

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.

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

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

25 (4) Online marketplaces, including the dark
26 web, have become a prominent platform to buy, sell,

1 and advertise for illicit goods and services associated
2 with sex trafficking and drug trafficking.

3 (5) According to the International Labour Or-
4 ganization, in 2016, 4.8 million people in the world
5 were victims of forced sexual exploitation, and in
6 2014, the global profit from commercial sexual ex-
7 ploitation was \$99 billion.

8 (6) In 2016, within the United States, the Cen-
9 ter for Disease Control estimated that there were
10 64,000 deaths related to drug overdose, and the
11 most severe increase in drug overdoses were those
12 associated with fentanyl and fentanyl analogs (syn-
13 thetic opioids), which amounted to over 20,000 over-
14 dose deaths.

15 (7) According to the United States Department
16 of the Treasury 2015 National Money Laundering
17 Risk Assessment, an estimated \$64 billion is gen-
18 erated annually from United States drug trafficking
19 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.**

24 (a) STUDY REQUIRED.—The Comptroller General of
25 the 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—

3 (1) how online marketplaces, including the dark
4 web, are being used as platforms to buy, sell, or fa-
5 cilitate the financing of goods or services associated
6 with sex trafficking or drug trafficking (specifically,
7 opioids and synthetic opioids, including fentanyl,
8 fentanyl analogs, and any precursor chemicals asso-
9 ciated with manufacturing fentanyl or fentanyl
10 analogs) destined for, originating from, or within the
11 United States;

12 (2) how financial payment methods, including
13 virtual currencies and peer-to-peer mobile payment
14 services, are being utilized by online marketplaces to
15 facilitate the buying, selling, or financing of goods
16 and services associated with sex or drug trafficking
17 destined for, originating from, or within the United
18 States;

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

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 (5) the participants (state and non-state actors)
6 throughout the entire supply chain that participate
7 in the buying, selling, or financing of goods and
8 services associated with sex or drug trafficking
9 (through online marketplaces or virtual currencies)
10 destined for, originating from, or within the United
11 States;

12 (6) Federal and State agency efforts to impede
13 the buying, selling, or financing of goods and serv-
14 ices associated with sex or drug trafficking through
15 online marketplaces or virtual currencies that are
16 destined for, originating from, or within the United
17 States, including efforts to prevent the proceeds
18 from sex or drug trafficking from entering the
19 United States banking system through online mar-
20 ketplaces or virtual currencies; and

21 (7) to what extent can the immutable and
22 traceable nature of virtual currencies contribute to
23 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

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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