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Sanctions Programs Targeting Human Traffickers: In Brief

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This CRS In Brief describes the role of the U.S. Department of the Treasury (hereafter Treasury) in combating trafficking in persons, and addresses the extent to which sanctions programs administered by the department's Office of Foreign Assets Control (OFAC) target foreign human traffickers.¹

Introduction

Human trafficking takes different forms, including forced labor, enslavement, the recruitment and use of child soldiers, and sex trafficking. Congress has sought to eliminate human trafficking including through enactment of the Trafficking Victims Protection Act (TVPA) of 2000 (Division A, P.L. 106-286, as amended), subsequent reauthorization acts, and related legislation.² The United States is also party to the United Nations 2000 Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, to which the Senate provided its advice and consent on ratification in 2005. Since enactment of the TVPA, Congress has shown increasing interest in addressing the illicit finance dimensions of human trafficking. Advocates of such an approach argue that profit is one of the traffickers' main motives, and thus that dismantling traffickers' ability to profit financially has the potential to deter trafficking.³ According to the International Labour Organization, forced labor, including human trafficking, may generate more than \$150 billion worldwide per year for traffickers.⁴

Treasury's Role in Combating Human Trafficking

In recent years, Treasury has played a growing role in addressing human trafficking concerns, due in part to congressional actions, such as the following:

PITF Role. The President's Interagency Task Force (PITF) to Monitor and Combat Trafficking, mandated by Section 105 of the TVPA (22 U.S.C. 7103) and established pursuant to Executive Order (E.O.) 13257 of February 13, 2002, is an interagency forum composed of Cabinet- and department-level officials that sets the federal agenda on all aspects of anti-human trafficking policy.⁵ In 2019, Section 201 of the Frederick Douglass Trafficking Victims

¹ For additional CRS analysis of human trafficking-related issues, see CRS In Focus IF10587, *Human Trafficking and Foreign Policy: An Introduction*, by Liana W. Rosen and Michael A. Weber, and CRS Report R44953, *The State Department's Trafficking in Persons Report: Scope, Aid Restrictions, and Methodology*, by Michael A. Weber, Katarina C. O'Regan, and Liana W. Rosen.

² Section 103(11) of the Trafficking Victims Protection Act (TVPA) of 2000 (Division A, P.L. 106-286, as amended; 22 U.S.C. 7102) defines severe forms of trafficking in persons to mean "(A) sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such an act has not attained 18 years of age; or (B) the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery."

³ See for example, U.S. Department of the Treasury (hereafter Treasury), *Combating Human Trafficking*, January 29, 2020; Organization for Security and Co-operation in Europe (OSCE), *Follow the Money: How Financial Investigations Aid in the Fight Against Trafficking in Human Beings*, March 3, 2020; Representatives Bryan Steil and Madeleine Dean, "To Fight Human Trafficking, Follow the Money," *The Hill*, opinion, July 15, 2019; Polaris, *On-Ramps, Intersections, and Exit Routes: A Roadmap for Systems and Industries to Prevent and Disrupt Human Trafficking—Financial Services Industry*, July 2018; Fabio Teixeira, "Follow the Money to Fight Human Trafficking, Top Interpol Director Says," Reuters, September 12, 2019; Jamille Bigio, "Human Trafficking Helps Terrorists Earn Money and Strategic Advantage," *Foreign Policy*, opinion, January 31, 2020.

⁴ International Labour Organization, *Profits and Poverty: The Economics of Forced Labour*, 2014, p. 13. Treasury refers to this estimate on the webpage "Combating Human Trafficking," dated January 29, 2020, and at <https://home.treasury.gov/news/featured-stories/combating-human-trafficking>.

⁵ See President's Interagency Task Force (PITF), *Report on U.S. Government Efforts to Combat Trafficking in Persons*, October 2020.

Prevention and Protection Reauthorization Act of 2018 (P.L. 115-425) amended Section 105 of the TVPA to include the Secretary of the Treasury as a required member of the PITF.

TFI Mandate. Section 222(a) of the Transportation, Treasury, Independent Agencies, and General Government Appropriations Act, 2005 (Division H, Title II of P.L. 108-447; 31 U.S.C. 312), established within the Department of the Treasury an Office of Terrorism and Financial Intelligence (TFI). In 2019, Section 7153 of the National Defense Authorization Act (NDAA) for FY2020 (P.L. 116-92) expanded TFI's mandate to require the provision of policy, strategic, and operational direction to the department on issues related to "combating illicit financing relating to human trafficking."

