffle House in Ohio when he was recruited by some customers who kept telling him stories about the fun they were

having and money they were making traveling around the country on a magazine sales crew. The crew members were so persuasive that Johnathan quit his employment and left to join the crew without even informing his family. Weeks later, Johnathan's body was

discovered in a motel in Maryland. He had overdosed on heroin while staying with the crew in the motel. Instead of calling 911 or taking him to a hospital, his crew abandoned him in the hotel room and took his wallet, cell phone, and other belongings with them.

Recruits are typically from lower-income households, but socioeconomic backgrounds vary: recruitment ads promise high earnings, and college students from middle-income homes occasionally join the crews in order to earn money for tuition or other expenses. One former crew member interviewed by Polaris described the conundrum that faced him when he first contacted a crew after reading about the job in a newspaper ad. His mother warned him not to join, based on the negative stories she had heard about traveling sales jobs, but when he called the number listed in the ad, the recruiter “almost begged [him] to join,” promising that he could earn up to \$150 per day while having a great time traveling the country, but giving him no other information about his working conditions. He explained, “I was desperate. I didn’t have a job, didn’t have a car. This sounded like something I could do.” It came as a shock to him when the crew arrived to pick up their new

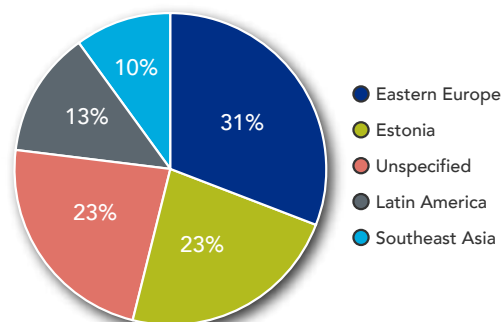
recruit: the driver and manager were drunk, 12 people were crammed into a single SUV, and at night six people were expected to fit into one hotel room.¹³

While most sales crews recruit American citizens exclusively, 39 cases reported to the NHTRC and the BeFree Textline feature workers from overseas brought into the U.S. on the J-1 visa program [Fig. 4]. One company employing workers on J-1 visas recruits from the Baltic States. Another large company recruits from South America and the Philippines. NHTRC and BeFree reports indicate that if these workers express dissatisfaction with working conditions, they may be terminated and evicted from the provided housing, which may also lead to their sponsorship being dropped. For young adults on J-1 visas, cessation of their association with their sponsor renders their visa invalid. These employees have reported to the NHTRC that their employers threatened them with deportation when they expressed a wish to quit. This threat constitutes use of coercion, since it places significant pressure on the

PEDDLING RINGS

In addition to 357 calls referencing traveling sales crews, the NHTRC has received 271 reports regarding local peddling rings. These rings differ from most sales crews in that they employ much younger minors and typically do not travel. While they often operate in violation of child labor laws and local solicitation ordinances, there is a much lower risk for trafficking in these situations, as minors generally return home after work and crew leaders have much less control over their daily activities.

FIGURE 4: INTERNATIONAL RECRUITMENT
Total: 39 cases reported to NHTRC and BeFree Textline



J-1 VISA PROGRAM

Many foreign workers' experiences on traveling sales crews reflect crews' disregard for restrictions placed on J-1 visa work programs. The U.S. Department of State explicitly prohibits J-1 visitors from working in positions that "are substantially commission-based and thus do not guarantee that participants will be paid at minimum, the federal prevailing wage."¹⁴

individual to comply with employment conditions that he or she would otherwise refuse to accept.

Because the recruitment process for these crews is so cursory, traveling sales companies rarely perform background checks on members. Accordingly, former members report that among the many salespeople with no criminal records, there are members with records that include violent crimes.¹⁵ While this is a safety concern for consumers who may interact with these individuals, it poses a much more serious risk to other crew members, particularly younger recruits. Many former members calling a hotline or writing online describe severe physical or sexual assault by managers or fellow crew members with criminal records for violent crimes. Where managers are not directly responsible for these crimes, the lack of repercussions on most crews for such activity creates a culture of acceptance for violent behavior against "weak" crew members.

FORCE, FRAUD, OR COERCION

Force, fraud, or coercion in the traveling sales industry may be initially difficult to identify, since individuals traveling with crews appear to have the freedom to leave their situation. In many situations, however, this freedom to leave is illusory or partial. Hotline cases, corroborated by open source data, indicate that workers are compelled to remain in the crews by means of isolation, denial of wages, threats, physical assault, or abandonment [Fig. 5].

Force

Former crew members describe harsh working conditions on the crews, including long days spent walking miles through neighborhoods with limited or no opportunity for breaks, early morning and late night training sessions in addition to a minimum eight hours of selling time, and fines for misconduct. However,

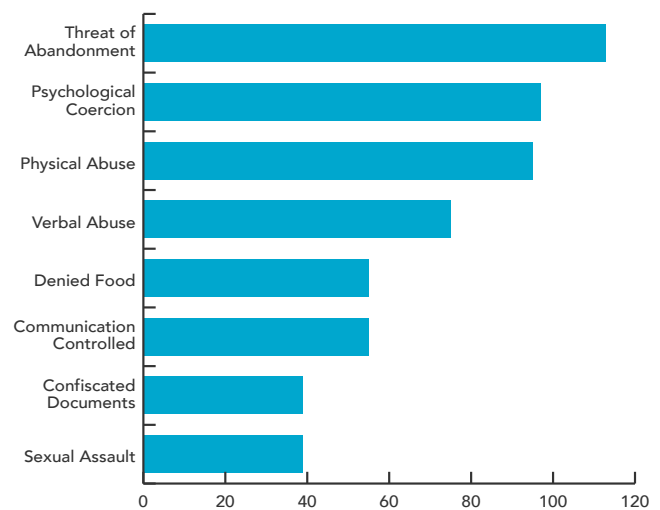
if crew members complain about these conditions or are not sufficiently successful in their sales, they may face physical or sexual violence. In nearly 24 percent of cases reported to the NHTRC and BeFree hotlines, callers indicated that managers or fellow crew members had physically assaulted salespeople who were perceived as underperformers or who wished to leave. A former crew member interviewed by Polaris recalled seeing one man from the crew followed by four other members into a hotel room where he was beaten unconscious. The interviewee also noted that crews tended to harbor hostility towards crew members who were not as well-liked, due to being quiet or being poor salespeople. While never threatened with violence directly, this member reported that one of his friends on the crew was frequently bullied and threatened with violence because he was not making enough sales.¹⁶

