

116TH CONGRESS
1ST SESSION

H. R. 502

IN THE SENATE OF THE UNITED STATES

JANUARY 29, 2019

Received; read twice and referred to the Committee on Banking, Housing, and
Urban Affairs

AN ACT

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”.

7 **SEC. 2. FINDINGS.**

8 The Congress finds the following:

9 (1) According to the Drug Enforcement Admin-
10 istration (DEA) 2017 National Drug Threat Assess-
11 ment, transnational criminal organizations are in-
12 creasingly using virtual currencies.

13 (2) In its 2015 National Money Laundering
14 Risk Assessment, the Department of the Treasury
15 concluded: “The development of virtual currencies is
16 an attempt to meet a legitimate market demand. Ac-
17 cording to a Federal Reserve Bank of Chicago econ-
18 omist, United States consumers want payment op-
19 tions that are versatile and that provide immediate
20 finality. No United States payment method meets
21 that description, although cash may come closest.
22 Virtual currencies can mimic cash’s immediate final-
23 ity and anonymity and are more versatile than cash
24 for online and cross-border transactions, making vir-
25 tual currencies vulnerable for illicit transactions.”.

1 (3) Virtual currencies have become a prominent
2 method to pay for goods and services associated with
3 illegal sex trafficking and drug trafficking, which are
4 two of the most detrimental and troubling illegal ac-
5 tivities facilitated by online marketplaces.

6 (4) Online marketplaces, including the dark
7 web, have become a prominent platform to buy, sell,
8 and advertise for illicit goods and services associated
9 with sex trafficking and drug trafficking.

10 (5) According to the International Labour Or-
11 ganization, in 2016, 4.8 million people in the world
12 were victims of forced sexual exploitation, and in
13 2014, the global profit from commercial sexual ex-
14 ploitation was \$99 billion.

15 (6) In 2016, within the United States, the Cen-
16 ter for Disease Control estimated that there were
17 64,000 deaths related to drug overdose, and the
18 most severe increase in drug overdoses were those
19 associated with fentanyl and fentanyl analogs (syn-
20 thetic opioids), which amounted to over 20,000 over-
21 dose deaths.

22 (7) According to the United States Department
23 of the Treasury 2015 National Money Laundering
24 Risk Assessment, an estimated \$64 billion is gen-

1 erated annually from United States drug trafficking
2 sales.

3 (8) Illegal fentanyl in the United States origi-
4 nates primarily from China, and it is readily avail-
5 able to purchase through online marketplaces.

6 **SEC. 3. GAO STUDY.**

7 (a) STUDY REQUIRED.—The Comptroller General of
8 the United States shall conduct a study on how virtual
9 currencies and online marketplaces are used to facilitate
10 sex and drug trafficking. The study shall consider—

11 (1) how online marketplaces, including the dark
12 web, are being used as platforms to buy, sell, or fa-
13 cilitate the financing of goods or services associated
14 with sex trafficking or drug trafficking (specifically,
15 opioids and synthetic opioids, including fentanyl,
16 fentanyl analogs, and any precursor chemicals asso-
17 ciated with manufacturing fentanyl or fentanyl
18 analogs) destined for, originating from, or within the
19 United States;

20 (2) how financial payment methods, including
21 virtual currencies and peer-to-peer mobile payment
22 services, are being utilized by online marketplaces to
23 facilitate the buying, selling, or financing of goods
24 and services associated with sex or drug trafficking

1 destined for, originating from, or within the United
2 States;

3 (3) how virtual currencies are being used to fa-
4 cilitate the buying, selling, or financing of goods and
5 services associated with sex or drug trafficking, des-
6 tined for, originating from, or within the United
7 States, when an online platform is not otherwise in-
8 volved;

9 (4) how illicit funds that have been transmitted
10 online and through virtual currencies are repatriated
11 into the formal banking system of the United States
12 through money laundering or other means;

13 (5) the participants (state and non-state actors)
14 throughout the entire supply chain that participate
15 in the buying, selling, or financing of goods and
16 services associated with sex or drug trafficking
17 (through online marketplaces or virtual currencies)
18 destined for, originating from, or within the United
19 States;

20 (6) Federal and State agency efforts to impede
21 the buying, selling, or financing of goods and serv-
22 ices associated with sex or drug trafficking through
23 online marketplaces or virtual currencies that are
24 destined for, originating from, or within the United
25 States, including efforts to prevent the proceeds

1 from sex or drug trafficking from entering the
2 United States banking system through online mar-
3 ketplaces or virtual currencies; and

4 (7) to what extent can the immutable and
5 traceable nature of virtual currencies contribute to
6 the tracking and prosecution of illicit funding.

7 (b) SCOPE.—For the purposes of the study required
8 under subsection (a), the term “sex trafficking” means the
9 recruitment, harboring, transportation, provision, obtain-
10 ing, patronizing, or soliciting of a person for the purpose
11 of a commercial sex act that is induced by force, fraud,
12 or coercion, or in which the person induced to perform
13 such act has not attained 18 years of age.

14 (c) REPORT TO CONGRESS.—Not later than 1 year
15 after the date of enactment of this Act, the Comptroller
16 General of the United States shall submit to the Com-
17 mittee on Banking, Housing, and Urban Affairs of the
18 Senate and the Committee on Financial Services of the
19 House of Representatives a report summarizing the re-
20 sults of the study required under subsection (a), together
21 with any recommendations for legislative or regulatory ac-
22 tion that would improve the efforts of Federal agencies

- 1 to impede the use of virtual currencies and online market-
- 2 places in facilitating sex and drug trafficking.

Passed the House of Representatives January 28,
2019.

Attest:

KAREN L. HAAS,

Clerk.