

SLAVERY NO MORE 2012 GLOBAL HUMAN TRAFFICKING CONFERENCE
August 10-11 ~ LOS ANGELES, CA

PANEL: California SB 657 and the New Risk-Reward Corporate Responsibility

Jocelyn White: I'm going to invite our panelists to come join us. I am thrilled to introduce our next moderator. She has staffed the Foreign Affairs Subcommittee on Human Rights and International Organizations and was on U.S. Policy of Physicians for Human Rights for nine years before beginning her current role as Vice President of International Justice Mission. International Justice Mission is a human rights agency of professionals- attorneys, lawyers, and social workers that work to rescue victims of violent oppression in the most oppressed regions of our world and also work to ensure that justice systems work for the poor. I would love for us to give a warm welcome to my colleague Holly Burkhalter, as well as our panelists as they join us.

Holly Burkhalter: Thank you for welcoming me and my wonderful co-panelists to this session to talk about eradicating slave labor slavery from the supply chain of items consumed by Americans. Wendy's given us a wonderful introduction to what that looks like when one company does this really well. I think what we'll talk about with the rest of our panelists is some of the ways this law came about, what it means, what can be expected of companies, what the role of the Attorney General's office is in executing the new law. I think we have a rich opportunity to really explore this. I would just say by way of very short introduction, because I'm the least expert person on the panel. Naturally I get to be the first one to talk. I sort of demand it as a right. No I'll be very quick, because these really are the experts, and I'm just as eager to hear from them as you.

I would say as a long time human rights lobbyist in Washington, I've been in the human rights field for about 30 years. I've always worked on federal policy. It was quite a shock to me to see this extraordinary innovation come out of this state. You Californians probably weren't surprised that something innovative came from California, but I'm a native East Coast girl, and to me if it's not made in Washington, I don't want to hear about it. Yeah boo. That's totally fair. I'm so used to working with the United States Congress and am a very proud participant and the passage of the Traffic and Victims Protection Act that our previous speaker mentioned. That's my mindset. It has been for a really long time.

It sort of took a state like California, and the activists you see here on the panel, to do something that would never have occurred to Washington. It was an innovative and bold, sort of game changing action that I was pretty dubious about at the time. Basically because I don't know anything, but I wondered what's going to come of this? This interesting transparency requirement that companies have to say what they're doing. If they're doing nothing, fine, they have to say so. How does that actually move the needle? I think that Wendy's presentation gave you a sense of just how it did.

I would say that the promise of this quite simple premise that Californians want to know what they're consuming and they want to know what companies are doing to eliminate modern day slavery, is that first of all it makes supply chains top of mind for companies

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over \$100 million in size. That means all of the big ones. It puts this thing on the agenda whether they know how to deal with it or not. Whether they've ever thought about it or not, they have to think about it now. That's really important. That is a game changer in and of itself.

Second, it creates a demand from the companies that are serious and mean to do well as Patagonia has done. It creates a demand for independent monitoring and evaluation. We may not have enough independent monitors and evaluators, but if you build it they will come. I see that as a big promise of the California law. All of a sudden, there'll be this scramble for companies that want to attract customers by doing really well in this area, a scramble to get supply chain monitoring, and I'd love to hear about that from some of the panelists.

Thirdly I think the excitement from me as an international human rights activist is that it creates links between actions in the U.S. by both importers and producers and by consumers that link us to slavery abroad. It is an international problem, and we can be part of the problem or part of the solution. This is an explicit way that Californians as consumers and as citizens inserted themselves into this problem and said we want to be a part of the solution which is unprecedented in my view and quite thrilling.

Finally, it offers consumers and citizens a way to reward and incentivize good practice and a race to the top in terms of labor conditions as opposed to what we're much more used to in the labor rights field, a race to the bottom, where producers cut their costs the way they can do it most easily. That is in their labor costs. This absolutely changes that paradigm, and all of a sudden, we're talking about who can do this the best and alert consumers. Citizens can say I want to incentivize that by directing my purchases there.