Fraud

Fraud is frequently employed in both the hiring process and in the remuneration of crew members. The hiring process is typically rapid; parents of crew members have reported that their sons or daughters left with the crew almost immediately after being recruited, without informing the family until they were already on the road. Many callers and crew members

FIGURE 5: MOST COMMON METHODS OF CONTROL*

Total: 419 cases reported to NHTRC and BeFree Textline



* These statistics are non-cumulative. Survivors may reference multiple methods of control or may not provide this type of information.



writing online express their dismay upon discovering that working conditions on the sales crews had been misrepresented in advertisements and throughout the cursory application process. A former crew member noted in an interview with Polaris that he first realized that he had to get off the crew when he realized how dangerous the job was. Crew members were crammed into a vehicle and new recruits or those who had not made enough sales were expected to sit in the hatch without seatbelts. This crew also made a habit of dropping members off in areas of cities with high crime rates, regardless of safety concerns, justifying the practice by explaining that it was easier to sell magazines in poor neighborhoods.¹⁷

New recruits are rarely informed that advertised sales commissions only reflect the amount that they could eventually earn by remaining on the crew long enough to move into a junior or senior management position, where commissions are much higher. In the meantime, members see little to none of even the small commissions they could earn, since these routinely evaporate once crews charge members for housing and transportation costs – expenses which members are not warned of before joining. Advertised financial bonuses likewise prove largely unattainable due to the high number of subscriptions that would have to be sold in order to earn them. In the end, most members are left with only a \$5-20 daily stipend to live

on. The former member interviewed by Polaris had received a stipend of \$20 per day for the first few days, but received nothing after that, with the result that he went without food for days.¹⁸

In addition to misleading recruitment and financial fraud, many callers report that they were not informed of the level of illegal activity – including drug use, alcohol abuse, and sexual harassment – regularly occurring on crews. A number of former members were disconcerted by the misleading or openly fraudulent sales tactics of the crews. As one salesperson recounted in a public blog post about magazine sales crews, “I was trained to lie my way into a sale... The job wasn’t by any means honest. Had I made a dime doing this, I would’ve felt terrible taking it.”¹⁹ One former member commented in an interview with Polaris that his crew was sent into economically depressed areas of larger cities and told that it would be “easier to sell subscriptions to people who don’t know any better” – reflecting a disdain for buyers of overpriced magazine subscriptions and implying that crew members were expected to trick customers into purchasing these.²⁰ In addition, members often report having been sent into towns to sell without legal permits, often without being told by the manager that they needed such a permit.

KEVIN’S STORY

Kevin was recruited by a crew member who came to his door selling magazines. When Kevin revealed that he was experiencing financial difficulties, the worker offered Kevin a job and a signing bonus. The crew that Kevin joined was under the control of several managers, all of whom openly boasted about their arrest warrants. These managers would frequently compel the crew members to work from eight in the morning until after midnight, would require them to reimburse the business for lodging and gas costs, and would only pay members if they met their daily quotas. Members who performed particularly well were typically paid in drugs instead of

cash, and Kevin never saw the signing bonus he had been promised.

Kevin reported to the NHTRC that all the workers he interacted with while on the crew said that they wanted to leave. However, they were afraid to do so because of their managers’ reputations. Workers who did try to leave were often beaten severely and in some cases were sexually assaulted by either the manager or the senior salespeople. When Kevin himself tried to leave, one of the managers threatened to kill him and confiscated his identification documents.

Eventually the managers decided that Kevin was not making enough sales, so

they abandoned him without returning his identification. Kevin was able to contact the NHTRC for assistance, and NHTRC specialists were able to put Kevin in contact with an emergency service provider. The provider was able to arrange temporary housing and a local job for him.

This story is representative of the types of calls received by the National Human Trafficking Resource Center (NHTRC), operated by Polaris. Names have been changed and personally identifying information has been omitted to preserve the confidentiality of the people served.

Coercion

Managers control nearly all aspects of the lives of crew members and drivers while they are on the road, isolating them from family and the communities in which they are selling by imposing long work hours, moving frequently, and controlling after-hours activity.²¹ On abusive crews, coercion is also frequently used to incentivize higher sales. Typical crews have a sales quota of three to seven sales per day, according to both hotline and open source data. Failing to meet the day's quota often results in at least verbal abuse, if not physical assault (see "Force," p. 11). People contacting the NHTRC hotline or the BeFree Textline commonly report that managers will force crew members who do not make their quotas to sleep on the floor or will refuse to give them an allowance for food.

Frequent travel has the effect of removing youth who sign up for these sales crews from familiar surroundings. Crews move to new cities every few weeks, with the result that members have no chance to familiarize themselves with any local resources that might be available to them if they want to leave

the crew. This also means that members rarely have the time or space to communicate with family or friends at home. In 55 cases, individuals contacting the NHTRC have reported that their communications were closely monitored; in three cases, potential victims could only contact the NHTRC from public library computers. In a number of other cases, managers had confiscated or destroyed cell phones belonging to crew members. In 40 cases, managers had confiscated drivers licenses or other documents, without which members were unable to board a bus or rent a car to leave. Even in situations where crew members have relatively more freedom to communicate and have control of their documents, they are frequently unable to leave for financial reasons. Few crew members see more than a small stipend at the end of a week of sales, due to high quotas and charges for housing and transportation. In addition, in 40 cases, callers were told that they could not leave the crew due to being in debt for housing and transportation.

Beyond communication and identification control, crews exert significant psychological pressure to prevent some members

SAMANTHA'S STORY

Samantha, a young magazine crew worker, called the National Human Trafficking Resource Center hotline (NHTRC) to request help finding shelter. Samantha had responded to a newspaper ad promising a fun, well-paying job and a \$450 signing bonus. Not only did Samantha never see this bonus, but once on the crew, she discovered that the crew members were not paid either an hourly or a commission-based wage. Instead, they were only provided a small daily stipend for food and were charged for accommodation and gasoline. Salespeople who could not sell a daily quota of six subscriptions became more and more indebted to the crew for food and lodging every day they could not make their quotas.

Because this crew did not provide its members with proper sales permits, Samantha was soon cited for solicitation. Her crew leader held all the paperwork related to these citations and refused to allow her to return to respond to the citations. As a result, Samantha began to fear that she might have arrest warrants and became reluctant to leave the crew because it seemed to be the only thing protecting her from being arrested. At last, however, she had no choice but to leave. Eventually she was injured while on her sales rounds. In response, her manager fired her and abandoned her.

