116TH CONGRESS 1ST SESSION

H. R. 502

To require the Comptroller General of the United States to carry out a study on how virtual currencies and online marketplaces are used to buy, sell, or facilitate the financing of goods or services associated with sex trafficking or drug trafficking, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

January 11, 2019

Mr. VARGAS (for himself and Mrs. WAGNER) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To require the Comptroller General of the United States to carry out a study on how virtual currencies and online marketplaces are used to buy, sell, or facilitate the financing of goods or services associated with sex trafficking or drug trafficking, and for other purposes.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. SHORT TITLE.
- 4 This Act may be cited as the "Fight Illicit Networks
- 5 and Detect Trafficking Act" or the "FIND Trafficking
- 6 Act".

1 SEC. 2. FINDINGS.

- 2 The Congress finds the following:
- 3 (1) According to the Drug Enforcement Admin-4 istration (DEA) 2017 National Drug Threat Assess-5 ment, transnational criminal organizations are in-6 creasingly using virtual currencies.
 - (2) In its 2015 National Money Laundering Risk Assessment, the Department of the Treasury concluded: "The development of virtual currencies is an attempt to meet a legitimate market demand. According to a Federal Reserve Bank of Chicago economist, United States consumers want payment options that are versatile and that provide immediate finality. No United States payment method meets that description, although cash may come closest. Virtual currencies can mimic cash's immediate finality and anonymity and are more versatile than cash for online and cross-border transactions, making virtual currencies vulnerable for illicit transactions.".
 - (3) Virtual currencies have become a prominent method to pay for goods and services associated with illegal sex trafficking and drug trafficking, which are two of the most detrimental and troubling illegal activities facilitated by online marketplaces.
 - (4) Online marketplaces, including the dark web, have become a prominent platform to buy, sell,

- and advertise for illicit goods and services associated
 with sex trafficking and drug trafficking.
- (5) According to the International Labour Organization, in 2016, 4.8 million people in the world were victims of forced sexual exploitation, and in 2014, the global profit from commercial sexual exploitation was \$99 billion.
 - (6) In 2016, within the United States, the Center for Disease Control estimated that there were 64,000 deaths related to drug overdose, and the most severe increase in drug overdoses were those associated with fentanyl and fentanyl analogs (synthetic opioids), which amounted to over 20,000 overdose deaths.
 - (7) According to the United States Department of the Treasury 2015 National Money Laundering Risk Assessment, an estimated \$64 billion is generated annually from United States drug trafficking sales.
- 20 (8) Illegal fentanyl in the United States origi-21 nates primarily from China, and it is readily avail-22 able to purchase through online marketplaces.
- 23 SEC. 3. GAO STUDY.

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(a) STUDY REQUIRED.—The Comptroller General ofthe United States shall conduct a study on how virtual

- 1 currencies and online marketplaces are used to facilitate
- 2 sex and drug trafficking. The study shall consider—
- (1) how online marketplaces, including the dark web, are being used as platforms to buy, sell, or fa-cilitate the financing of goods or services associated with sex trafficking or drug trafficking (specifically, opioids and synthetic opioids, including fentanyl, fentanyl analogs, and any precursor chemicals asso-ciated with manufacturing fentanyl or fentanyl analogs) destined for, originating from, or within the United States;
 - (2) how financial payment methods, including virtual currencies and peer-to-peer mobile payment services, are being utilized by online marketplaces to facilitate the buying, selling, or financing of goods and services associated with sex or drug trafficking destined for, originating from, or within the United States;
 - (3) how virtual currencies are being used to facilitate the buying, selling, or financing of goods and services associated with sex or drug trafficking, destined for, originating from, or within the United States, when an online platform is not otherwise involved:

- 1 (4) how illicit funds that have been transmitted 2 online and through virtual currencies are repatriated 3 into the formal banking system of the United States 4 through money laundering or other means;
 - (5) the participants (state and non-state actors) throughout the entire supply chain that participate in the buying, selling, or financing of goods and services associated with sex or drug trafficking (through online marketplaces or virtual currencies) destined for, originating from, or within the United States;
 - (6) Federal and State agency efforts to impede the buying, selling, or financing of goods and services associated with sex or drug trafficking through online marketplaces or virtual currencies that are destined for, originating from, or within the United States, including efforts to prevent the proceeds from sex or drug trafficking from entering the United States banking system through online marketplaces or virtual currencies; and
 - (7) to what extent can the immutable and traceable nature of virtual currencies contribute to the tracking and prosecution of illicit funding.
- 24 (b) Scope.—For the purposes of the study required 25 under subsection (a), the term "sex trafficking" means the

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- 1 recruitment, harboring, transportation, provision, obtain-
- 2 ing, patronizing, or soliciting of a person for the purpose
- 3 of a commercial sex act that is induced by force, fraud,
- 4 or coercion, or in which the person induced to perform
- 5 such act has not attained 18 years of age.
- 6 (c) Report to Congress.—Not later than 1 year
- 7 after the date of enactment of this Act, the Comptroller
- 8 General of the United States shall submit to the Com-
- 9 mittee on Banking, Housing, and Urban Affairs of the
- 10 Senate and the Committee on Financial Services of the
- 11 House of Representatives a report summarizing the re-
- 12 sults of the study required under subsection (a), together
- 13 with any recommendations for legislative or regulatory ac-
- 14 tion that would improve the efforts of Federal agencies
- 15 to impede the use of virtual currencies and online market-
- 16 places in facilitating sex and drug trafficking.

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