I've got a list of questions for the panel, but I think I'd love to kick off with Travis LeBlanc from the Attorney General's office. I'm not going to introduce each of my fellow panelists, because it would take all of our time. You can see by looking at them that they are clever. They are an attractive group. They are specialists in their field, and we'll start with our friend from the Attorney General's office and just ask you about your perspective on this. You're the people that have to implement this law. I'd love to know your feelings about what this means from the Attorney General's office about what you're doing and what you feel like needs to be done to assure compliance.

Travis LeBlanc: Thank you very much Holly. I also want to make sure to thank Slavery No More for putting on this conference as well as Peter White and Jocelyn White. This is a great event. I'm just thrilled that we're able to come together and talk about SB 657 as well as the other things California is doing. I know from Washington, it may seem like this is the one big innovative thing we've done, but we actually do it quite often out here. I'm happy to say that the Attorney General of California Kamala Harris has been working on human trafficking for a number of years. As far back as 2005 when California

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passed the California Human Trafficking Victims Protection Act of 2005. You might recognize those initials, TVPA.

That made human trafficking a felony in California. It was criminalized in penal code section 236.1. At that time, we also established the California Alliance to Combat Trafficking and Slavery which issued a report on human trafficking in the state of California in 2007. That is a report that right now in our office we're updating. Many of you in this room have been involved with working with us on a working group as we've held meetings across the state in Sacramento, San Francisco, Los Angeles to find out how human trafficking has changed since 2007. So much of California is about shining a light on what's ongoing not just on the practices of companies but also on what law enforcement is doing in the state. What the NGO's are doing in the state, so we can evaluate and assess what we're doing, what the problems are, and then look and hope we begin to resolve and promote solutions and recommendations to those. We're hoping to have that report out later this year in a couple months. We hope to have a draft out to the working group later this month, I think, and then we'll hopefully be able to talk about a lot of the differences.

We are seeing major differences over the last few years since 2007. We've seen the role of human trafficking sort of moving online. It's really taken a role online in the last five years that hasn't been there before, and to some degree SB 657 reflects that there is a responsibility to actually look at what's going online and promote transparency online in certain practices. Also we're seeing the rise in transnational gangs that are engaging in trafficking not just major private and public corporations, but we're also seeing criminal enterprises that are businesses themselves that are functioning and profiting off of the trafficking in persons.

In terms of SB 657 our office is charged with enforcement. I won't actually go into what the law is. I'm going to assume that nearly everyone in here knows it, but we also just got a great summary of it. What I will note for it is technically our time for action hasn't been triggered yet. The law went into effect in January, but it's not until November 30, 2012 that the Franchise Tax Board is required to notify our office of the companies that are required to post their policies about their practices. It's not until we get that list that it triggers enforcement.

We are in conversations with the Franchise Tax Board now. We are preparing a plan for enforcement after November 30th. I think that any company which is on that list should expect a letter from us. If you haven't conspicuously posted a policy on your website, this is an issue that is important to the Attorney General. It has been a long time priority of hers, and I think that it will continue to be a priority of hers as we move forward and begin to think about enforcement in the future.

Holly Burkhalter: I didn't realize that you weren't allowed to enforce until everybody had gotten the word. It seems like a good policy. Thank you very much for that Travis. Just so we can talk a little more technically about what's involved. Picking up on the Patagonia

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experience, I would love to ask Susanne Gebauer to take us through if you were representing or you've been called in as a technical advisor to a company, and they're in this period now where they're getting their house in order before that November deadline that Travis mentioned. What does that look like from your perspective? Susanne works in Corporate Responsibility for the Underwriters Laboratory which I know best from light bulbs, but they do lots more than certify light bulbs. What do you call yourselves?

Susanne Gebauer: We do testing and certification.

Holly Burkhalter: Of excellence, and they've entered this space. I'd like to hear with that looked like, and what would a company come to you here in California and ask you to do for them as they try to get ready for this transparency requirement?

