

Congress of the United States

Washington, DC 20515

June 27, 2025

The Honorable Marco Rubio
Secretary of State
U.S. Department of State
2201 C Street NW
Washington, DC 20520

Dear Secretary Rubio:

We write to you regarding the new and fast-growing threat to Americans' safety and security posed by online scam centers in Southeast Asia. We thank you for your ongoing efforts to combat these scams and protect our communities, and we ask the Department of State to take further action to tackle this crisis before it spirals further out of control.

Following COVID-19 related crackdowns in 2020 and 2021, Chinese criminal groups running illegal casinos and online gambling rings pivoted to online scam operations. Since 2022, hundreds of large-scale compounds powered by forced labor and dedicated solely to perpetuating financial scams have developed and proliferated across Southeast Asia—particularly in Burma, Cambodia, and Laos, but extending also into the Philippines, where law enforcement has made significant progress in cracking down since 2023.¹

These criminal syndicates—which often have troubling links to Chinese Communist Party officials (CCP)—have established de facto scam cities along the Burmese-Thai border, where the Burmese military junta and affiliated ethnic armed organizations enable crime networks to flourish. In Cambodia, corrupt officials allow scam centers to operate in the open, where scamming now generates \$12 billion annually, half of the entire country's GDP.² Highly sophisticated underground banking networks across the region help launder scammers' illicit crypto profits. The online scam industry now rivals the narcotics trade in size.³

These scam centers also increasingly target American citizens. Americans lost \$16.6 billion to scams in 2024, many of which originated from Southeast Asian scam centers.⁴ Globally, losses from such scams are estimated to be \$63.9 billion, though experts believe the true total may be significantly higher, as these criminal networks grow more entrenched and their tactics more sophisticated.⁵

¹ <https://docs.house.gov/meetings/FA/FA06/20240709/117509/HHRG-118-FA06-Wstate-TowerJ-20240709.pdf>

² <https://www.nytimes.com/2023/08/28/world/asia/cambodia-cyber-scam.html>,
https://cdn.prod.website-files.com/662f5d242a3e7860ebcfde4f/68264cff356caba11f2db1e_Policies%20and%20Patterns_16052025.pdf

³ <https://www.economist.com/briefing/2025/02/06/online-scams-may-already-be-as-big-a-scourge-as-illegal-drugs>

⁴ <https://www.fbi.gov/news/press-releases/fbi-releases-annual-internet-crime-report>

⁵ https://www.asienhaus.de/archiv/user_upload/ssg_transnational-crime-southeast-asia.pdf

The most common online investment scam is known as ‘pig butchering,’ a Chinese criminal slang phrase that describes how scammers ‘fatten’ and then slaughter their victim. First, a scammer will contact the target and develop a virtual relationship, often using fake profile pictures, romantic messages, and AI-enabled phone or video calls. After building sufficient trust, the scammer induces the victim to invest increasingly large sums of cryptocurrency into phony platforms that purport to show positive returns. Then the scammer withdraws the entire sum and shuts down communications.

This heartbreaking reality has wreaked immense financial and psychological devastation on Americans across the country, stealing over \$9,000 on average from each victim, though many have lost significantly more.⁶ Hundreds of victims are reporting losses in excess of \$100,000. In one extreme case a victim lost \$47 million, causing an entire Kansas bank to collapse and hundreds of people to lose their retirement savings.⁷ Other Americans have committed suicide after having their lives torn apart by scammers.⁸

The human cost of online scam centers exceeds that of Americans robbed of their life savings. Beyond America’s borders, scam enterprises rely primarily on forced labor.⁹ Hundreds of thousands of victims from at least 77 countries have been trafficked into prison-like compounds under false pretenses: believing they have been hired for a legitimate job, they are forced to conduct online scams. Beatings and torture are inflicted on those who attempt to escape or refuse to or cannot meet aggressive quotas.¹⁰ Survivors’ anecdotes indicate that suicides within scam centers are widespread. While criminal groups primarily target victims for trafficking from Asia and Africa, even American citizens have been trafficked inside these horrific compounds.

China’s role in the creation and continuing operation of online scam centers is deeply concerning.¹¹ Many compounds were built by Chinese state-owned enterprises through Belt and Road Initiative contracts.¹² For example, China’s state construction company MCC International received a \$350 million contract to build a scam center in Burma on the border with Thailand.¹³ Many scam syndicate bosses are Chinese nationals or retain ties to Chinese political elites. Recently, selective CCP crackdowns on scammers that target Chinese citizens have incentivized syndicates to go after American and other Western nations: while the U.S. saw scam losses increase by 33% in 2024 year-on-year, China’s have recently decreased by 28.6%.¹⁴ In addition, Chinese law enforcement does not share valuable information gained through its recent scam center raids with the U.S. As with the production of fentanyl precursors, China looks the other way when criminal scam operations do not affect Chinese nationals.