AML/CFT Supervisory Body Enhancements. Section 7154(c) of the FY2020 NDAA (P.L. 116-92) directed the Federal Financial Institutions Examination Council (FFIEC), in consultation with the Secretary of the Treasury, among others, to review and enhance training and bank examination procedures for anti-money laundering (AML) and countering the financing of terrorism (CFT) to also detect human trafficking-related financial transactions.

FinCEN Advisories. The Financial Crimes Enforcement Network (FinCEN), a Treasury bureau, administers what is commonly known as the Bank Secrecy Act and related AML provisions, including the collection of suspicious activity reports.⁶ To support the financial services community in achieving its AML/CFT compliance requirements, FinCEN has issued two advisories on financial red flags associated with human trafficking and related activity.⁷

FATF Reports. The Financial Action Task Force (FATF), of which the United States is a member, is an intergovernmental standards-setting body that provides guidance on AML/CFT best practices. Treasury's Terrorist Financing and Financial Crimes (TFFC) assistant secretary, who reports to the TFI Undersecretary, leads the U.S. delegation to FATF. With U.S. support, FATF has issued two reports on human trafficking and illicit financial flows.⁸

Egmont Group Project. The Egmont Group is an intergovernmental platform for technical information exchange on AML/CFT, composed of 166 Financial Intelligence Units (FIUs) worldwide.⁹ As the U.S. FIU, FinCEN supports the work of the Egmont Group's human trafficking awareness project, among other efforts.

Human Trafficking Sanctions

The President holds substantial decision-making power as to when economic sanctions are used in U.S. foreign policy.¹⁰ Citing authorities enacted by Congress, the President may establish sanctions programs to designate foreign persons (individuals and entities), block foreign assets under U.S. jurisdiction associated with such designated persons, and prohibit transactions involving designated persons and U.S. citizens or businesses, among other possible measures. Often, the President directs the establishment of sanctions programs through executive order (E.O.) and makes determinations based on national emergencies and treaty obligations stated in legislation. Treasury, through OFAC, issues federal regulations to administer such sanctions; other U.S. departments and agencies may also play a role in the implementation of sanctions programs.

Section 111 of the TVPA (22 U.S.C. 7108) explicitly authorizes the President to invoke the International Emergency Economic Powers Act (IEEPA; Title II of P.L. 95-223; 50 U.S.C. 1701 et seq.)—without requiring the President to declare a national emergency, as provided for in the

⁶ 31 U.S.C. 5311-5332; 12 U.S.C. 1829 and 1951-1959; 18 U.S.C. 1956-1957 and 1960.

⁷ Financial Crimes Enforcement Network (FinCEN), *Guidance on Recognizing Activity that May be Associated with Human Smuggling and Human Trafficking—Financial Red Flags*, Advisory, FIN-2014-A008, September 11, 2014; *Supplemental Advisory on Identifying and Reporting Human Trafficking and Related Activity*, Advisory, FIN-2020-A008, October 15, 2020.

⁸ Financial Action Task Force (FATF), *Money Laundering Risks Arising from Trafficking in Human Beings and Smuggling of Migrants*, July 2011; *Financial Flows from Human Trafficking*, July 2018.

⁹ See Egmont Group of Financial Intelligence Units, *Annual Report 2018-2019*, July 30, 2018.

¹⁰ See CRS In Focus IF11730, *Economic Sanctions: Overview for the 117th Congress*, by Dianne E. Rennack and Rebecca M. Nelson.

National Emergencies Act (50 U.S.C. 1601 et seq.) in response to an unusual and extraordinary threat—or the Global Magnitsky Human Rights Accountability Act (Title XII, Subtitle F of P.L. 114-328; 22 U.S.C. 2656 note) to target

- significant foreign human traffickers,
- foreign persons who materially assist or support such traffickers,
- foreign entities owned or controlled by such traffickers, and
- foreign government officials who engage in or facilitate human trafficking for significant financial gain.

To date, this authority has not been used and no sanctions program has been established with this specific scope.¹¹ Some country-specific U.S. sanctions programs, however, identify human trafficking-related criteria as one of several reasons for designation; other sanctions programs are scoped in such a way that human trafficking-related activities could be grounds for designation without being specifically cited as such.