Susanne Gebauer: Thank you. Responsible sourcing is a UL division. We deal with supply chain management, and as a consultant and third party monitor, we actually advise clients on how they can mitigate the risks of human trafficking and slavery in their supply chains. When this law came about September 2010, it was signed by Arnold Schwarzenegger. Clients were wondering what is this about. Some of them hadn't actually heard about this at all, so we created an awareness raising campaign in 2010 and 2011 to go around and educate our clients on what is this act and what is human trafficking? A lot of our clients know about forced labor and child labor. They already look at those components when they do their auditing activity, but when it comes to human trafficking, we had to educate them on what this act actually means.

What is human trafficking or supply chain? Act SB 657 actually created this awareness of human trafficking that it exists in supply chains, and it is something that you should be looking at. It's something that you have to look at by going a little bit further than just checking for forced labor. You have to ask was that person actually trafficked into this forced labor situation. What were the means by which this individual got into this forced labor employment situation? That was something that we had to educate our clients on and say this is something new you have to think about. You have to think about recruitment and hiring processes.

As Wendy mentioned in Patagonia, they were thinking about migrant workers and foreign workers as well, but they also had to add a few things on labor recruiters, labor brokers, contractors. Do you actually use them in your supply chain, and do you conduct due diligence on them as well? First of all, it was educating our clients on what is this act? What does this mean to you and how can you comply? A lot of clients were asking the Attorney General for some guidance as well. Hopefully, that will be clarified. It was difficult, because the law is vague. There are hardly any definitions with regards to what slavery is, what human trafficking is, what easily accessible means, conspicuous on your website, and what your direct supply chain means.

First we told them, this is best practice. This is what you should be doing, and this is what the law is asking you to disclose. What is human trafficking, and how does it affect you?

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What resources are there out there to educate yourselves on human trafficking? When you look at those five different components the verification, auditing, certification, international accountability, and training that SB 657 asks you to disclose. First look at your supply chains. See what are the gaps you have? That is what also Patagonia did throughout the year of 2011. That is what most of our clients were doing.

They were asking does our code of conduct actually address human trafficking. If it doesn't, we wrote code of conducts and modified those code of conducts to address slavery and human trafficking. Looking at the definitions, putting a legal act into that definition and the definition that we usually use is the international definition from the U.N. protocol.

After the code of conduct, the auditing. Do you actually have protocols that really address human trafficking? Not just forced labor and child labor and health and safety and working hours by human trafficking. Do you go beyond and ask by what means were you actually recruited into this forced labor situation? Then we also have conducted trainings for our clients as well and educated them and their supply chain management staff. We've written up some documents and policies so that clients can actually put requirements on their direct suppliers and supply chain beyond that, so the subcontractors see are you really complying with the local laws within the country you're doing business? The local laws on human trafficking and slavery, so there are a lot of tools out there, and we've helped our clients implement these tools and SB 657 has definitely raised awareness of human trafficking and something very new to our clients.

Holly Burkhalter: Thank you so much. Michael Lundberg is with us, and I'm glad, because Michael has experience having worked on looking at forced labor slavery and child labor in conflict minerals in Africa which is his area of expertise. Just from what I've seen of the California and efforts to do a federal bill based on that in the California law, I see they've lead the way. I really would love to see a national act based on this. I do think that the effort has taken a lot of energy and has really keyed off. The work on conflict minerals has been going in the Congo; in particular it's been going on for some years. I can see particularly in the federal law that brings in the SEC and regulations that they're trying to up the ante a little bit.

I wondered if you could talk for a little bit with us Michael about your work in the Congo on conflict minerals and tracing them. Good practice and bad practices by companies and how that relates to what we're talking about here in terms of the general supply chain for companies dealing in anything. Not minerals but textiles and agriculture and all kinds of things. What are some of those lessons from Africa that you think are relevant?

Michael Lundberg: Thank you very much. Just to let you know I wear two hats today. One in my current gig is a white call litigator at Latham and in my prior life I worked for a group called Global Witness based on London where we were investigating the links between natural resources and conflict. My particular specialty was diamonds and timber in

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Liberia, looking at Taylor and his impact on the region but also had a bit of involvement with the Congo and natural resources generally in the work that Global Witness did.

I guess the first thing to say is it's tough. It's a very difficult thing to do to get transparency all the way down to the supply chain, but we wouldn't be interested in this if we thought it was easy. We do it because we're dedicated. My work at Global Witness took a lot of time and a lot of effort, but there's some lessons that we learned along the way that I think will definitely apply to what we're looking at here in terms of human trafficking and forced labor.