In this case, local service providers, call specialists at the NHTRC, and local law enforcement were able to work together to

help Samantha get the shelter she needed and to mitigate any legal problems resulting from the citations. However, many other crew members remain unable to leave their crews or are left with no resources when they are abandoned. Better awareness of the problems associated with traveling sales crews among service providers, law enforcement, and the general public can help connect young people like Samantha with the services they need.

This story is representative of the types of calls received by the National Human Trafficking Resource Center (NHTRC), operated by Polaris. Names have been changed and personally identifying information has been omitted to preserve the confidentiality of the people served.



from leaving. Former members and those who have worked extensively with victims repeatedly use the phrase “cult-like” to describe the level of pressure crews exert on their members. Compulsory morning or night meetings involve lectures, songs, and chants about “positive attitude,” “toughness,” or “good work ethic” – messages echoed on crews’ social media accounts – while unsuccessful members are called out and shamed by the group. Crew leaders promote the message that if crew members only put more work in, they will begin to make big money.²² They lecture about the “exciting, challenging” life on the crew, contrasting it with the supposedly humdrum, stodgy life of “the Joneses” or the “9 to 5 schmucks” – terms used across the traveling sales industry that create a sense of separation between crew members and non-members.²³ In many cases, crews further build group cohesiveness by throwing parties for successful salespeople after hours. Former members have described these parties as involving excessive drinking and drug use, with 30 callers noting that alcohol and drugs were provided by managers to reward crew members who met or surpassed their quotas. These parties also linked to sexual harassment for female members, with 40 callers (10 percent) referencing sexual harassment or abuse related to after-hours activities. Some former members even describe a practice of “putting people over” – or paying veteran crew members to sleep with new recruits at these parties and potentially form relationships in order to manipulate them into staying.²⁴

Former members indicate that any form of dissent – such as questioning fraudulent sales practices, expressing exhaustion, being unwilling to participate in crew parties, or wanting to leave the crew – is termed “negativity” by crew operators. “Negative” members are stigmatized by both managers and other crew members. Detective George Dahl of Louisville, Kentucky describes the psychological pressure exerted by crews as some of the most extreme he has encountered in years of police work.²⁵ If members express intentions to leave the crew, coercion often becomes even more evident. Abusive crews have reputations among members for assaulting or abandoning salespeople who wish to leave. These implicit, or often explicit, threats prevent many members from attempting to leave. The threat of abandonment is particularly powerful, since members

FORMER CREW MEMBERS SPEAK OUT

“Stay away from all these crews they are nothing but modern day slave shops and bad news...I would like to see these crews be banned and outlawed before other young adults or teens falls victim.”

- Posted on Facebook group, Abolition Movement against Human Trafficking on Mag Crews

frequently have no money left once their extensive debts to the crew are covered, and when abandoned, members will frequently find themselves stranded at a bus station or alongside the road without a ticket or any resources to buy one. Over 25 percent of all cases reported to the NHTRC and BeFree involved potential victims who had been abandoned in an unfamiliar location by their crews.

In some instances, members have also been arrested for violating local sales permit laws, making it even more challenging for them to leave the crew safely. Some crews leave arrested members behind. Others bail them out of jail. However, former crew members on five major online forums that host survivor accounts have noted that it was not uncommon for members who had been arrested to be compelled to continue to another city with the crew before their court dates, leaving behind an outstanding warrant and a criminal record.

CULT-LIKE TACTICS ON SALES CREWS

“It was a freaking cult! We lived with our co-workers who took every opportunity to end your contact with the outside world beyond your door-to-door ventures...

We started every morning with JUICE [Join Us In Creating Excitement] chants, and were not allowed to drive our own cars to the work sites. When we came back after a LONG 8 hours of walking in dress shoes, we were not allowed to lean against the wall. I was once pulled to the side and told not to lean because it was a sign of weakness and it would bring the rest of the group down. The group was taught to ignore people who leaned or showed any 'negative' gestures.”

- Posted on Experience Project, <http://www.experienceproject.com/stories/Was-Recently-On-A-Mag-Crew/4601>



BUSINESS NETWORK CHARACTERISTICS

Traveling sales businesses vary in size and structural complexity. Some operate as solo crews and others act as a central node in a network of dozens – in some cases as many as a hundred – separate selling crews. Business owners and managers rake in the bulk of the profits from sales made, while salespeople are often charged for transportation and housing, and then barely receive enough money to pay for their meals.

SHIFTING LOCATIONS

Traveling crews move frequently from location to location, sometimes remaining within a single area for several weeks, but rarely lingering for longer. Individual crews within an organization usually travel alone because it is more profitable to have a monopoly on sales activity within a town. It is common for crews to sell in smaller cities and towns with moderately-sized residential neighborhoods. Military bases and truck stops are also occasionally targeted by crews.²⁶

Crews typically travel in one or a fleet of full-sized vans, depending on the size of the crew. Some crews have been known to travel in full-sized SUVs or smaller vehicles as well. Most crews avoid operating in the north during the winter, but recent analyses do not indicate any additional geographic patterns in the movement of crews. Distance between operating locations appears to be limited only by the distance a crew can feasibly travel in a day, and it is common for a crew to move several states away in a single day.