The diversity of sanctions programs under which human traffickers may be targeted presents challenges in measuring the scale and impact of the U.S. government’s use of sanctions to combat human trafficking worldwide. The scope of information that OFAC publishes regarding sanctions designations also varies, limiting insights into the extent to which a targeted person is or was engaged in human trafficking.

Sanctions with Human Trafficking-Related Designation Criteria

Several country-specific sanctions programs have directly identified human trafficking or specific forms of human trafficking as one among several rationales for designation. In general (and as described below), these sanctions address broader foreign policy and international security objectives, at times implemented to comply with U.N. Security Council requirements.

Mali and Trafficking in Persons.¹² E.O. 13882 of July 26, 2019, pertaining to the conflict in Mali, is the only sanctions program that explicitly authorizes the designation of persons involved in “trafficking in persons,” among other criteria (including the recruitment and use of child soldiers). However, OFAC press releases describing the five individuals designated to date pursuant to E.O. 13882 cited other grounds for designation.¹³

Armed Conflicts in Certain African Countries and Child Soldiers.¹⁴ The recruitment and use of children in armed conflict is a form of human trafficking. Country-specific sanctions programs

¹¹ Separately, the TVPA established non-humanitarian, non-trade-related foreign assistance restrictions on countries that are not committed to meeting the minimum standards for the elimination of severe forms of trafficking in persons, subject to certain waivers. The Child Soldiers Prevention Act of 2008 (Title IV of P.L. 110-457; 22 U.S.C. 2370c to 2370c-2) also established security assistance restrictions on countries that are engaged in or support armed groups that use or recruit child soldiers, subject to certain waivers and exceptions.

¹² See CRS In Focus IF10116, *Crisis in Mali*, by Alexis Arieff.

¹³ Treasury, *Treasury Sanctions Individuals for Prolonging Violence and Threatening Humanitarian Assistance in Mali*, press release, December 20, 2019. These individuals are also subject to multilateral sanctions pursuant to U.N. Security Council Resolutions, although sanctions criteria may differ from U.S. sanctions.

¹⁴ See CRS Report R44018, *Burundi’s Political Crisis: In Brief*, by Alexis Arieff; CRS In Focus IF11171, *Crisis in the Central African Republic*, by Alexis Arieff and Tomás F. Husted; CRS Report R43166, *Democratic Republic of Congo: Background and U.S. Relations*, by Alexis Arieff; CRS In Focus IF10116, *Crisis in Mali*, by Alexis Arieff; CRS In Focus IF10155, *Somalia*, by Lauren Ploch Blanchard; and CRS In Focus IF10218, *South Sudan*, by Lauren Ploch Blanchard.

for Burundi, the Central African Republic (CAR), the Democratic Republic of the Congo (DRC), Mali, Somalia, and South Sudan authorize the designation of persons involved in the recruitment or use of child soldiers, among other criteria, in the context of conflict and instability affecting these countries.¹⁵ Armed groups designated by OFAC under these sanctions programs, and described by OFAC as recruiting and using child soldiers, include the Democratic Forces for the Liberation of Rwanda (FDLR, after its French acronym), the “M23” rebel movement in DRC, the Allied Democratic Forces (ADF) rebel movement in DRC,¹⁶ and the Lord’s Resistance Army (LRA) in central Africa.¹⁷

Sudan and Slavery. E.O. 13067 of November 3, 1997, declared that the prevalence of human rights violations in Sudan, including slavery, among other policies and actions of the government of Sudan, constituted a U.S. national security and foreign policy threat, and declared a national emergency to deal with that threat, including certain economic sanctions. E.O. 13761 of January 13, 2017, lifted sanctions previously imposed on Sudan but stated that the national emergency remained in effect.