One of the big things that we learned is you've got to get buy in and you have to get awareness at all levels. Not only does that mean getting the CEO of the corporation engaged, he tells his compliance department to actually take a look at it and to pay attention, but it's what we're doing here. It's getting awareness in the midlevel of civil society not only in California or in the states, generally, or overseas in other countries where forced labor and human trafficking is an issue.

There's a lot of information that's out there. There's a lot of information that we never get, because we're not organized well. We're not good at collecting information, building up that capacity of civil society in those countries who have the most access to the information. At the bottom level too, we find a big issue, and one of our greatest successes came from developing through our local contacts in country. Individuals those trend setters who really put their lives on the line to get us the hard hitting information, to get us the inside scoop on where the factory was, where the diamond dealer was, where the forced labor camp was, and get information past and processed through us, so can put it in a format that we can use to lobby either the U.N. Security Council, State Department, or statewide here.

Like I said, it's not easy, but building this sort of awareness and building this capacity at all levels paid off. One of the things you notice, at least in terms of diamonds, was the creation of the Kimberly Process. That was a long time coming. It was a very difficult road. It took a lot of coordination of a lot of vested interest, and it took a lot of pressure from advocacy groups, consumer groups, and regular individuals like ourselves who are here today to make that happen. It is a lesson that it actually can. Of course, it's not perfect. There are issues with it. Global Witness recently pulled out of the Kimberly Process as a result of some of the differences they had with the way it was being managed. Nonetheless it can serve as a bit of a model to what you can actually attain. You can make this happen. You can make this work.

Even without a formal process, my work looking mostly at timber say in Liberia, there was no global ban on conflict timber. We did manage to get sanctions on Liberian timber, but we had to go through the process of meeting with the processors, the in sellers in Europe, and saying, do you know where your timber comes from? Do you know this is a conflict coffee table? That's something you may not have thought about, but in fact it was. So going through the process of educating them, having this conversation started, and tying that into their

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existing compliance policies, related to anti-corruption, their environmental concerns. That's when I think the taxes will be very helpful as people trying and educate companies about this bill and about any federal bills that may come beyond that. The way that I look at it, and the way that I would present it to my clients, is this is all an issue of risk management, and this is an issue of your current compliance program.

From my own personal experience, I know that sex trafficking, forced labor, slave labor is often run by the same individuals who are involved in corruption, black market dealing, arms trafficking, and the like. A lot of this goes together. A lot of the risk points are the same, and by thinking about this and conceptualizing this as part of your ongoing compliance efforts. I think you may have a better chance of getting them to pay attention to it and to really take a harder look at what they may be helping, how to continue, and how to stop that.

Holly Burkhalter: Thanks very much. I may get back to you in a little bit to ask what specifically you would advise a client. Before I do that, I'd like to pick up on something if you'll allow me a little hiccup in the presentations. Wendy and Susanne have both mentioned the importance of looking at the role of labor recruiters. We follow this at International Justice Mission a good deal as well. We work overseas on combatting slavery and trafficking, including in India, and the role of the labor broker or in the case of bonded labor slavery in India, the person who offers a poor family a loan and then owns their labor sometimes for the rest of their life.

We see it as a crucial unaddressed element of the abolition movement. We in the U.S. have been trying to get regulation of labor brokers in our own country. There is none. We might regulate every aspect of industry and commerce that you can imagine, but we have no regulation whatsoever of those people who go out and hire workers for a company to come and work for them. There's no regulation, Bad practice abounds. There are some good actors, and there's a lot of bad actors. You won't know which are which, because we don't have any kind of standards, credentialing, oversight monitoring by the U.S. government of labor brokering practices here.

