U.S. Department of Justice

Office of Legislative Affairs

Office of the Assistant Attorney General *Washington, DC 20530*

The Honorable JD Vance
President
United States Senate
Washington, DC 20510

Dear President Vance:

On behalf of the Administration, we are pleased to present for congressional consideration a legislative proposal that would more clearly provide accountability for those who use forced labor, a form of human trafficking, to commit fraud against Americans. The growing problem of overseas scam compounds was discussed at the recent Joint Economic Committee hearing, "The Rising Global Scam Economy: Modernizing Federal Approaches to Protect Americans from Foreign Fraudsters." This proposal is designed to permit extraterritorial prosecution of foreign nationals who use forced labor to perpetrate crimes that are within United States jurisdiction or in or affecting foreign commerce, including the wire fraud committed from overseas scam compounds.

Over the past few years, crypto investment fraud and other cyber-enabled internet confidence schemes have become an ever-rising tide of internet crime victimizing main street America. Elderly Americans' reporting of crypto currency scams has nearly doubled every year in the last four years,[1] and preliminary data indicates that in the last year alone, reported losses exceeded $17.7 billion. These scammers target Americans and use American infrastructure to perpetrate fraud. In Southeast Asia, one of the leading world hubs for scam activity, the scammers are organized in industrial scale compounds and guarded communities, wherein human trafficking victims are held against their will and forced to participate in the scamming.

The compounds often consist of a veritable "concentration camp" of scammers, where human trafficking victims are held against their will and beaten, sexually exploited, or even killed if they do not meet scamming quotas. Many of these victims respond to ads on U.S.-based social media platforms, taking lucrative "jobs" to work at call centers in places such as Thailand. Upon arriving, however, they are taken to compounds, sometimes while unknowingly being shuttled over borders into neighboring countries, and held at compounds against their will. There, compound operators force these human trafficking victims to scam and target Americans, who are often targeted because of their wealth.

[1] Fed. Bureau of Investigation Internet Crime Complaint Center, Internet Crime Report 2024, 30, 35, *available at* https://www.ic3.gov/AnnualReport/Reports/2024_IC3Report.pdf.

In Southeast Asia, the masterminds behind this $40 billion[2] per year industry are Chinese organized crime syndicates. This threat creates a generational wealth transfer from main street America to Chinese Transnational Organized Crime.[3]

In response, last year, U.S. Attorney for the District of Columbia Jeanine Pirro launched the first-of-its kind "Scam Center Strike Force" (SCSF). The SCSF is a collaboration between the U.S. Attorney's Office for the District of Columbia, Main Department of Justice (Department), the Federal Bureau of Investigation, and the U.S. Secret Service, as well as, on select matters, the U.S. Postal Inspection Service, the Internal Revenue Service, and two other U.S. Attorney's offices. The SCSF focuses on investigating and disabling the most prolific scam centers operating in Southeast Asia, specifically in Cambodia, Burma, and Laos. The Strike Force's goals are to (1) seize and disable U.S. based infrastructure that is the manner and means of scam compound operations; (2) identify and charge the leaders of scam compounds, including Chinese organized crime affiliates, and bring them to justice; (3) trace and seize the stolen cryptocurrency funds and return those funds to the American fraud victims to the fullest extent permissible; and (4) prevent fraud through education of the public.

Currently, however, the SCSF and the Department face challenges in prosecuting non-U.S. nationals who engage in forced labor for the purpose of committing wire fraud on U.S. persons. The relevant statutes make prosecution of these extraterritorial non-U.S. nationals challenging because they do not specifically designate that extraterritorial jurisdiction exists over non-U.S. nationals who use forced labor to commit wire fraud. Although interpretations of the law may allow charges if a co-conspirator is a U.S. national, in most cases, foreign individuals who use forced labor to commit wire fraud against U.S. persons cannot be held accountable under U.S. law for the human trafficking occurring in their scam center compounds.

The Department of Justice offers this proposed amendment to fill any gap in the Department's ability to prosecute these crimes. This bill amends Federal jurisdictional provisions under 18 U.S.C. §1596 to expressly permit extraterritorial prosecution of foreign nationals who employ forced labor to perpetrate crimes that are within Federal jurisdiction or in or affecting foreign commerce.

By making these changes to Section 1596, the bill allows for accountability for those who employ forced labor to commit the wire fraud occurring in overseas scam center compounds. The Department looks forward to working with Congress on this legislative action.

Sincerely,

PATRICK DAVIS

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Patrick D. Davis
Assistant Attorney General

Enclosure

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[2] United States Institute of Peace, Transnational Crime in Southeast Asia: A Growing Threat to Global Peace and Security (May 2024).

[3] *See* Gallup, *United States of Scams: The Financial and Emotional Fallout*, Survey Report of Gallup and the Stop Scams Alliance (2026), https://www.gallup.com/analytics/711827/scams-in-america.aspx.