⁶ <https://public.tableau.com/app/profile/federal.trade.commission/viz/FraudReports/FraudFacts>

⁷ <https://www.mittrade.com/insights/news/live-news/article-3-651962-20250221>

⁸ <https://protos.com/virginia-man-trusted-crypto-scammer-more-than-his-own-family-before-suicide/>

⁹ https://chrissmith.house.gov/uploadedfiles/2024-07-09-written_testimony_of_jason_tower.pdf

¹⁰ <https://www.state.gov/wp-content/uploads/2023/12/Human-Trafficking-and-Cyber-Scam-Operations.pdf>

¹¹ https://www.uscc.gov/sites/default/files/2025-03/Jason_Tower_Testimony.pdf

¹² https://content-static.cctvnews.cctv.com/snow-book/index.html?item_id=13564751772187163548&toc_style_id=feeds_default&module=ccnews%3A%2F%2Fappclient%2Fpage%2Ffeeds%2Fdetail%3Furl%3Dhttps%253A%252F%252Fcontent-static.cctvnews.cctv.com%252Fsnow-book%252Fin

¹³ <https://www.mhwm.com/miandianxinwen/26023.html>

¹⁴ <https://h.xinhua.com/vh512/share/11855233?d=134d6f2&channel=weixin>

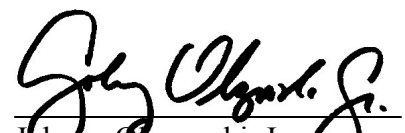
We commend the Administration's recent actions against nefarious actors involved in operating online scam centers, such as the Karen National Army in Burma, Cambodian tycoon Ly Yong Phat, Huione Group in Cambodia, and Funnell in the Philippines.¹⁵ While comprehensive interagency coordination with the Departments of Justice, Homeland Security, and the Treasury is likely required, the Department of State can play a leading role in combating this threat overseas. We encourage the Department to use the full suite of statutory tools at its disposal, which may include:

- Global Magnitsky sanctions against syndicate leaders, corrupt local officials, and connected Chinese entities;
- TVPA sanctions against significant traffickers in persons or governments determined to not comply with minimum standards for the elimination of trafficking;
- Empowering law enforcement partners, particularly in the Philippines, Thailand, and Singapore, to degrade and disrupt transnational criminal organizations, including by gathering intelligence from seized devices and online illicit crypto exchanges;
- Combatting trafficking in persons, including trauma-informed victim services that gain prosecutorial evidence regarding scam operations;
- High-level diplomatic engagement to shut down online scam centers, in concert with allies like the United Kingdom, Japan, Australia, the Philippines and other nations targeted by online scams; and
- Bringing significant pressure to bear upon the CCP for its role in perpetuating this crisis.

Online scams have existed for decades. Industrial-sized scam compounds powered by forced criminality, however, present a completely new model of transnational organized crime that already threatens to spread from Southeast Asia to Europe and Latin America. Criminal scammers inflict untold misery by stealing billions from hard-working Americans and trafficking hundreds of thousands of victims globally. As members of the House Foreign Affairs Committee, we stand ready to assist you in this fight against the scam centers.

Sincerely,

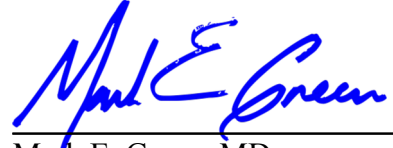

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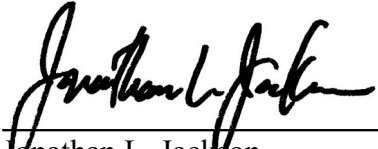
¹⁵ <https://home.treasury.gov/news/press-releases/sb0129>, <https://home.treasury.gov/news/press-releases/sb0129>, <https://www.fincen.gov/news/news-releases/fincen-finds-cambodia-based-huione-group-be-primary-money-laundering-concern>, <https://home.treasury.gov/news/press-releases/sb0149>



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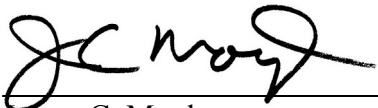
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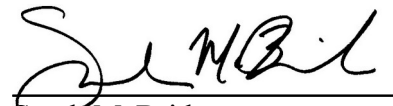
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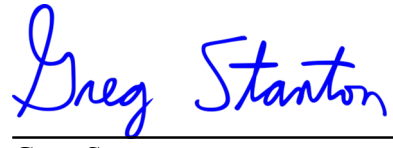
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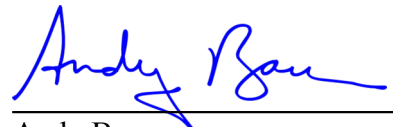
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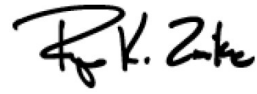
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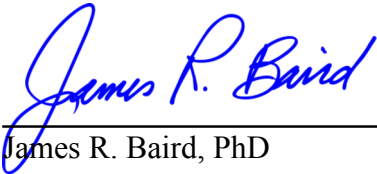
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