This is how there's an enormous amount of labor slavery even of people who come in on legitimate H-2B visas. This is in our country that has a lot of money and lot of sophistication. We have no regulation whatsoever. I'm guessing, going out on a limb here, that there's even less regulation and oversight of labor brokering in developing countries. I guess I'd like to throw to anyone on the panel that might like to speak to it. Maybe I'd like to speak to you Wendy. How does Patagonia actually dig deep in looking at your labor supply chain and your brokers to try to find out who the good ones are? There certainly is no master list. There's no bad list of those to avoid, and until we have one, how does an individual company and the public go about looking at this extremely important element of what contributes to a clean or a dirty supply chain?

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Wendy Savage: With labor brokers really the only way to know whether they're good or bad is actually going down to wherever they are located, auditing their files and their practices, and seeing exactly how those workers were hired, talking to the workers. It is really hard to find the information on labor brokers. We work a lot with our suppliers, and we value transparency. That's something that we always communicate with them, so if our suppliers don't tell us that they have labor brokers, and the workers at the factory don't disclose that they are any issues, it's really difficult for us to find out. Thankfully they have been disclosing. We are looking at the labor brokers and checking their practices. If there are any gaps or issues, we are addressing them with further audits and investigations.

Holly Burkhalter: Good for you. I'd just like to put in a little commercial here for the organization Verite which many of you are familiar with. Verite is an organization that works on helping corporations clean up their supply chain. They've issued some very detailed recommendations on this issue of labor recruitment. They've also issued a little document about what's practice in complying with the California transparency law. While we're on the subject of labor brokers, Mary O'Malley is here from the Department of Labor. I notice, and I celebrate the fact that the Department of Labor just recently issued new federal regulations regarding H-2 Visas, and I believe, and Mary can put me right on this if I misspeak, but I believe they have a provision that prohibits having workers pay fees to labor brokers. That is a gigantic forward movement, because usually if you think about it if you were to get a job, they're supposed to pay you right? No. When you use an unscrupulous labor broker, you the aspiring worker and poor person who needs a job are going to pay that labor broker for the chance to work. Then they make a killing off of your labor, and you frequently will find yourself in debt bondage to that labor broker is your income is so low you can't pay off the fee. You paid this broker for your job. This looks a lot like southern India where we work.

I think it's a good moment to ask Mary to say a little bit more about the new regulations with regard to legitimate, I guess their agriculture workers, H-2B Visas coming in and the new regulations on the labor brokers. What can you tell us about that and Department of Labor, other efforts in this area?

Mary O'Malley: Thank you so much. So as Holly mentioned, I work for the United States Department of Labor Wage and Hour Division. A lot of people actually don't know what we do, so I want to thank Slavery No More for having us here to give a little bit of insight as to what the agency does. The Wage and Hour Division is tasked with enforcing federal labor regulations, including H-2B, the *Fair Labor Standards Act*, the *Family Medical Leave Act*, prevailing wages for federal contractors, etcetera.

To be honest, because those regulations are still moving through, I apologize as an agent of the federal government I cannot speak until our training comes through. You are correct in stating that it is illegal for labor contractors to charge a fee for them. That training should be coming through by the end of this year, but I actually wanted to speak today a little bit

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about the enforcement side. We're excited about the transparency bill in California, hoping that it assists in our measures.

Just a quick background on what we do. We open up investigations into employers throughout the United States and in particular we work from Orange County all the way into Santa Barbara. What we do is we check to make sure, especially for the *Fair Labor Standards Act*, that employers are paying minimum wage, they're paying correct overtime, that there's no child labor, and that they are maintaining correct records. If they are not then we have the capacity to go back two to three years and actually gain restitution of wages for workers. Especially in southern California, the population that we end up working with those vulnerable workers in low wage industries.

In particular, my specialty has turned out to be the garment industry. Holly spoke to you this idea of a race to the top, and unfortunately what I'm faced with every day is seeing this race to the bottom. I don't think many people in this room would recognize what a sweat shop looks like in Los Angeles except that it's around us everywhere. We drive through the streets of downtown Los Angeles pass these beautiful buildings with gorgeous facades and don't know that there are floors and floors and floors of garment workers every single day working in very difficult conditions.