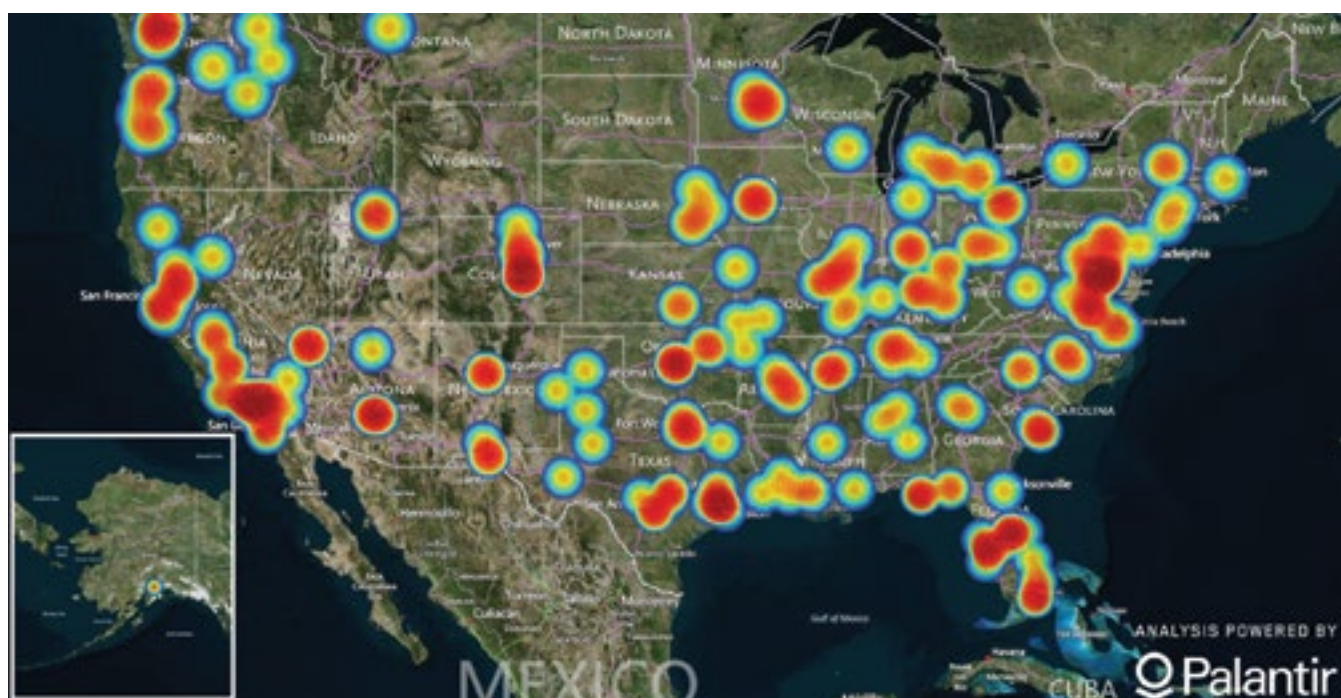


Figure 6: Location of human trafficking cases referencing traveling sales crews reported to NHTRC and BeFree (2007-2015). This map only reflects cases where the location of the potential trafficking was known. Some cases may involve more than one location.

While on the road, crews typically stay at low- to middle-cost hotels or motels, often cramming far more people in each room than the hotels allow. In a few notable exceptions, crew members have reported that if they did not make enough money during the day, they would sleep in the vans. Det. Dahl observes that crews often avoid law enforcement entanglements by selecting hotels well outside the jurisdiction of the police department working in the area in which the crews are operating.²⁷ If local law enforcement picks up on their presence in the area, crews generally head for another state due to the fact that their salespeople are rarely soliciting legally.

RELATIONSHIPS BETWEEN INDUSTRY ACTORS

Relationships between potentially linked entities within the business network can be a challenge to untangle. Many traveling sales companies, particularly those with a long record of fraud-related complaints, change their names and operating locations while remaining under the same ownership and management. In some cases, businesses will re-register in another state under another name; in others, they informally use another advertising name while remaining in the same city at the same address. The map in Fig. 7 shows a high concentra-

tion of business locations in Nevada, Arizona, Colorado, and Indiana. These concentrations are present in part because each is the home state of at least one traveling sales company under many different names – one case prosecuted by the Colorado Attorney General in November 2012 against the Great Lakes Circulation magazine sales network for consumer fraud involved 10 distinct company names, all of which were engaged in the same line of business and run by the same two individuals.²⁸ Many former salespeople from these networks report that even they are unsure of the exact name of the company for which they had worked.

Order forms and receipts handed out for many of these companies list a “clearinghouse” as the entity responsible for ensuring that customers’ orders are fulfilled. Business records indicate that these so-called clearinghouses are often closely affiliated with the sales companies, often owned by traveling sales company owners or their relatives, and frequently using the same addresses or phone numbers as the sales company. Experts on the traveling sales industry suggest that the layering of business entities is intended to provide a buffer that protects those at the highest levels of the network by providing them plausible deniability in case of accusations of fraud or worker abuse.

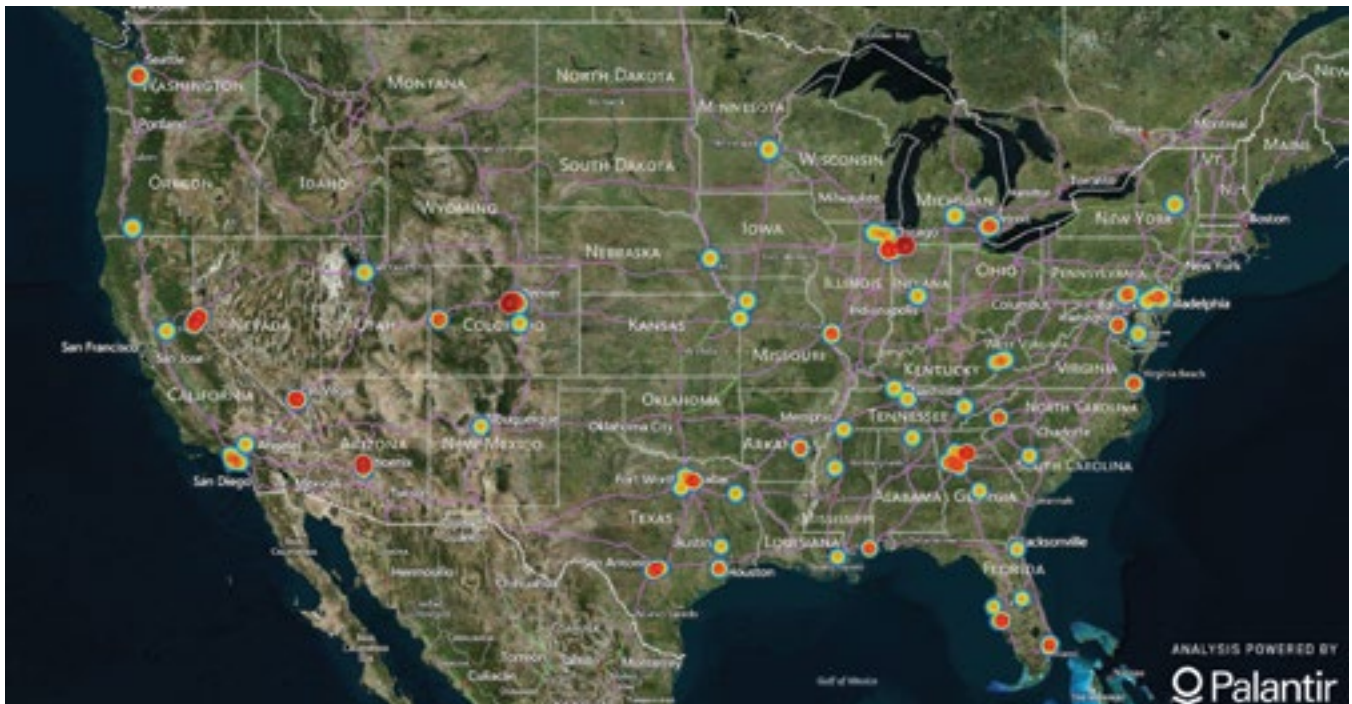
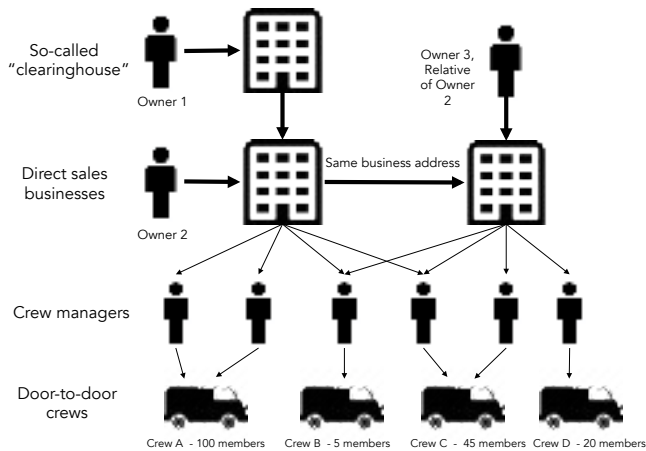


