

LEGAL UPDATES

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Services

Human Trafficking
Compliance

White Collar, Internal
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U.S. Government Requires All Companies with a Federal Contract to Comply with Stringent New Human Trafficking Regulations

In a sweeping move this month, the federal government now requires all companies with a government contract to comply immediately with newly-enacted human trafficking regulations.

Who Must Comply?

Any entity doing business with the federal government must comply with the new regulations to ensure that it has a supply chain free of any association with human trafficking. Companies with government contracts for supplies or services obtained outside the United States with a value exceeding \$500,000 (other than for commercially available off-the-shelf items) are additionally mandated to have tailored compliance programs to prevent and detect prohibited activities, and to provide certification of their compliance to the federal government.

These regulations impact over 300,000 contractors nationwide and countless subcontractors. Companies and prime contractors are now on the hook to take responsibility for their subcontractors and independent agents. The era of getting by without knowledge of how, or by what means, subcontractors obtain labor is over.

Timeline and Consequences

The new mandates, effective March 2, 2015, come from the just-released Federal Acquisition Regulation provisions that stem from the September 25, 2012 Executive Order 13627, “Strengthening Protections Against Trafficking in Persons in Federal Contracts.”

There is no grace period and companies are expected to be in compliance immediately.

Failure to comply with the new regulations will result in an array of possible consequences, including:

Loss of government contracts

Civil and criminal exposure

Class action liability

Whistleblower claims

False Claims Act liability

Consumer complaints and boycotts

Negative publicity and pressure from advocacy groups

For some time now, a few companies have taken a proactive approach against human trafficking pursuant to the Trafficking Victims Protection Act (initially enacted in 2000 and amended several times since then). But even for most of these companies that were ahead of the curve, the new regulations demand more as they expand legal obligations and mandate compliance. The stringent requirements also create fertile ground for whistleblowers and False Claims Act cases.

What This Means to You

The federal government has drawn a new line. All companies that do business with the federal government are now required to take the issue seriously and rid their supply chain of any ties to human trafficking activity.

For some companies, the new requirements will be viewed as a welcome opportunity to highlight what they are already doing to combat the \$32 billion illegal human trafficking industry. For others, the issue of human trafficking is a foreign one (or one that has just been ignored) and the burden to comply will be heavy.

The good news: traffickers are about to hit obstacles that they have never encountered before. The attack on the human trafficking problem will no longer fall solely on the back of victims and law enforcement investigative agencies. The private sector now must do its part to stop the epidemic or face the consequences.

Contact Us

Husch Blackwell is the only law firm in the nation to offer tailored human trafficking government compliance programs. We develop corporate policies, handle required certifications, provide training,

and conduct audits for companies to aid them in complying with new government regulations. Additionally, through the firm's Human Trafficking Legal Clinic, the firm also provides *pro bono* representation to all types of human trafficking victims referred nationwide.

For additional information regarding how the new regulations might affect your business, or to begin compliance efforts, please contact Cynthia Cordes.