North Korea and Forced Labor.¹⁸ Forced labor, also known as labor trafficking, is considered a form of human trafficking. Section 104(a) of the North Korea Sanctions and Policy Enhancement Act of 2016 (P.L. 114-122; 22 U.S.C. 9214) authorizes designating persons involved in the operation and maintenance of forced labor camps. In addition, E.O. 13722 of March 15, 2016, authorizes designating persons involved in “the exportation of workers from North Korea,” a step taken by the United States to implement U.N. Security Council requirements aimed at denying the North Korean government a source of revenue. Persons designated for sanction and described by OFAC as playing a role in forced labor include North Korea’s head of state Kim Jong Un, the Ministry of Labor, the Ministry of People’s Security’s Correctional Bureau, and two firms, including a Russian construction company, responsible for “the exportation of forced labor from North Korea, including exportation to generate revenue for the Government of North Korea or Workers’ Party of Korea.”¹⁹

¹⁵ E.O. 13712 of November 22, 2015 (Burundi); E.O. 13667 of May 12, 2014 (CAR); E.O. 13413 of October 27, 2006, as amended by E.O. 13671 of July 8, 2014 (DRC); E.O. 13882 of July 26, 2019 (Mali); E.O. 13620 of July 20, 2012 (Somalia); and E.O. 13664 of April 3, 2014 (South Sudan).

¹⁶ The Allied Democratic Forces (ADF) was first designated under E.O. 13413 of October 27, 2006 (DRC); subsequently the U.S. government redesignated the group as an Islamic State affiliate as a Foreign Terrorist Organization (FTO) and under E.O. 13224 of September 23, 2001 (Specially Designated Global Terrorist). See State Department, “State Department Terrorist Designations of ISIS Affiliates and Leaders in the Democratic Republic of the Congo and Mozambique,” March 10, 2021.

¹⁷ Treasury, *Treasury Department Designates Militant Groups in the DRC*, press release, January 1, 2013; *Treasury Sanctions Rebel Group Responsible for Targeting Civilians in the Democratic Republic of Congo*, press release, July 1, 2014; and *Treasury Sanctions the Lord’s Resistance Army and Founder Joseph Kony*, press release, March 8, 2016. Some individuals linked to these and other groups have also been described as engaged in the recruitment and use of child soldiers. For example, see Treasury, *Treasury Designates Congolese Militant Leader*, press release, November 13, 2012; *Treasury Designates Leaders of Congolese Militant Group M23*, press release, December 18, 2012; and *Treasury Sanctions Individuals Destabilizing the Eastern Democratic Republic of the Congo*, press release, February 5, 2018. These groups are also subject to multilateral sanctions pursuant to U.N. Security Council Resolutions, although sanctions criteria may differ from U.S. sanctions.

¹⁸ See CRS Report R41438, *North Korea: Legislative Basis for U.S. Economic Sanctions*, by Dianne E. Rennack.

¹⁹ According to OFAC press releases, Kim Jong Un and the Ministry of People’s Security’s Correctional Bureau was designated pursuant to E.O. 13722 for having engaged in, facilitated, or been responsible for an abuse or violation of human rights; the Ministry of Labor was designated pursuant to E.O. 13722 as a North Korean government agency, instrumentality, or controlled entity. See Treasury, *Treasury Sanctions North Korean Senior Officials and Entities Associated with Human Rights Abuses*, press release, July 6, 2016; *Treasury Sanctions Additional North Korean Officials and Entities in Response to the Regime’s Serious Human Rights Abuses and Censorship Activities*, press

Other Sanctions Targeting Persons Engaged in Human Trafficking

Additional sanctions programs administered by OFAC address broader categories of concern, under which human trafficking activities may be ancillary (but not a specific criterion for designation). In some cases, as described below, OFAC press releases indicate a designated person's involvement in human trafficking; in other cases, details pertaining to a designated person's role in human trafficking may not be known or publicized.

Criminal Activity and Related Abuses. Human trafficking can be a form of transnational crime. It may be facilitated by individuals or groups involved with other illegal activities, including drug trafficking, organized crime, corruption, and certain acts of violence. Several OFAC-administered sanctions programs address various forms of transnational criminal activity, including those established by the Foreign Narcotics Kingpin Designation Act (Kingpin Act); E.O. 13581 of July 24, 2011 (Transnational Criminal Organizations); and E.O. 13818 of December 20, 2017 (Global Magnitsky).²⁰ OFAC has described the following sanctions designees as having engaged in human trafficking:

