

AMENDMENT TO RULES COMMITTEE PRINT

117-54

OFFERED BY MS. DEAN OF PENNSYLVANIA

Add at the end of title LIV of division E the following:

1 **SEC. 54___ . COMBATING TRADE-BASED MONEY LAUN-**
2 **DERING.**

3 (a) FINDINGS.—Congress finds the following:

4 (1) Trade-based money laundering is among the
5 most widely used and least understood forms of
6 money laundering, disguising proceeds of crime by
7 moving value through international trade trans-
8 actions in an attempt to legitimize illicit origins of
9 money or products.

10 (2) The transnational nature and complexity of
11 trade-based money laundering make detection and
12 investigation exceedingly difficult.

13 (3) Drug trafficking organizations, terrorist or-
14 ganizations, and other transnational criminal organi-
15 zations have succeeded at trade-based money laun-
16 dering despite the best efforts of United States law
17 enforcement.

1 (4) Trade-based money laundering includes
2 other offenses such as tax evasion, disruption of
3 markets, profit loss for businesses, and corruption of
4 government officials, and constitutes a persistent
5 threat to the economy and security of the United
6 States.

7 (5) Trade-based money laundering can result in
8 the decreased collection of customs duties as a result
9 of the undervaluation of imports and fraudulent
10 cargo manifests.

11 (6) Trade-based money laundering can decrease
12 tax revenue collected as a result of the sale of under-
13 priced goods in the marketplace.

14 (7) Trade-based money laundering is one mech-
15 anism by which counterfeiters infiltrate supply
16 chains, threatening the quality and safety of con-
17 sumer, industrial, and military products.

18 (8) Drug trafficking organizations collaborate
19 with Chinese criminal networks to launder profits
20 from drug trafficking through Chinese messaging
21 applications.

22 (9) On March 16, 2021, the Commander of the
23 United States Southern Command, Admiral Faller,
24 testified to the Committee on Armed Services of the
25 Senate that transnational criminal organizations

1 “market in drugs and people and guns and illegal
2 mining, and one of the prime sources that under-
3 writes their efforts is Chinese money-laundering”.

4 (10) The deaths and violence associated with
5 drug traffickers, the financing of terrorist organiza-
6 tions and other violent non-state actors, and the
7 adulteration of supply chains with counterfeit goods
8 showcase the danger trade-based money laundering
9 poses to the United States.

10 (11) Trade-based money laundering undermines
11 national security and the rule of law in countries
12 where it takes place.

13 (12) Illicit profits for transnational criminal or-
14 ganizations and other criminal organizations can
15 lead to instability globally.

16 (13) The United States is facing a drug use
17 and overdose epidemic, as well as an increase in con-
18 sumption of synthetic drugs, such as methamphet-
19 amine and fentanyl, which is often enabled by Chi-
20 nese money laundering organizations operating in
21 coordination with drug-trafficking organizations and
22 transnational criminal organizations in the Western
23 Hemisphere that use trade-based money laundering
24 to disguise the proceeds of drug trafficking.

1 (14) The presence of drug traffickers in the
2 United States and their intrinsic connection to inter-
3 national threat networks, as well as the use of licit
4 trade to further their motives, is a national security
5 concern.

6 (15) Drug-trafficking organizations frequently
7 use the trade-based money laundering scheme known
8 as the “Black Market Peso Exchange” to move their
9 ill-gotten gains out of the United States and into
10 Central and South America.

11 (16) United States ports and U.S. Customs and
12 Border Protection do not have the capacity to prop-
13 erly examine the 60,000,000 shipping containers
14 that pass through United States ports annually, with
15 only 2 to 5 percent of that cargo actively inspected.

16 (17) Trade-based money laundering can only be
17 combated effectively if the intelligence community,
18 law enforcement agencies, the Department of State,
19 the Department of Defense, the Department of the
20 Treasury, the Department of Homeland Security,
21 the Department of Justice, and the private sector
22 work together.

23 (18) Drug-trafficking organizations, terrorist
24 organizations, and other transnational criminal orga-
25 nizations disguise the proceeds of their illegal activi-

1 ties behind sophisticated mechanisms that operate
2 seamlessly between licit and illicit trade and finan-
3 cial transactions, making it almost impossible to ad-
4 dress without international cooperation.

5 (19) The United States has established Trade
6 Transparency Units with 18 partner countries, in-
7 cluding with major drug-producing and transit coun-
8 tries, to facilitate the increased exchange of import-
9 export data to combat trade-based money laun-
10 dering.

11 (b) SENSE OF CONGRESS.—It is the sense of Con-
12 gress that—

13 (1) the activities of transnational criminal orga-
14 nizations and their networks, and the means by
15 which such organizations and networks move and
16 launder their ill-gotten gains, such as through the
17 use of illicit economies, illicit trade, and trade-based
18 money laundering, pose a threat to the national in-
19 terests and national security of the United States
20 and allies and partners of the United States around
21 the world;

22 (2) in addition to considering the countering of
23 illicit economies, illicit trade, and trade-based money
24 laundering as a national priority and committing to

1 detect, address, and prevent such activities, the
2 President should—

3 (A) continue to assess, in the periodic na-
4 tional risk assessments on money laundering,
5 terrorist financing, and proliferation financing
6 conducted by the Department of the Treasury,
7 the ongoing risks of trade-based money laun-
8 dering;

9 (B) finalize the assessment described in
10 the Explanatory Statement accompanying the
11 Financial Services and General Government Ap-
12 propriations Act, 2020 (division C of the Con-
13 solidated Appropriations Act, 2020 (Public Law
14 116–93)), which directs the Financial Crimes
15 Enforcement Network of the Department of the
16 Treasury to thoroughly assess the risk that
17 trade-based money laundering and other forms
18 of illicit finance pose to national security;

19 (C) work expeditiously to develop, finalize,
20 and execute a strategy, as described in section
21 6506 of the Anti-Money Laundering Act of
22 2020 (title LXV of division F of Public Law
23 116–283; 134 Stat. 4631), drawing on the mul-
24 tiple instruments of United States national
25 power available, to counter—

1 (i) the activities of transnational
2 criminal organizations, including illicit
3 trade and trade-based money laundering;
4 and

5 (ii) the illicit economies such organiza-
6 tions operate in;

7 (D) coordinate with international partners
8 to implement that strategy, exhorting those
9 partners to strengthen their approaches to com-
10 bating transnational criminal organizations; and

11 (E) review that strategy on a biennial basis
12 and improve it as needed in order to most effec-
13 tively address illicit economies, illicit trade, and
14 trade-based money laundering by exploring the
15 use of emerging technologies and other new
16 avenues for interrupting and putting an end to
17 those activities; and

18 (3) the Trade Transparency Unit program of
19 the Department of Homeland Security should take
20 steps to strengthen its work, including in countries
21 that the Department of State has identified as major
22 money laundering jurisdictions under section 489 of
23 the Foreign Assistance Act of 1961 (22 U.S.C.
24 2291h).