I believe that in the past five years, the Los Angeles District Office has conducted over 1,500 investigations. We found the compliance rate for garment contractors which are the people that are actually sewing the apparel that has been moved onto a retailer somewhere around 7%. We have found \$11 million in back wages for 11,000 employees. What we're hoping for is that the transparency law gives more power to the consumer in making choices, because what I find in my job is that most people don't know the garment they're wearing or the food they're eating and where it comes from. They don't know why it's so inexpensive, and they don't question why it's so inexpensive. What we see is that with the rise of disposable fashion and very low prices of garments, we have sewing contractors that can't afford to pay their wages to their workers.

What often happens is you have workers that are paid on what's called a piece rate where they're paid for the number of buttons sewn or they're paid for the number of hems that they hem. Often times those wages are falling much below minimum wage somewhere sometimes in the three to four dollar range, working in small, small offices with no air conditioning well over 100 degrees, 12 hours a day, six to seven days a week. What we're hoping is that we can see more compliance and less enforcement of violations with a little more transparency for consumers to make those educated decisions.

Holly Burkhalter: While we have you Mary, I have a question. Will the Transparency Act actually open more doors for you wage and hour's inspectors? Are you going to need more of them? Is this going to give you more opportunities to get into those sweat shops? A related question is will the \$100 mill level keep you out of some of those that might fall below? Basically does the Transparency Act open up some new horizons for wage and hour?

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Mary O'Malley: That's a great question. I believe that it will, because the majority of our investigations come from complaints. What we've found is that the more information that gets out to workers, the more information comes to us in terms of issues that we see in the workplace. On the flip side, we would hope that new regulations would create more information in terms of problem industries.

What's great about the federal law in terms of meeting a level is that we have the jurisdiction of the *Fair Labor Standards Act*. It can be met by what we call enterprise coverage which means a company makes over \$500,000 a year and has two or more workers working in interstate commerce, or often times what happens is we run into these sewing contractors that on their tax returns they make \$90,000, \$80,000. I think I had someone that made \$30,000. Meanwhile they're moving garments for millions of dollars a week. What we do is any worker that's been involved in interstate commerce can be covered by our act. It certainly wouldn't keep anyone out. It would only hopefully increase the number of people that can be affected that we know that there's a problem.

Holly Burkhalter: I thought maybe I would turn to Vanessa Lanza of CAST to ask you how CAST played such an important role in both working with Senator Stein in getting the Act developed and passed. I'd love to get your views. This is the first building block of what I would suspect you imagine to be a long term building project. What would you like to see next? We don't even have the data in yet as Travis told us. We're really in the very first steps of response by companies, but what comes next once this becomes ordinary and the new normal? What then do you see as being California's next step, and how can we in Washington follow in your footsteps?

Vanessa Lanza: These are tough questions. First to reflect a little bit on the fact that like Michael I come from a background where I worked with an agency who works on these global rights campaigns and development work, so the parallels that we see with this new effort. It's actually really refreshing. The organization I worked for did a lot of global campaigns on fair trade, no dirty gold, really looking at these corporate sectors and how they can be upholding human rights. For me to come here and see at a very local level that there is action on this issue, and even though it's framed as human trafficking, we're really talking about global human rights. It makes me happy.

Also to say that the process for us in getting this legislation passed, I don't think any of us like Holly said really felt this was going to be as successful as it ended up being in terms of getting it passed. We were also very cautiously optimistic. It really took a combination of things, including really wonderful partners, including particularly here in Los Angeles having the support of celebrities being able to open some doors for us. Then also with CAST, being able to really provide a space for survivors, particularly a woman who was trafficked into Los Angeles from Mexico and was enslaved in a sweat shop here.

To be meeting with legislatures and speaking to them and saying this is what happened to me, and this is why we can't stop. I talk about that, because social change is a very slow

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process, particularly the enormous campaigns that we talk about don't happen overnight. They also can sometimes be at the whim. You can see where it can be quite fickle. I say that in that it really does take a lot of effort. Now that we have this legislation, we need to make sure that people don't become complacent about it, because it is what it is. It's really just the basic. All it's saying is that you have to disclose. There's no real teeth in the legislation in terms of what are the sanctions? What happens to people or agencies that are not in compliance? Really all it does is it empowers the consumer.