- **Peralta Drug Trafficking Organization**, which reportedly trafficked women in addition to engaging in other criminal activities in the Dominican Republic and the United States (designated under the Kingpin Act).²¹
- **Yakuza**, comprising the major Japanese organized crime syndicates, which reportedly profit from multiple forms of sexual exploitation, including human trafficking, among other crimes (designated under E.O. 13581).²²
- **Mara Salvatrucha (MS-13)**, a transnational gang with members spanning El Salvador, Guatemala, Honduras, and the United States and described as engaged in domestic sex trafficking, among other crimes (designated under E.O. 13581).²³
- **Zhao Wei Transnational Criminal Organization**, based in Laos, which has reportedly engaged in human trafficking, including child prostitution, through a casino it controls (designated under E.O. 13581).²⁴
- **Wan Kuok Koi**, also known as Broken Tooth, a member of the Chinese criminal organization 14K Triad, which reportedly engages in human trafficking and other criminal activities (designated under E.O. 13818).²⁵

release, October 26, 2017; and *Treasury Sanctions Entities Involved in Exporting Workers from North Korea*, press release, November 19, 2020.

²⁰ See CRS In Focus IF10909, *International Narcotics Trafficking Sanctions: An Overview*, by Liana W. Rosen, and CRS In Focus IF10576, *The Global Magnitsky Human Rights Accountability Act*, by Michael A. Weber and Edward J. Collins-Chase.

²¹ Treasury, "Treasury Designates Dominican Republic-Based Peralta Drug Trafficking Organization Under the Kingpin Act," August 20, 2019.

²² Treasury, *Fact Sheet: New Executive Order Targets Significant Transnational Criminal Organizations*, press release, July 25, 2011.

²³ Treasury, *Treasury Sanctions Latin American Criminal Organization*, press release, October 11, 2012.

²⁴ Treasury, *Treasury Sanctions the Zhao Wei Transnational Criminal Organization*, press release, January 30, 2018.

²⁵ Treasury, *Treasury Sanctions Corrupt Actors in Africa and Asia*, press release, December 9, 2020.

Xinjiang Uyghur Autonomous Region and Human Rights Abuses²⁶

In addition to being a criminal concern, human trafficking is a human rights concern. A July 2020 joint advisory issued by the Departments of State, Commerce, Homeland Security, and the Treasury described supply chain risks associated with entities operating in Xinjiang and elsewhere in China that “engage in human rights abuses, including forced labor.”²⁷ To date, OFAC has designated eight individuals and two entities under E.O. 13818 (Global Magnitsky) in relation to human rights abuses in Xinjiang.²⁸ In press releases for some of these designations, OFAC referred to the joint advisory. Other U.S. government actions have also addressed forced labor in Xinjiang.²⁹

Terrorists and Other Armed Groups. As in the case of armed groups associated with conflict or terrorism in the African countries listed above, other foreign nonstate armed groups may engage in human trafficking, particularly the recruitment and use of child soldiers and sex slavery. OFAC has designated such groups under a variety of sanctions programs, including E.O. 13224 of September 23, 2001, which established the Specially Designated Global Terrorist (SDGT) designation. For example, OFAC has designated the following persons:

- Aqsa Mahmood was designated for her role as a member of the Islamic State (IS, aka ISIS/ISIL), a Foreign Terrorist Organization (FTO) also designated under E.O. 13224;³⁰ OFAC described her as having managed IS brothels of Yazidi sex slaves in Raqqa, Syria.³¹
- The Basij Resistance Force was designated for its association with Iran’s Islamic Revolutionary Guard (IRGC) and support to the Qods Force (IRGC-QF), both of which are also designated as FTOs and sanctioned under multiple programs;³² according to OFAC, this group is involved in the recruitment and use of child soldiers.³³
- The Fatemiyoun Division and Zaynabiyoun Brigade were designated for their association with the IRGC-QF;³⁴ according to OFAC, these groups are involved in the recruitment and use of child soldiers.³⁵

²⁶ See CRS In Focus IF10281, *China Primer: Uyghurs*, by Thomas Lum and Michael A. Weber.

²⁷ U.S. Departments of State, the Treasury, Commerce, and Homeland Security, *Risks and Considerations for Businesses with Supply Chain Exposure to Entities Engaged in Forced Labor and Other Human Rights Abuses in Xinjiang*, Xinjiang Supply Chain Business Advisory, July 1, 2020.