Figure 7: Public business records and hotline data indicate the locations of registered traveling sales businesses in the United States with high concentrations in Nevada, Arizona, Colorado and Indiana.



Traveling sales networks frequently feature a number of direct sales businesses connected through their addresses and /or by associations between owners. Many times, one or several direct sales businesses claim to be selling on behalf of another organization, often called a “clearinghouse” by crews. Crew managers typically travel one or two to a crew, depending on the size of the crew.

The question of which crew is affiliated with which business may be further complicated by the fact that businesses have been known to cooperate in several areas. Notably, three or four large networks may simultaneously have their salespeople claim to be competing for the same cash prize sponsored by a vague, innocuous-sounding organization such as “American Awards” or “National Sales Awards.” A number of reports also indicate that different traveling sales businesses occasionally cooperate when canvassing different areas, then resume competing with one another when selling in the same neighborhoods. In at least three cases, crew members have reported that salespeople have been “sold” against their will to another crew.

The legitimate publishing industry has a complicated relationship with clearinghouses and traveling sales companies. Due to the layering of the sales industry, the periodical industry has limited insight into and control over how magazines are sold. Since 1999, the Federal Trade Commission (FTC) has required that publishers exercise some level of oversight over who sells their magazines. However, as Bridget Wells of Periodical Watchguard noted in recent interviews with Polaris and in *The Atlantic*, a number of publishers only store the selling company’s name and Employer Identification Number (EIN) in order to satisfy the most basic FTC requirements.²⁹ Wells also noted that most publishers do not have resources

readily available to monitor all of their selling agents, particularly when sales businesses flagged as abusive will simply change their name and re-register in another state.³⁰ Publishers also have mixed sentiments regarding the utility of the crews. Some publishers go so far as to call mag crews “unauthorized agents”³¹ who harm the reputation of the magazine. Michael Pashby, former executive VP and President of the Magazine Publishers Association PA, similarly claims that “a lot of publishers have no clue that their magazines are being sold this way, and they would be shocked.”³² By contrast, Wells notes in her *Atlantic* interview that some publishers “don’t care, so long as it’s not fraud.”³³ Finally, publishers have no control over totally fraudulent situations in which unregistered traveling crews carry fake order forms for magazines which they cannot in fact provide to the customers.

AN ALTERNATIVE OPERATING MODEL: STATIONARY SALES CREWS

The bulk of this report has focused on traveling sales crews, the chief hallmark of which is their frequent long-distance movement across regions of the United States. However, more geographically stationary variations on this model have begun to operate in Florida, Kentucky, New York, and elsewhere in recent years, according to interviews with Earlene Williams of Parent Watch and Det. Dahl. Both Williams and Dahl indicate that this may be part of a shifting operating model by door-to-door sales businesses. Crews appear to be attempting to operate at a lower profile than in previous years, due in part to increased awareness of the dangers with sales crews, and also to a growing number of civil fraud cases brought against businesses by state governments. While in previous years the movement of crews from town to town proved a convenient protection against local prosecution, the traveling sales industry has acquired a highly negative reputation for consumer fraud, which is reflected at the Better Business Bureau and in many other online sources. With this greater level of information available to the consumer, it is plausible that crews have found that being non-local only raises questions which are now easily answered by a few minutes of research.

These stationary crews still operate in a manner that puts members at risk for labor trafficking, and operate similarly to traveling magazine crews except for the fact that they tend to stay in one location for several months at a time, frequent-

FORMER CREW MEMBERS SPEAK OUT

“Mag Crews are not ALL bad, but I will never allow my babies to join one. The bad ones are great at brainwashing and making you feel like nothing, making you feel like you NEED them to survive.”

- Posted on Facebook group,
Abolition Movement against Human Trafficking on Mag Crews

ly cooperate with local sales ordinances, and currently tend to sell coupons for local businesses instead of magazines or other products. Crew managers still maintain close control over potential victims. Williams, Dahl, and former members describe situations in which crews are based out of network owners' houses or long-term hotels, often in a remote location or on the outskirts of town so it is difficult for members to orient themselves or get to a transportation hub. Williams and Dahl also both noted that these relatively stationary crews still tend to rely on young workers who are not originally from the area so that crew members are usually not aware of resources available to them.

