

117TH CONGRESS
2D SESSION

S. RES. _____

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

IN THE SENATE OF THE UNITED STATES

Mr. CASSIDY submitted the following resolution; which was referred to the Committee on _____

RESOLUTION

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

Whereas trade-based money laundering is a form of money laundering that disguises proceeds of crime by moving value through international trade transactions;

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

Whereas drug trafficking organizations, terrorist organizations, and other transnational criminal organizations have succeeded at trade-based money laundering despite the 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;

Whereas trade-based money laundering can result in the decreased collection of customs duties as a result of 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;

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 security and the rule of law in countries where it takes place;

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 connection to international threat networks, as well as the use of licit trade to further their motives;

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 trade-based money laundering can 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 al-

most 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 organizations and their networks, and the means by
3 which such organizations and networks move and
4 launder their ill-gotten gains, such as through the
5 use of illicit economies, illicit trade, and trade-based
6 money laundering, pose a risk to the interests of the
7 United States and allies and partners of the United
8 States around the world;

9
10 (2) in addition to considering the countering of
11 illicit economies, illicit trade, and trade-based money
12 laundering as a national priority and committing to
13 detect, address, and prevent such activities, the
14 President should—

15 (A) continue to assess, in the periodic national risk assessments on money laundering, terrorist financing, and proliferation financing
16 conducted by the Department of the Treasury,
17 the ongoing risks of trade-based money laundering;
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20

1 (B) finalize the assessment described in
2 the Explanatory Statement accompanying the
3 Financial Services and General Government Ap-
4 propriations Act, 2020 (division C of the Con-
5 solidated Appropriations Act, 2020 (Public Law
6 116–93)), which directs the Financial Crimes
7 Enforcement Network of the Department of the
8 Treasury to thoroughly assess the risk that
9 trade-based money laundering and other forms
10 of illicit finance pose to the United States;

11 (C) work expeditiously to develop, finalize,
12 and execute a strategy, as described in section
13 6506 of the Anti-Money Laundering Act of
14 2020 (title LXV of division F of Public Law
15 116–283; 134 Stat. 4631)), to counter—

16 (i) the activities of transnational
17 criminal organizations, including illicit
18 trade and trade-based money laundering;
19 and

20 (ii) the illicit economies such organiza-
21 tions operate in;

22 (D) coordinate with international partners
23 to implement that strategy, exhorting those
24 partners to strengthen their approaches to com-
25 bating transnational criminal organizations; and

1 (E) review that strategy on a biennial basis
2 and improve it as needed in order to most effec-
3 tively address illicit economies, illicit trade, and
4 trade-based money laundering by exploring the
5 use of emerging technologies and other new
6 avenues for interrupting and putting an end to
7 those activities; and

8 (3) the Trade Transparency Unit program of
9 the Department of Homeland Security should take
10 steps to strengthen its work, including in countries
11 that the Department of State has identified as major
12 money laundering jurisdictions under section 489 of
13 the Foreign Assistance Act of 1961 (22 U.S.C.
14 2291h).