²⁸ Treasury, *Treasury Sanctions Chinese Entity and Officials Pursuant to Global Magnitsky Human Rights Accountability Act*, press release, July 9, 2020; *Treasury Sanctions Chinese Entity and Officials Pursuant to Global Magnitsky Human Rights Executive Order*, press release, July 31, 2020; *Treasury Sanctions Chinese Government Officials in Connection with Serious Human Rights Abuse in Xinjiang*, press release, March 22, 2021.

²⁹ See, for example, U.S. Department of Commerce, Bureau of Industry and Security, “Addition of Certain Entities to the Entity List; Revision of Existing Entries on the Entity List,” 85 *Federal Register* 44159, July 22, 2020, and U.S. Customs and Border Protection, *CBP Issues Region-Wide Withhold Release Order on Products Made by Slave Labor in Xinjiang*, press release, January 13, 2021.

³⁰ See CRS Report R43612, *The Islamic State and U.S. Policy*, by Christopher M. Blanchard and Carla E. Humud.

³¹ Treasury, *Treasury Sanctions Major Islamic State of Iraq and the Levant Leaders, Financial Figures, Facilitators, and Supporters*, press release, September 29, 2015.

³² See CRS Report RL32048, *Iran: Internal Politics and U.S. Policy and Options*, by Kenneth Katzman.

³³ Treasury, *Treasury Sanctions Vast Financial Network Supporting Iranian Paramilitary Force that Recruits and Trains Child Soldiers*, press release, October 16, 2018.

³⁴ See CRS Report RL32048, *Iran: Internal Politics and U.S. Policy and Options*, by Kenneth Katzman.

³⁵ Treasury, *Treasury Designates Iran’s Foreign Fighter Militias in Syria along with a Civilian Airline Ferrying Weapons to Syria*, press release, January 24, 2019.

- Abdallah Muhammad Bin-Sulayman al-Muhaysini was designated for his role in the inner leadership circle of Al Nusrah Front, another FTO designated under E.O. 13224;³⁶ according to OFAC, he reportedly sought to recruit thousands of children and teenagers as soldiers from northern Syria for Al Nusrah.³⁷

Other designated persons may be known for their participation in armed groups associated with human trafficking but may be designated by OFAC for other reasons and without specific reference to their role in human trafficking. One of the earliest examples of this kind of designation is Dragoljub Kunarac, who was sanctioned under E.O. 13304 of May 28, 2003 (Balkans-related). Kunarac, the commander of a special volunteer unit of Serb soldiers, was convicted by the International Criminal Tribunal for the former Yugoslavia for crimes including enslavement.³⁸ In addition, OFAC has designated the Somalia-based terrorist organization Al Shabaab; other armed groups in Africa, such as the Janjaweed militias and the Sudan People's Liberation Army (SPLA); and individuals for links to Houthi rebel forces in Yemen. Although the State Department has described these persons as involved in the recruitment and use of child soldiers, such activity does not appear to be the direct basis for their designations.³⁹

OFAC Designations Linked to Migrant Smuggling, Organ Trafficking, and Illegal Adoptions

The TVPA definition of “severe forms of trafficking in persons” does not necessarily include illegal smuggling of migrants, organ trafficking, and illegal adoptions. In some cases (as described below), OFAC has sanctioned persons for these activities.

- **Migrant Smuggling.** Migrant smuggling differs from human trafficking due to the voluntary nature of agreements between individuals and smugglers for illegal transport. According to the State Department, people who are smuggled may be vulnerable to human trafficking due to their illegal presence in a country and indebtedness to their smuggler.⁴⁰ Ermias Ghermay, Musab Abu Grein, Abd al-Rahman Milad, Mohamed Koshlaf, Abd al-Razzak Fitwi, and Ahmed Dabbashi were designated for their involvement in the smuggling of migrants in Libya (designated under E.O. 13726, on Libya).⁴¹
- **Organ Trafficking.** The trade in human organs is not in itself considered a severe form of human trafficking, as defined in the TVPA. According to international law, the removal of organs may be a purpose of human trafficking—for example, when a trafficker uses force, coercion, abduction, fraud, deception, abuse of power, or position of vulnerability to exploit a victim.⁴² OFAC designated Mukhtar Hamid Shah for trafficking in human kidneys in Pakistan (designated under E.O. 13818).⁴³

³⁶ See CRS Report RL33487, *Armed Conflict in Syria: Overview and U.S. Response*, coordinated by Carla E. Humud.