Recent business model shifts

Another challenge in sorting out the bad actors in the traveling sales industry is that over the past two to four years, some larger networks have been replaced by smaller crews. These crews are more flexible in terms of movement, identity, and management structure than the larger, more well-established traveling sales businesses, which tended to dominate the industry between the 1990s and approximately 2012 based on hotline data and business records. According to Earlene Williams, many sales company owners who were formerly associated with potential trafficking situations have gone into other lines of work. Increasingly, crews are being handed over to a younger generation of managers who do not have a history of lawsuits or criminal records. Better Business Bureau reports and online complaint forums appear to corroborate this, showing a

slight reduction in complaints about larger traveling sales networks. Yet, Williams also describes the industry as being nearly impossible to break into without pre-existing connections to the older generation of door-to-door sales businesses. Hotline data and business records likewise continue to show connections between new and old companies, including use of the same business addresses, social connections between former and current owners, and continued use of old business names on receipts. This informal continuity suggests that the change in ownership does not indicate a fundamental shift in operating philosophy, but is simply an attempt to build up a new, cleaner-looking network in response to increasing media and law enforcement scrutiny of the door-to-door sales industry.



ATTEMPTS TO REGULATE THE TRAVELING SALES INDUSTRY

Despite long-standing recognition of abuses within the traveling sales industry, attempts to regulate the industry have proven difficult to advance. One challenge is that business owners are able to classify sales crew members as independent contractors or outdoor salespeople – segments of the labor population in the United States that are afforded almost none of the federal labor protections which direct employees receive. Both independent contractors and outdoor salespeople are exempt from the Fair Labor Standards Act (FLSA), which means that businesses are not required to pay them a minimum wage or compensate them for overtime.

The amended Title VII of the Civil Rights Act of 1964 provides protection to employees from discrimination on the basis of pregnancy and related conditions, but does not provide these protections for employees with FLSA-exempt status.³⁴ Similarly, most states have laws that prevent employers from firing employees who are injured on the job due to their injuries; again, independent contractors do not receive this protection.³⁵ Ten hotline reports describe crew members being abandoned without pay by their crew after injuring themselves, becoming ill, or becoming pregnant. In several more cases, crews charged members who were pregnant or injured hundreds of dollars in “housing fees” for each missed day of work.

In the 1980s, efforts began to address abuses on sales crews either directly or under the umbrella of child labor abuses. A bill proposed by Rep. Ron Wyden of Oregon in 1985 would have established a “National Clearinghouse on Fraudulent Youth Employment Practices” to oversee door-to-door selling groups, among other entities, but the bill died in congress due to inadequate support from the Department of Justice, which argued that any action would be premature given that the extent of the abuses in the industry were not sufficiently well-known.³⁶ During the 106th Congress in 1999, Sen. Herb Kohl

of Wisconsin proposed the “Traveling Sales Crew Protection Act” inspired by proposed state-level regulation in Wisconsin. No action was taken on the bill during this congressional session, and though modified versions of the bill were proposed at the 107th and 108th Congresses, the legislation did not move forward.³⁷ In 2003, Rep. Tom Lantos of California introduced the “Youth Worker Protection Act,” which specified that minors could not be legally employed in traveling sales.³⁸ No action was taken on this bill at the time, but current federal youth employment regulations do restrict 14 to 15-year-olds from occupation in “youth peddling,” which covers activities associated with traveling sales.³⁹

One of the few notable successes in regulating traveling sales crews occurred at the state level. Wisconsin’s “Malinda’s Law,” passed in 2009, is named after one of the victims of a van accident that killed seven teenage members of a magazine sales crew near Janesville, Wisconsin in 1999. The law provides clear employment protections for traveling sales crew workers, limiting them to working between 9:00 am and 9:00 pm, requiring that they be paid semi-monthly, and obligating managers to ensure that transport vehicles are regularly inspected and drivers are insured.⁴⁰ In addition, the law requires any

traveling sales crew operating in Wisconsin to register with the state, providing proof of identification and criminal records for each member and clearly identifying the crew manager and the terms of employment.⁴¹ Crews must also comply with local rules for obtaining sales permits under this law. The law has been used in one major case against a traveling sales company to date. In 2013, a Utah-based company was operating in Wisconsin in violation of requirements established by Malinda's Law: members were transported in a van by drivers without proof of insurance, and were required to sell without registering with the state or obtaining sales permits.⁴² When the 12 college-age crew members discovered that they were operating illegally and protested, the company attempted to

fire them. Malinda's Law afforded the crew members legal protection from such retribution, and the Wisconsin Department of Justice was able to pursue the case, which ended in a \$15,000 settlement.⁴³ The success of this law in pursuing abuses committed by traveling sales companies has reportedly led crews to avoid Wisconsin altogether, according to hotline data, accounts on social media, complaints forums, and an investigative report by Al Jazeera America.⁴⁴ This suggests that adoption of similar laws in other states would allow for better protection of potentially vulnerable employees and reduce the risk of labor trafficking in the industry.

PROSECUTING TRAFFICKING ON SALES CREWS

Charging sales crew operators with trafficking is extremely uncommon to date, but in 2014, two crew leaders in the magazine sales business working for Midwest Circulation were arrested in Wilmington, NC and charged with kidnapping and trafficking for holding two minors against their will and compelling them to work on the crews.⁴⁵ Police said that the men persuaded two 15 and 16-year-old sisters from North Dakota to join their crew. Once on the crew, the sisters were compelled to work for only \$20 dollars a day, denied communication, and forced to stay when they asked to leave the crew. Felony charges against the two managers were eventually dropped in exchange for cooperation in the investigation, which as of May 2015 is ongoing. Each manager pled guilty to two misdemeanor counts for contributing to the delinquency of a juvenile. However, police indicated that trafficking charges may still be brought against other individuals associated with the Midwest Circulation network. This case was significant in that it dealt with abusive traveling sales networks from a human trafficking angle instead of a fraud angle.



THE CONSEQUENCES OF ILLEGAL SOLICITATION

“ We went into a new town with no permit for that town and that day police were not having it. You are required to have a permit for each town you sell in the cop said and this guy did not and never even tried to get one except that one time because it was a new state and because it was Wisconsin and all the locals were against door to door sales because of them kids dying in that Janesville crash. If we were stopped and warned by cops we were then blamed for it and drove to a new neighboring town to knock on doors without permits just as we was told not to. I got a 200.00 fine in Sun Prairie Wisconsin for it and the manager lied and said he had paid the ticket and did not. I almost had a warrant but I was sent home just in time because I was starting to see the bullshit this job is really about.”

