

GAO Highlights

Highlights of [GAO-22-105101](#), a report to congressional committees

Why GAO Did This Study

Drug and human trafficking are longstanding and pervasive problems. Federal law enforcement agencies have noted the use of online marketplaces, such as social media sites and messaging platforms, in drug and human trafficking. Further, agencies have expressed concern about traffickers' increased use of virtual currencies—that is, digital representations of value that are usually not government-issued legal tender.

The National Defense Authorization Act for Fiscal Year 2021 includes a provision for GAO to review how a range of methods and payment systems, including online marketplaces and virtual currencies, are used to facilitate drug and human trafficking.

This report examines what is known about drug and human traffickers' use of online marketplaces and virtual currencies, efforts by federal and state agencies to counter such trafficking, and benefits and challenges virtual currencies pose for detecting and prosecuting drug and human trafficking, among other objectives.

GAO reviewed federal agency and industry documentation and GAO's relevant body of past work; interviewed officials at federal and state agencies and industry and nonprofit stakeholders; and reviewed recently adjudicated cases involving the use of virtual currencies in drug or human trafficking.

View [GAO-22-105101](#). For more information, contact Michael E. Clements at (202) 512-8678 or clements@gao.gov or Gretta Goodwin at (202) 512-8777 or goodwin@gao.gov.

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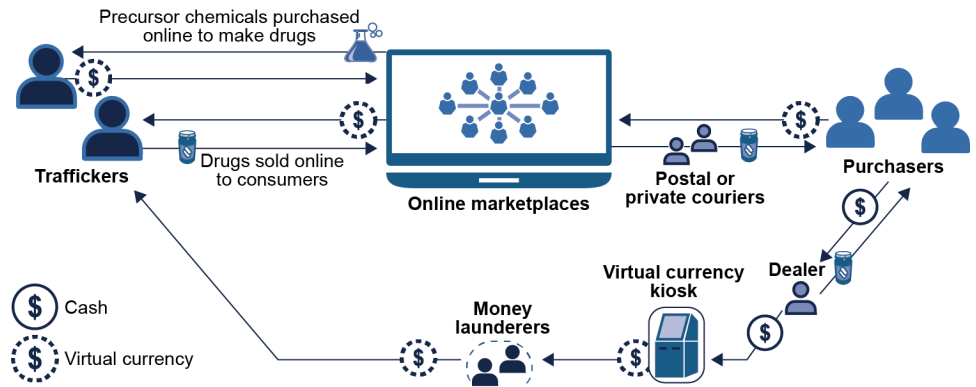
TRAFFICKING

Use of Online Marketplaces and Virtual Currencies in Drug and Human Trafficking

What GAO Found

Drug and human traffickers are increasingly using online marketplaces and virtual currencies to connect with buyers and obscure the source of payments, according to agency documentation and interviews with agency officials. However, according to the Department of Homeland Security, traffickers continue to primarily use cash. Online marketplaces facilitate trafficking by providing anonymity, connecting buyers and sellers, and allowing a range of payment methods, including virtual currencies (see figure). These marketplaces often use the "dark web," a hidden part of the internet that users access using specialized software. Traffickers use virtual currencies and peer-to-peer mobile payment services because transactions are somewhat anonymous, making detection by law enforcement more difficult. However, all transactions on a public blockchain (the technology used by some virtual currencies) can be tracked to some extent.

Summary of Participants Involved in Drug Trafficking Using Online Marketplaces and Virtual Currency



Source: GAO analysis of information from the Department of Justice, Drug Enforcement Administration, and Office of National Drug Control Policy. | [GAO-22-105101](#)

Several federal law enforcement agencies investigate and prosecute trafficking cases involving virtual currency and online marketplaces, including through interagency partnerships. In addition, federal regulators oversee financial institutions' processes and controls to comply with anti-money laundering requirements, including reporting of potential trafficking activities to law enforcement. State regulations such as licensing requirements for money transmitters and other virtual currency businesses also can help impede trafficking, although such requirements vary by state.

Law enforcement and others can use blockchain analytics tools to investigate suspected illicit activity that uses virtual currencies, but these tools can be of limited effectiveness. Many virtual currency transactions are permanently recorded on public blockchains, allowing them to be matched to user information collected by virtual currency platforms that comply with anti-money laundering requirements. However, law enforcement's ability to detect and track illicit uses of virtual currencies may be hindered by criminals' use of privacy technology, and by some market participants' noncompliance with anti-money laundering requirements, according to law enforcement officials and analytics firms.