³⁷ Treasury, *Treasury Designates Key Al-Nusrah Front Leaders*, press release, November 10, 2016.

³⁸ International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991, *Prosecutor v. Dragoljub Kunarac, Radomir Kovac, and Zoran Vukovic*, Judgement, June 12, 2002.

³⁹ See U.S. Department of State, *2020 Country Reports on Human Rights*, March 2021; *Trafficking in Persons Report*, June 2007, 2017, and 2020.

⁴⁰ U.S. Department of State, Office to Monitor and Combat Trafficking in Persons, *Human Trafficking & Migrant Smuggling: Understanding the Difference*, June 2017.

⁴¹ Treasury, *Treasury Sanctions Six Migrant Smugglers for Threatening Libya's Peace, Security, or Stability*, press release, June 11, 2018.

⁴² U.S. Department of State, “What is NOT Trafficking in Persons?” *Trafficking in Persons Report*, June 2010; see also Article 3 of the *Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, Supplementing the United Nations Convention Against Transnational Organized Crime*, November 15, 2000.

⁴³ Treasury, *United States Sanctions Human Rights Abusers and Corrupt Actors Across the Globe*, press release, December 21, 2017.

- **Illegal Adoptions.** Illegal adoptions, unless for the purpose of exploitation of the child, are not considered human trafficking under the TVPA definition.⁴⁴ Moses Mukiibi, Wilson Musalu Musene, Dorah Mirembe, and Patrick Ecobu were designated for their roles in a scheme that in some cases manipulated Ugandan parents into sending their children away for supposed education programs, when in fact the children were subsequently made available for adoption by American parents (designated under E.O. 13818).⁴⁵

Congressional Outlook

Through oversight activity and recently enacted legislation, Congress has sought to examine the role of illicit finance in human trafficking and to strengthen U.S. responses to associated financial crimes. As part of its oversight role, Congress has held hearings related to human trafficking and its implications for illicit finance.⁴⁶ In the 116th Congress, the National Defense Authorization Act (NDAA) for Fiscal Year 2020 (P.L. 116-92) contained provisions on countering illicit finance aspects of human trafficking.⁴⁷ Division F of the FY2021 NDAA, the Anti-Money Laundering Act of 2020 (P.L. 116-283), further sought to bolster U.S. responses to financial crimes, including provisions relating to FinCEN’s staffing and liaison offices. Authorizations of appropriations pursuant to the TVPA, as amended (most recently by the Frederick Douglass Trafficking Victims Prevention and Protection Reauthorization Act of 2018; P.L. 115-425), are set to expire at the end of FY2021.

Members of the 117th Congress have introduced several bills related to Treasury’s role in combating human trafficking, including the following:

- The End Banking for Human Traffickers Act of 2021 (H.R. 808) would require analyses by the Federal Financial Institutions Examination Council and the PITF

⁴⁴ U.S. Department of State, “Illegal Adoption, Baby Selling, and Human Trafficking,” *Trafficking in Persons Report*, June 2005.

⁴⁵ Treasury, *Treasury Sanctions Four Ugandans for Involvement in False Adoption Scam*, press release, August 17, 2020.

⁴⁶ The House Financial Services Subcommittee on Oversight and Investigations held a hearing on “Following the Money: How Human Traffickers Exploit U.S. Financial Markets,” on January 30, 2018; the Senate Banking, Housing, and Urban Affairs Subcommittee on National Security and International Trade and Finance held a hearing on “Human Trafficking and the Intersection with Our Financial System” on September 3, 2019; and the House Financial Services Subcommittee on National Security, International Development and Monetary Policy held hearings on “The Traffickers’ Roadmap: How Bad Actors Exploit Financial Systems to Facilitate the Illicit Trade in People, Animals, Drugs, and Weapons” on March 4, 2020, and “Ending Exploitation: How the Financial System Can Work to Dismantle the Business of Human Trafficking,” on March 25, 2021. See also the Tom Lantos Human Rights Commission hearing on “The Trafficking Victims Protection Act at 20: A Look Back—and a Look Ahead” on January 15, 2020.