We know again you are all what they call "*rational choice maximizers*." This is my economics trainings. You're going to make decisions based on your ability or your economic situation. I think that we have to think about how we as consumers can really given or limitations really still be conscious and remember and remind ourselves the influence that we have. I really think that we're making some progress. I know that right when the *Supply Chain Act* was passed, we were all celebrating. Then all of a sudden the calls kept coming in. I often time in my position get a lot of calls from the community and a lot of interest. Susanne reached out to us much earlier before the bill was passed, and you were really interested in learning more about CAST and the work that we do.

I think there's some really great examples of people being proactive around this issue. People were calling us and saying okay now what do we need to do to be in compliance? All of us were like it's tricky. We as NGO's, we had to own that we had to do a lot of work to really be prepared for this. You mention Verite, they've done such amazing work, and I encourage all of you to look at the resources that they have on their website. They developed a toolkit that breaks down best practices in very digestible ways, and I really think for me as someone who does get these requests, I'm able to say go look at these resources. This is what's helpful.

I think we need to as consumers understand the power that we have and that may be just a daily choice, but we have to constantly remind ourselves what influence that we have. Again this legislation is going to give us more transparency, more information to make better informed decisions. It may not mean don't shop at that company right now, and maybe that's hard for us, but maybe it means call them. Maybe it means write them a letter. Tell them that this is very important to me, and I believe in your company. I like the quality of it, and I like all these kinds of things, but I don't like the fact that I don't know what your policies are. I feel like that's what we need to do. I get a lot of people like what do I do? Do I just boycott anything that doesn't have a Fair Trade label on it? No that's what like five items? We're not talking necessarily about that. We're talking about be informed. Be active and use your voice and use your influence. Again I understand it also hard to remember that on a daily basis, but it's really important.

Travis LeBlanc: I'd like to make one comment. I actually disagree with one thing that you said. I think it's a bit controversial. I don't even have to say I'm willing to argue. It's my belief that there are teeth in this law. It's not a toothless law. I think there are real penalties that companies face from this. What law requires a public company to do

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making \$100 million is make representations, publically about the practices that it engages in. Those representations are public statements that induce people, consumers, who are rational, choice maximizers to purchase their products. If those representations are fraudulent or deceptive, that would violate California's Unfair Competition's Law. It would also violate potentially California's False Advertising Law.

This is what the federal government is trying to do with Congresswoman Maloney when she goes to the SEC. The thought behind the SEC is that what public companies do to the Securities Exchange Commission is make representations about their business practices. They report those, and if you don't, the SEC goes after you. If you say something false, or you say something fraudulent, or you just fail to do it, the SEC goes after you, and they fine you. I think California threw its *Unfair Competition Law* that's Business and Profession Code 17200 and 17500 has the ability to actually enforce this.

I come at this and approach it as someone who oversees not only the human trafficking work in our office but also all the technology work that we do. You see the same thing with privacy policies. We want the state to require a normal company, a normal website to have a privacy policy. Once you put that privacy policy up there, don't consider yourself done. Once you talk about your practices, don't just post that policy and think you're done. You actually better comply with it, because we have the ability to actually send subpoenas, to actually look at it and say are you doing what you say you're doing? If you're not doing what you say you're going to do, or if you're doing things that you say you're not going to do, then you're violating California's *Unfair Competition Law*. That's \$2500 a pop maximum penalty per violation.

Every time your product is sold in California, there's a maximum penalty of \$2500. If you advertise, if you actually realize that consumers value this, and you started to say well we're going to promote ourselves as a good ethical company then tack on another \$2500. You get up to \$5000 a pop per violation. It means if you're doing \$100 million of business and California's the largest state in the country. We have the largest economy in the country. You're probably doing a lot of business in California, because you're paying taxes to California. That adds up to a lot of money. I think that's a large incentive to actually comply with this law.

Vanessa Lanza: Can I just say I love everything that you said, and we really look forward to seeing that happen, seeing the enforcement work. Thanks.

Holly Burkhalter: I was hoping for a fight but unfortunately she backed down. I guess the question of what does the Attorney General's office going to do to enforce this law has been answered really spectacularly by Travis. Thanks for a good time. We are out of time.