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S. RES. 610

Expressing the sense of Congress that the activities of transnational criminal organizations, including the use of illicit economies, illicit trade, and trade-based money laundering, pose a threat to the national interests and national security of the United States and allies and partners of the United States around the world.

IN THE SENATE OF THE UNITED STATES

MAY 3, 2022

Mr. CASSIDY (for himself, Ms. SINEMA, Mr. CORNYN, Mr. GRAHAM, Mr. MENENDEZ, Mr. WYDEN, Mr. WHITEHOUSE, Mr. RUBIO, and Mr. YOUNG) submitted the following resolution; which was referred to the Committee on Banking, Housing, and Urban Affairs

RESOLUTION

Expressing the sense of Congress that the activities of transnational criminal organizations, including the use of illicit economies, illicit trade, and trade-based money laundering, pose a threat to the national interests and national security of the United States and allies and partners of the United States around the world.

Whereas trade-based money laundering is among the most widely used and least understood forms of money laundering, disguising proceeds of crime by moving value through international trade transactions in an attempt to legitimize illicit origins of money or products;

Whereas the transnational nature and complexity of trade-based money laundering make detection and investigation exceedingly difficult;

Whereas drug trafficking organizations, terrorist organizations, and other transnational criminal organizations have succeeded at trade-based money laundering despite the best efforts of United States law enforcement;

Whereas trade-based money laundering includes other offenses such as tax evasion, disruption of markets, profit loss for businesses, and corruption of government officials, and constitutes a persistent threat to the economy and security of the United States;

Whereas trade-based money laundering can result in the decreased collection of customs duties as a result of the undervaluation of imports and fraudulent cargo manifests;

Whereas trade-based money laundering can decrease tax revenue collected as a result of the sale of underpriced goods in the marketplace;

Whereas trade-based money laundering is one mechanism by which counterfeiters infiltrate supply chains, threatening the quality and safety of consumer, industrial, and military products;

Whereas drug trafficking organizations collaborate with Chinese criminal networks to launder profits from drug trafficking through Chinese messaging applications;

Whereas, on March 16, 2021, the Commander of the United States Southern Command, Admiral Faller, testified to the Committee on Armed Services of the Senate that transnational criminal organizations “market in drugs and people and guns and illegal mining, and one of the

prime sources that underwrites their efforts is Chinese money-laundering”;

Whereas the deaths and violence associated with drug traffickers, the financing of terrorist organizations and other violent non-state actors, and the adulteration of supply chains with counterfeit goods showcase the danger trade-based money laundering poses to the United States;

Whereas trade-based money laundering undermines national security and the rule of law in countries where it takes place;

Whereas illicit profits for transnational criminal organizations and other criminal organizations can lead to instability globally;

Whereas the United States is facing a drug use and overdose epidemic, as well as an increase in consumption of synthetic drugs, such as methamphetamine and fentanyl, which is often enabled by Chinese money laundering organizations operating in coordination with drug-trafficking organizations and transnational criminal organizations in the Western Hemisphere that use trade-based money laundering to disguise the proceeds of drug trafficking;

Whereas the presence of drug traffickers in the United States and their intrinsic connection to international threat networks, as well as the use of licit trade to further their motives, is a national security concern;

Whereas drug-trafficking organizations frequently use the trade-based money laundering scheme known as the “Black Market Peso Exchange” to move their ill-gotten gains out of the United States and into Central and South America;

Whereas United States ports and U.S. Customs and Border Protection do not have the capacity to properly examine the 60,000,000 shipping containers that pass through United States ports annually, with only 2 to 5 percent of that cargo actively inspected;

Whereas trade-based money laundering can only be combated effectively if the intelligence community, law enforcement agencies, the Department of State, the Department of Defense, the Department of the Treasury, the Department of Homeland Security, the Department of Justice, and the private sector work together;

Whereas drug-trafficking organizations, terrorist organizations, and other transnational criminal organizations disguise the proceeds of their illegal activities behind sophisticated mechanisms that operate seamlessly between licit and illicit trade and financial transactions, making it almost impossible to address without international cooperation; and

Whereas the United States has established Trade Transparency Units with 18 partner countries, including with major drug-producing and transit countries, to facilitate the increased exchange of import-export data to combat trade-based money laundering: Now, therefore, be it

- 1 *Resolved*, That it is the sense of the Senate that—
- 2 (1) the activities of transnational criminal orga-
- 3 nizations and their networks, and the means by
- 4 which such organizations and networks move and
- 5 launder their ill-gotten gains, such as through the
- 6 use of illicit economies, illicit trade, and trade-based
- 7 money laundering, pose a threat to the national in-

1 terests and national security of the United States
2 and allies and partners of the United States around
3 the world;

4 (2) in addition to considering the countering of
5 illicit economies, illicit trade, and trade-based money
6 laundering as a national priority and committing to
7 detect, address, and prevent such activities, the
8 President should—

9 (A) continue to assess, in the periodic na-
10 tional risk assessments on money laundering,
11 terrorist financing, and proliferation financing
12 conducted by the Department of the Treasury,
13 the ongoing risks of trade-based money laun-
14 dering;

15 (B) finalize the assessment described in
16 the Explanatory Statement accompanying the
17 Financial Services and General Government Ap-
18 propriations Act, 2020 (division C of the Con-
19 solidated Appropriations Act, 2020 (Public Law
20 116–93)), which directs the Financial Crimes
21 Enforcement Network of the Department of the
22 Treasury to thoroughly assess the risk that
23 trade-based money laundering and other forms
24 of illicit finance pose to national security;

1 (C) work expeditiously to develop, finalize,
2 and execute a strategy, as described in section
3 6506 of the Anti-Money Laundering Act of
4 2020 (title LXV of division F of Public Law
5 116–283; 134 Stat. 4631), drawing on the mul-
6 tiple instruments of United States national
7 power available, to counter—

8 (i) the activities of transnational
9 criminal organizations, including illicit
10 trade and trade-based money laundering;
11 and

12 (ii) the illicit economies such organiza-
13 tions operate in;

14 (D) coordinate with international partners
15 to implement that strategy, exhorting those
16 partners to strengthen their approaches to com-
17 bating transnational criminal organizations; and

18 (E) review that strategy on a biennial basis
19 and improve it as needed in order to most effec-
20 tively address illicit economies, illicit trade, and
21 trade-based money laundering by exploring the
22 use of emerging technologies and other new
23 avenues for interrupting and putting an end to
24 those activities; and

1 (3) the Trade Transparency Unit program of
2 the Department of Homeland Security should take
3 steps to strengthen its work, including in countries
4 that the Department of State has identified as major
5 money laundering jurisdictions under section 489 of
6 the Foreign Assistance Act of 1961 (22 U.S.C.
7 2291h).

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