- Posted on Facebook group,
Abolition Movement against Human Trafficking on Mag Crews

CONCLUSION AND RECOMMENDATIONS

Traveling sales is an industry rife with abuses that in many cases constitute labor trafficking. While some door-to-door sales businesses, particularly those outside the highly problematic magazine sales field, are harmless, the structural problems highlighted in this report – most notably the exemption of outdoor salespeople from FLSA protections and the lack of background checks in hiring – prime the industry for abuse. Well-intentioned business owners should have no trouble agreeing that workers deserve fair treatment, while worker advocates can agree that one of the best ways to prevent abuses is to ensure that legitimate companies are able to flourish in the current market environment.

Despite this fact, the door-to-door sales industry has historically attempted to shed responsibility for these abuses by categorizing salespeople as independent contractors and denying knowledge of abusive activity on the crews. Bad actors within the industry are practiced at evading detection by changing business names and locations frequently. They have created a layered business network model that provides a buffer between criminal activity that occurs on crews and company owners. While industry efforts may help clean up the traveling sales industry, enforcement of higher standards will require the support of state departments of labor and other regulatory entities. Adoption of standards analogous to those in Wisconsin's Malinda's Law would assist other states in prosecuting those responsible for exploiting young workers, rather than leaving the workers themselves vulnerable to prosecution.

Government entities, law enforcement, service providers, businesses, and consumers can and should take action in order to protect workers from abuse and exploitation, and reduce trafficking in this industry. Select government and law enforcement entities have already met with some success pursuing traveling sales crews. Most notably:

- In 2012, the Colorado Attorney General's Office shut down most of the Great Lakes Circulation magazine sales network by issuing a permanent injunction against Great Lakes Circulation, its owners, and nine associated or alias businesses for fraud-related charges.⁴⁶ While this did not result in trafficking charges for the owners, reports of activity by this network dropped to almost zero after 2012.
- In August 2013, the Wisconsin Department of Justice used Malinda's Law to achieve a \$15,000 settlement for 12 college-age crew members against a Utah-based company operating in Wisconsin in violation of regulations instituted by this law.⁴⁷
- In October 2013, Palm Bay, FL police rescued 24 children from a potential trafficking situation. The two crew operators were charged with 24 counts each of human trafficking, 24 counts of child abuse, and eight counts each of employing a minor.⁴⁸ Due to the small size of this crew, the arrest of the two managers appears to have effectively shut it down.

As these examples illustrate, it is possible to shut down or penalize abusive networks through application of existing laws relating to fraud, labor abuses, and human trafficking. The crucial stipulation is that any action should address the abuses



SURVIVOR TO LEGISLATORS:

“There’s no regulation. These managers can do whatever they want. It made my heart sink when I started hearing about conditions on other crews – I was lucky to get out. Something needs to be done to regulate mag crews because these managers are doing whatever they want to 19-year-old kids who don’t know what they’re getting into.”

- from Polaris interview with S. Hunt

in a manner that holds accountable the businesses concerned, the owners, and any highly associated businesses in the same industry. Otherwise, it will be “business as usual” for the most abusive crews, as seen in the many cases where suspicious businesses have been fined for tax evasion or minor fraud in various states.

GOVERNMENT RECOMMENDATIONS

Federal

- The Fair Labor Standards Act (FLSA) should be amended to cover outdoor sales workers, which would in turn enable the Department of Labor to address abuses occurring in traveling sales crews, including but not limited to:
 - Underpayment of wages;
 - Misclassification of employees as independent contractors, and;
 - Misrepresentation of working conditions.

- Sales crew members are not exempt from FLSA Child Labor regulations, and the Department of Labor should ensure that these regulations are fully enforced on traveling sales crews. Currently, federal regulations prohibit the employment of minors younger than 16 in “youth peddling” occupations.⁴⁹ They also prohibit minors between 16 and 17 from operating motor vehicles for their jobs, which means that sales crews should be prevented from using minors as van drivers.
- Congress should introduce and pass legislation similar to the 2003 Youth Worker Protection Act, which would classify traveling sales as a hazardous occupation closed to all minors.⁵⁰
- The IRS should hold sales crew employers responsible for providing the required Form 1099-MISC to document expenditures of more than \$600 on independent contractor fees instead of placing penalties on sales crew workers classified as independent contractors.
- The Department of State should investigate abuses of the J-1 visa program and work to limit recruitment for non-qualifying jobs under this category.
- The Department of Justice’s Human Trafficking Prosecution Unit should prioritize labor trafficking on traveling sales crews, and should provide assistance to U.S. Attorney’s offices as well as federal and state agencies in prosecuting these cases.
- The federal government should ensure adequate funding for services designed to assist victims of human trafficking, including victims of labor trafficking on sales crews.

State

- State legislatures should consider labor protection laws similar to Wisconsin’s Malinda’s Law (Wisc. Stats. § 103.34)⁵¹ that provide concrete ways to hold businesses accountable for their dangerous operating methods. These include:
 - Limiting salespeople’s working hours;
 - Requiring semi-monthly payment for employees or contractors, and;
 - Ensuring that transportation vehicles are inspected.

In addition, states may partially remedy the gap that exists in federal labor laws which makes traveling salespeople exempt from FLSA coverage by ensuring that their own labor laws do provide protection for door-to-door sales workers. State depart-

ments of labor can assist in scrutinizing whether or not salespeople have been properly classified as “outside salesmen” and/or “independent contractors” based on state labor regulations.

- State governments that have not already done so should enhance civil remedies for individuals who have experienced trafficking situations, employment misclassification, wage violations, or other abuses on traveling sales crews. For example, as of January 2015, Michigan law provides a private right of action for human trafficking victims, in addition to stiff criminal penalties.⁵²
- Where appropriate, state Attorneys General should consider initiating fraud cases against known abusive sales crew networks. These cases should encompass as many entities within the network as are associated with criminal activity, in order to prevent one prosecuted business from reemerging under one of its aliases. Common forms of fraud include:
 - Failure to deliver ordered items;
 - Misleading consumers to believe that they would be able to obtain a refund for orders placed with sales crews, and;
 - Misrepresentation of affiliation with charities or other entities including hospitals, schools, or veterans associations.
- State and local offices of consumer protection and departments of labor should publish informational materials to highlight to potential consumers and jobseekers the known hazards of traveling sales crews.

LAW ENFORCEMENT RECOMMENDATIONS

- Look for signs of human trafficking [See Appendix I] when stopping crew members for traffic violations or for door-to-door solicitation. Warning signs include:
 - Young drivers transporting large groups of other young people in vans or other large vehicles;
 - Drivers of such crews who appear excessively tired, and;
 - Drivers of such crews who have no license or who have a history of traffic violations.
- Prioritize pursuit of bad actors towards the top of the sales network rather than focusing on crew members violating local anti-solicitation laws.

