

115TH CONGRESS  
2D SESSION

# H. R. 6069

[Report No. 115-]

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.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 12, 2018

Mr. VARGAS (for himself and Mr. ROTHFUS) 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

JUNE --, 2018

Reported from the Committee on Financial Services with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

[For text of introduced bill, see copy of bill as introduced on June 12, 2018]

# **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 Act”.*

6 **SEC. 2. FINDINGS.**

7        *The Congress finds the following:*

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

12            (2) *The Treasury Department has recognized*  
13 *that: “The development of virtual currencies is an at-*  
14 *tempt to meet a legitimate market demand. According*  
15 *to a Federal Reserve Bank of Chicago economist, U.S.*  
16 *consumers want payment options that are versatile*  
17 *and that provide immediate finality. No U.S. pay-*  
18 *ment method meets that description, although cash*  
19 *may come closest. Virtual currencies can mimic cash’s*  
20 *immediate finality and anonymity and are more*  
21 *versatile than cash for online and cross-border trans-*  
22 *actions, making virtual currencies vulnerable for il-*  
23 *licit transactions.”.*

24            (3) *Virtual currencies have become a prominent*  
25 *method to pay for goods and services associated with*

1        *illegal sex trafficking and drug trafficking, which are*  
2        *two of the most detrimental and troubling illegal ac-*  
3        *tivities facilitated by online marketplaces.*

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

8            (5) *According to the International Labour Orga-*  
9        *nization, in 2016, 4.8 million people in the world*  
10       *were victims of forced sexual exploitation, and in*  
11       *2014, the global profit from commercial sexual exploi-*  
12       *tation was \$99 billion.*

13           (6) *In 2016, within the United States, the Center*  
14       *for Disease Control estimated that there were 64,000*  
15       *deaths related to drug overdose, and the most severe*  
16       *increase in drug overdoses were those associated with*  
17       *fentanyl and fentanyl analogs (synthetic opioids),*  
18       *which amounted to over 20,000 overdose deaths.*

19           (7) *According to the U.S. Department of the*  
20       *Treasury 2015 National Money Laundering Risk As-*  
21       *essment, an estimated \$64 billion is generated annu-*  
22       *ally from U.S. drug trafficking sales.*

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

1 **SEC. 3. GAO STUDY.**

2 (a) *STUDY REQUIRED.*—*The Comptroller General of*  
3 *the United States shall conduct a study on how virtual cur-*  
4 *rencies and online marketplaces are used to facilitate sex*  
5 *and drug trafficking. The study shall consider—*

6 (1) *how online marketplaces, including the*  
7 *darkweb, are being used as platforms to buy, sell, or*  
8 *facilitate the financing of goods or services associated*  
9 *with sex trafficking or drug trafficking (specifically,*  
10 *opioids and synthetic opioids, including fentanyl,*  
11 *fentanyl analogs, and any precursor chemicals associ-*  
12 *ated with manufacturing fentanyl or fentanyl*  
13 *analogs) destined for, originating from, or within the*  
14 *United States;*

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

22 (3) *how virtual currencies are being used to fa-*  
23  *facilitate the buying, selling, or financing of goods and*  
24 *services associated with sex or drug trafficking, des-*  
25 *tined for, originating from, or within the United*

1       *States, when an online platform is not otherwise in-*  
2       *volved;*

3             *(4) how illicit funds that have been transmitted*  
4       *online and through virtual currencies are repatriated*  
5       *into the formal banking system of the United States*  
6       *through money laundering or other means;*

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

14            *(6) Federal and State agency efforts to impede*  
15       *the buying, selling, or financing of goods and services*  
16       *associated with sex or drug trafficking destined for,*  
17       *originating from, or within the United States, includ-*  
18       *ing efforts to prevent the proceeds from sex or drug*  
19       *trafficking from entering the United States banking*  
20       *system;*

21            *(7) how virtual currencies and their underlying*  
22       *technologies can be used to detect and deter these il-*  
23       *licit activities; and*

1           (8) *to what extent can the immutable and trace-*  
2           *able nature of virtual currencies contribute to the*  
3           *tracking and prosecution of illicit funding.*

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

11          **(c) REPORT TO CONGRESS.**—*Not later than 1 year*  
12          *after the date of enactment of this Act, the Comptroller Gen-*  
13          *eral of the United States shall submit to the Committee on*  
14          *Banking, Housing, and Urban Affairs of the Senate and*  
15          *the Committee on Financial Services of the House of Rep-*  
16          *resentatives a report summarizing the results of the study*  
17          *required under subsection (a), together with any rec-*  
18          *ommendations for legislative or regulatory action that*  
19          *would improve the efforts of Federal agencies to impede the*  
20          *use of virtual currencies and online marketplaces in facili-*  
21          *tating sex and drug trafficking.*