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Joint Chiefs of Tax Enforcement to Investigate Tax Fraud Arising Out of FinTech and Cryptocurrency

An upcoming international criminal tax investigation coordinated by the Joint Chiefs of Tax Enforcement—or the J5—will focus on cryptocurrency and the financial technology industry. The J5 is a collaboration among the revenue authorities of Australia, Canada, the Netherlands, the U.K., and the U.S. formed in 2018 that leverages the agencies' collective resources to target financial crimes. This forthcoming effort announced on February 4 marks the J5's first focus on the broader FinTech industry.

Attorneys
[Elizabeth Smith](#)
[Isabelle Farrar](#)

The group has teamed up on three prior occasions to combine their data analytics and investigative capabilities to target financial crimes. First, in November 2018, the J5 met in Amsterdam for a one-day event dubbed "[The Challenge](#)" that focused on identifying, developing, and testing tools and investigative techniques to target enablers of tax evasion. A year later, in November 2019, the J5 held a "[Crypto Challenge](#)" in Los Angeles through which investigators, data scientists, and cryptocurrency experts from each country combined datasets to generate leads with respect to tax evasion in connection with cryptocurrency. Shortly thereafter, in January 2020, the J5 held a [Day of Action](#) that coordinated international tax evasion enforcement actions related to an international financial institution suspected of facilitating money laundering and tax evasion around the world.

Thus far, the J5's efforts have resulted in enforcement actions. For instance, in July 2020, a [Romanian man was arrested](#) in Germany and pled guilty to conspiring to engage in wire fraud and offering to sell unregistered securities in connection with his role in the BitClub Network, a cryptocurrency mining scheme alleged to be worth over \$722 million. He was charged with four co-conspirators in U.S. federal court after an investigation by the IRS, FBI, and DOJ that grew out of the November 2019 Crypto Challenge in Los Angeles.

Please contact the [Ropes & Gray tax controversy team](#) with any questions you may have or for further information. To learn more about Ropes & Gray's FinTech practice, please click [here](#).