SERVICE ORGANIZATION RECOMMENDATIONS

- Most survivors’ immediate needs when leaving a traveling sales crew are short-term shelter and transportation home. Ensuring that there are resources available to help survivors with no money to purchase a bus ticket and find a place to stay in an unfamiliar town should be a priority for service organizations. The National Human Trafficking Resource Center may be able to provide additional referrals.
- Encourage and assist former crew members who show signs of having been in a trafficking situation to access federal funds available for trafficking survivors through the Department of Justice and the Department of Health and Human Services. (See Appendix I – “ATEST Guide to Anti-Slavery Funding” for more information on resources available for survivors of human trafficking.)
- Be aware that some survivors, both male and female, have had extremely traumatic experiences of psychological control, physical abuse, and sexual assault, and design responses to be sensitive to these possible experiences.

BUSINESS RECOMMENDATIONS

Door-to-door sales industry

- Door-to-door sales businesses looking to rebuild the industry’s reputation should:
 - Take a stand against businesses which make evasive responses to complaints;
 - Exercise more oversight over hiring and operating practices, and;
 - Denounce business practices which allow vulnerable young people to be exploited.

Publishing industry

- Increasing attention to abuses within these crews should incentivize publishing companies to dedicate resources to this fight in order to protect their brand reputation. Making efforts to ensure a transparent business supply chain will result in better business practices, as well as traceability of copyrighted materials, which will help to protect workers and prevent bad actors from associating themselves with publishers’ brands. However, it is likely that publishers will not be able to fully oversee sales agents using only their



SURVIVOR TO CONSUMERS:

“Don’t buy magazines from these crews, don’t support them.
If the kid at your door seems desperate to make a sale,
try to help him or her get home instead.”

- from Polaris interview with S. Hunt

own resources, and they should be prepared to cooperate with government entities in the case of investigations of bad actors within the door-to-door sales industry.

Hotel industry

- Crews often house large numbers of people in one or two hotel rooms in violation of fire codes. Members also frequently engage in drug use while housed in hotels. Both trends put the reputation of low- to middle-cost hotel chains at risk, and may even lead to liability issues for the hotel.
- Training hotel staff to recognize indicators of traveling sales crews could help them to enforce policies on illegal behavior in hotels. Better enforcement of these policies could in turn help reduce opportunities for abuse, since currently crew managers will force unsuccessful salespeople to sleep on the floor or crowd into one bed, and many reports of sexual abuse are linked to drug and alcohol abuse by crew members in hotel rooms.
- The hotel industry should partner with service providers to provide hotel vouchers to victims who are newly homeless as a result of being abandoned by a sales crew. The hotel industry is uniquely positioned to address the growing need for safe, temporary shelter for this population.

Bus companies

- Bus stations are another major point of contact between potential victims and the public. Crew members abandoned at bus stations frequently have no money for a ticket home, and may not even clearly understand that they have been involved in a job fraught with labor rights violations. Ticket agents and bus drivers should be trained to recognize signs that a would-be passenger has been abandoned by a sales

crew. Employees should be equipped with a list of resources such as the NHTRC hotline or BeFree Textline numbers for potential trafficking victims. Additional resources available to abandoned crew members are Travelers’ Aid or the National Runaway Safeline, which can provide critical transportation assistance, though they do not directly deal with trafficking. In addition, transportation companies should partner with service providers and/or the NHTRC to provide transportation vouchers to victims.

CONSUMERS

- Consumers should use caution when buying magazines or other items from sales crews which are not clearly affiliated with a local organization, such as a school. Subscription prices available when buying directly from the publisher are much lower, and despite sales pitches which claim that profits from door-to-door sales will be donated, this is almost never true. It is safer to donate money directly to a legitimate charity, and buying from abusive sales crews will only continue to make door-to-door sales a high-profit industry for would-be traffickers.
- Be alert to suspicious job advertisements in newspapers and on job websites, Craigslist, or social media pages. Where these ads seem particularly suspicious, it may be helpful to flag them as potential fraud or abuse.
- Give the NHTRC (1-888-373-7888) and BeFree (233733) hotline numbers to sales crew members who display signs of being at risk for trafficking. [See Appendix I.] Do not attempt to follow the crew member or intervene directly.

APPENDIX I: RESOURCES

To report potential labor trafficking:

Polaris – www.polarisproject.org

Polaris BeFree Textline: Send a text to:
BeFree (233733)

The National Human Trafficking Resource Center –
traffickingresourcecenter.org
1-888-373-7888

To report labor abuses or fraud:

U.S. Department of Labor (DOL) – www.dol.gov

DOL Wage and Hour Division (WHD) – www.dol.gov/whd
WHD helpline: 1-866-4USWAGE (1-866-487-9243)

DOL Occupational Safety and Health Administration (OSHA) –
www.osha.gov
OSHA hotline: 800-321-OSHA (800-321-6742)

Better Business Bureau – www.bbb.org

Other resources for survivors:

National Consumers League – www.nclnet.org
Child Labor Coalition – stopchildlabor.org

National Runaway Safeline – www.1800runaway.org
1-800-786-2929

Travelers Aid International – www.travelersaid.org

Parent Watch – www.parentwatch.org 917-579-4641

More Information:

NHTRC Traveling Sales Crew Training Materials:

- <http://traffickingresourcecenter.org/resources/human-trafficking-and-sales-crews>
- www.traffickingresourcecenter.org/labor-trafficking-venuesindustries/sales-crews-peddling-begging-rings

Louisville Metro Police Guide:

- http://graphics8.nytimes.com/packages/pdf/national/Louisville_Police_Guide.pdf

Georgia Office of Consumer Protection:

- <http://ocp.ga.gov/consumer-topics/traveling-sales-crew>

Alliance to End Slavery and Trafficking (ATEST) Guide to Anti-Slavery Funding:

- <http://www.endslaveryandtrafficking.org/anti-slavery-and-human-trafficking-appropriations/>

Wisconsin Department of Workforce Development – Regulation of Traveling Sales Crews

- Explanation of Malinda’s Law (Wisc. Stats. § 103.34):
https://dwd.wisconsin.gov/dwd/publications/erd/pdf/erd_17300_p.pdf
- Full text of Malinda’s Law: <http://docs.legis.wisconsin.gov/statutes/statutes/103/34>



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