⁴⁷ See for example, Section 7154(a) of the National Defense Authorization Act for Fiscal Year 2020 (P.L. 116-92), which required the Departments of State and the Treasury to submit to Congress an “an analysis of anti-money laundering efforts of the United States Government, United States financial institutions, and international financial institutions ... related to human trafficking.” The required report, *An Analysis of Anti-Money Laundering Efforts Related to Human Trafficking*, was published on October 7, 2020. More information on Treasury’s role in combating human trafficking may be forthcoming, as Section 7154(b) of P.L. 116-92 further amended the TVPA to add “the efforts of the United States to eliminate money laundering related to human trafficking and the number of investigations, arrests, indictments, and convictions in money laundering cases with a nexus to human trafficking” as a topic to be included in annual reporting on federal agency efforts to counter human trafficking. See also U.S. Congress, Senate Appropriations, *Departments of Commerce and Justice, Science, and Related Agencies Appropriations Bill, 2018*, report to accompany S. 1662, 115th Cong., 1st sess., July 27, 2017, S.Rept. 115-139, p. 59, which required the Department of Justice to convene a senior interagency working group and report to Congress with recommendations. The report, *Task Force on Human Trafficking in Fishing in International Waters*, was published in January 2021.

- on anti-money laundering efforts relating to human trafficking by the U.S. government and U.S. financial institutions, in addition to other provisions.
- The Uyghur Forced Labor Prevention Act (H.R. 1155) would require the President to report to Congress on foreign persons determined to engage in forced labor in Xinjiang, and to impose sanctions against those individuals, subject to national waivers, in addition to other provisions.
 - The Treasury Human Trafficking Coordinator Act (a House Financial Services Committee discussion draft) would establish a Coordinator for Human Trafficking Issues within Treasury.⁴⁸ The coordinator would promote human trafficking issues within the department, consult with nongovernmental organizations, and serve as the principal advisor to the Secretary of the Treasury on human trafficking issues, in addition to other responsibilities.

As Congress considers pending legislation and annual appropriations for OFAC's sanctions efforts, Members may weigh views from civil society and advocacy organizations, as well as law enforcement, AML professionals, and financial institutions regarding the pros and cons of responding to human trafficking concerns with sanctions.⁴⁹ Members may also consider the experiences of others in the international community, including in particular the European Union and United Kingdom, in attempting to deter human traffickers through economic sanctions.⁵⁰ In doing so, Congress may further explore the following issues.

- To what extent has the executive branch used authorities granted by Congress to deter global trafficking in persons via sanctions?
- What is the best way to evaluate the impact and effectiveness of sanctions programs and designations that have a human trafficking component?
- What lessons could the United States learn from the experiences of others in the international community to sanction human traffickers?
- Is the level of personnel and other resources devoted to enforcing sanctions designations pertaining to human trafficking appropriate to the level of congressional prioritization of this issue?

⁴⁸ This and other human trafficking-related draft bills under consideration by the House Financial Services Committee are posted online at <https://financialservices.house.gov/calendar/eventsingle.aspx?EventID=402072>. Other related draft bills that have not been introduced in the 117th Congress, but posted on this House Financial Services Committee webpage include H.R. ____, the Uyghur Forced Labor Disclosure Act; H.R. ____, the Restoring Unfairly Impaired Credit and Protecting Consumers Act; H.R. ____, the Including of Tribal Governments and Territories in the National Money Laundering Strategy Act; and H.R. ____, the Organ Trafficking and SARs Form Act.

⁴⁹ See for example, International Corporate Accountability Roundtable and The Enough Project, *U.S. Sanctions Regimes & Human Rights Accountability Strategies*, June 2018; Jonathan Masters, *What Are Economic Sanctions?* Council on Foreign Relations, updated August 12, 2019; Jammie Bigio and Rachel Vogelstein, *The Security Implications of Human Trafficking*, Council on Foreign Relations Discussion Paper, October 2019; Alena Douhan, *Why Sanctions Should Be a Key Issue in this US Election*, The New Humanitarian, October 22, 2020.

⁵⁰ Foreign, Commonwealth & Development Office, *Global Human Rights Sanctions: Consideration of Designations*, July 6, 2020; Global Initiative Against Transnational Organized Crime, *Sanctions: A new UK Tool Against Organized Crime?* August 10, 2020; Law Library of Congress, "European Union: Global Human Rights Sanctions Regime Enters into Force," *Global Legal Monitor*, January 12, 2021; European External Action Service, "Questions and Answers: EU Global Human Rights Sanctions Regime," press release, July 12, 2020.

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