



J5 countries host “Cyber Challenge” focused on data mining and financial reporting

[Fifth iteration of the event yields new leads and potential cases for member countries](#)

November 2, 2023

OTTAWA – The Joint Chiefs of Global Tax Enforcement (J5) brought together investigators, cryptocurrency experts and data scientists this week in a coordinated push to track down individuals and organizations perpetrating tax crimes around the world.

The event, known as ‘The Cyber Challenge,’ includes experts from each country with the mission of optimizing the usage of data acquired from a variety of open and investigative sources available to each country. This year’s iteration of the Challenge focused on data mining and financial reporting relating to crypto-assets and technology enabled financial threats.

The Challenge was first hosted in 2018 by the Dutch Fiscal Information and Investigation Service (FIOD) in Utrecht with the aim of tracking down those who make a living facilitating and enabling international tax crime. The following year, the U.S. hosted a second “Challenge” in Los Angeles focused on cryptocurrency. In 2021, the COVID-19 pandemic caused the Challenge to be held virtually where the event focused on FINTECH companies. Using various analytical tools, members of each country were put into teams and tasked with generating leads and finding cryptocurrency related tax offenders, based on the new data available to them through the Challenge. Working within existing treaties, real data sets from each country were brought to the challenge to make connections where current individual efforts would take years to make those same connections. In 2022, the fourth iteration of the Challenge focused on non-fungible tokens (NFTs) and decentralized exchanges (DEX).

This is the first Challenge where Financial Intelligence Units (FIUs) from each J5 country participated. Private sector was represented by blockchain analysis companies Chainalysis, BlockTrace, and AnChain making this the most collaborative Challenge to date. Collectively, the J5 member countries, FIUs, and blockchain analysis companies scoured their respective data holdings to identify the most promising cryptocurrency leads related to tax evasion and money laundering.

The Challenges have proven to be quite fruitful for the J5 as they generated significant leads for the organizations to investigate. BitClub Network, a multi-million-dollar Ponzi scheme where thousands of people were scammed into buying into a bogus mining pool, is one of the first J5 successes that stemmed from the J5 Challenges. Last year, a billion-dollar Ponzi scheme affecting each of the J5 countries was uncovered.

“The Canada Revenue Agency (CRA) is proud to have hosted this latest challenge focusing on crypto. These challenges continue to be very effective for the J5 as they generate significant leads for the

organizations to investigate,” said Eric Ferron, Director General, Criminal Investigations Directorate in the CRA. “This year, in addition to the FIUs, we invited our Canadian counterparts from the Royal Canadian Mounted Police (RCMP), Financial Crime to participate. We appreciate their interest and in-person participation, and we are looking forward to continuing these partnerships. Tax crimes continue to evolve in their level of sophistication and complexity, which is why it is essential that we collaborate with our international partners to combat tax evasion. The success of the Challenge proves the necessity of this strong alliance to continue to tackle tax crimes together.”

“These ‘Challenges’ have been incredibly fruitful for the J5 over the years, giving us sophisticated cases with large dollar amounts that affect multiple jurisdictions,” said Jim Lee, Chief, IRS Criminal Investigation. “But the results should not be a surprise to anyone. When you put really smart people together from different backgrounds, give them the data and tools they need, and create an environment where partnerships are the priority, amazing results happen every time.”

This year’s J5 Challenge was hosted by the CRA in Ottawa from October 30th – November 3rd. The main aim—as always—is to establish new ways to combat tax fraud and money laundering in the wake of new emerging threats inherent in the blockchain technology.

“The Challenge continues to provide a unique opportunity for world leading specialists to establish innovative ways to collaboratively combat a tax crime in the crypto assets ecosystem,” said John Ford, Deputy Commissioner of the Australian Taxation Office. “This collaboration between public and private specialists not only generates operational outcomes, but shares expert training, techniques and procedures, which is integral for the participants to remain proactive and effective in a rapidly evolving operating environment.”

“With data, financial intelligence can be strengthened,” said Niels Obbink, Director General, Dutch Fiscal Information and Investigation Service. “All J5 countries are working on this, so sharing experiences and methodologies can move us all forward in achieving our goals. Therefore, these challenges have great value.”

“When we launched the J5 we were determined to rewrite the rule book to find new ways of tackling tax fraud,” said Richard Las, Director, Fraud Investigation Service, HMRC. “The Cyber Challenge has been at the forefront of that approach and this year is no different. For the first time ever representatives from each country’s Financial Intelligence Unit have been in attendance, meaning we’ve been able to mine their respective data in near real time. It’s never been done before and is already reaping rewards with a string of new leads. Criminals take note, the J5 is closing in.”

“FINTRAC is honoured to have participated in this Challenge to support criminal investigations of money laundering and tax crimes,” said Barry MacKillop, Deputy Director, Intelligence Sector, FINTRAC. “The collaboration between tax authorities and financial intelligence units has been effective and invaluable in supporting and advancing international investigations. By working together at the same table, we’ve been able to demonstrate a true example of the informal, agile and wide-ranging collaboration that is needed to be as networked as those who seek to exploit and abuse the global financial system.”

AUSTRAC Deputy CEO Intelligence, John Moss, said international collaboration plays a key part in disrupting all types of financial crime but is especially important to tackle criminal use of cryptocurrencies.

“Financial crime is one that knows no borders, as Australia’s FIU, AUSTRAC is proud to work with some of our closest partners to share cutting edge tools, data and tradecraft, so that together we can create a hostile environment for criminals who try to exploit emerging payment platforms like cryptocurrency.”

“BlockTrace is honored to collaborate with the J5 in the crucial mission of tackling transnational tax crime and cybercrimes,” said Shaun MaGruder, CEO, Blocktrace. “In an age where financial threats transcend borders, unity between the private and public sectors is paramount. The J5, a coalition of leading tax enforcement agencies from five nations, exemplifies this spirit of international cooperation. Together, we aim to disrupt the mechanisms enabling financial crime and to ensure accountability for those behind it. We are deeply thankful for this opportunity to contribute to such an important initiative, and we remain committed to our involvement into a safer, more transparent global financial landscape.”

“We are thrilled to participate in the J5 Cyber Challenge with international public and private sector experts to uncover leads into illicit cryptocurrency use and tax implications,” said Ryan Ryder, Manager, Investigations, Chainalysis. “Thanks to crypto's inherent transparency, law enforcement and private sector partners armed with the right data and tools can collaborate to identify and shut down illicit activity, something that isn't possible in traditional finance. Events like these bring us closer to building a safe financial system.”

The J5 works together to gather information, share intelligence and conduct coordinated operations against transnational financial crimes. The J5 includes the Australian Taxation Office, the Canada Revenue Agency, the Dutch Fiscal Information and Investigation Service, His Majesty's Revenue and Customs from the U.K. and IRS-CI from the U.S.

For more information about the J5, please visit www.irs.gov/j5.

