



Global tax chiefs stand by Puerto Rico's financial institution regulator as bank is shut down

[Bank was once target of J5 countries in a global day of action in 2020](#)

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SAN JUAN, PR – The Joint Chiefs of Global Tax Enforcement (J5) commended a decision announced today by Puerto Rico's financial institution regulator. The move to suspend the operations of a financial institution in Puerto Rico follows a global effort launched by J5 two years ago.

The Office of the Commissioner of Financial Institutions (OCIF) of Puerto Rico issued a Cease and Desist order and suspended the operations of Euro Pacific International Bank. The action was commended by the J5, who had, two years prior, conducted a global day-of-action to put a stop to the suspected facilitation of offshore tax evasion and money laundering by the bank.

Known as Operation Atlantis, the 2020 day-of-action was the first major operational activity for the J5. During the day of action, each country independently executed enforcement actions consistent with the legal requirements in their countries. These actions included intelligence and information gathering, search warrants, interviews, production orders and subpoenas.

The 2020 day-of-action occurred as part of a series of internationally led investigations that revealed a number of clients used a series of sophisticated structures and international financial institutions to obfuscate their tax situations. These conscious attempts were for the purpose of evading their tax obligations and/or laundering the proceeds of their crimes.

"There is no doubt that OCIF's work sends a strong message to others that the Puerto Rican financial industry will not be a haven for tax evaders or illegal conduct. We stand here together today to display the strong partnership we have with OCIF and to commend their leadership for taking decisive action," said Jim Lee, Chief, Internal Revenue Service Criminal Investigation. "We are also here with our J5 partners, celebrating four years together this week, showing the world the power of coordination, collaboration and partnerships. The actions announced today are an example of the wide-ranging tools available only through our collaboration with partner agencies. The independent actions taken by OCIF today represent an all-inclusive compliance effort that the J5 chiefs are committed to furthering in an effort to assist bringing to justice those who avoid paying taxes or commit other financial crimes."

The Chiefs explained that while they supported the actions taken by OCIF, the outcomes were not the result of a joint investigation and OCIF's decisions were independent of the J5. The J5 did not participate in the investigation by OCIF but welcomed the result.

“This announcement by the OCIF today is an important milestone for Operation Atlantis. Four years ago, the J5 set out to tackle international tax crimes and money laundering. We are already achieving significant operational results. Our approach is also helping to spark outcomes on an even broader scale,” said ATO Deputy Commissioner and J5 Chief Will Day. “Ceasing a financial institution’s operations stops it from being able to facilitate suspected tax evasion and money laundering. This is the strongest warning globally that offshore tax evasion is being targeted across the J5’s efforts.”

“When we launched the J5, we were determined to make the world a smaller place for tax evaders. The honest majority can be confident that our approach is working,” said Simon York, HMRC’s Director of Fraud Investigation and the UK’s J5 Chief. “We have a series of tax enquiries, full criminal investigations and intelligence operations already underway and many more to come. Our message is that the game is up for offshore tax evaders and that any UK citizens involved with this bank should come and talk to us.”

Chief Lee said that the J5 continued to collectively work hundreds of civil and criminal investigations within the J5 jurisdictions related to entities and individuals associated with Euro Pacific Bank. Those investigations continue unaffected by the actions today.

“FIOD is very pleased to present the results of our collaborative efforts to combat tax crimes. The investigations started some years ago based on intelligence gathered by the FIOD. To maximize the impact on tax evasion and money laundering this information was subsequently shared with our J5 partners. And then leading to these international results proves how much value there is to the J5 collaboration,” said Niels Obbink, Chief and General Director, Dutch Fiscal Information and Investigation Service (FIOD). “In a recent court case a suspect was convicted to a multi-year prison sentence. This suspect was sentenced for several different crimes during which he had also used the bank centered in the Atlantis operation for money laundering. Together with the Netherlands Tax authority the Atlantis information is being used to stop tax crime. Other investigations against suspects that held accounts with this bank have recently been started.”

Canadian Chief Eric Ferron added, “The Canada Revenue Agency is proud to have contributed our expertise and best practices to assist with this important action. Operation Atlantis illustrates the greater reach our nations have when working as a team to combat not only tax crime, but also money laundering and cybercrime. I look forward to our continued collaboration.”

“The actions we have taken today in the Euro Pacific matter are in full compliance with our duty as regulator, pursuant to OCIF’s laws and regulations, to protect against irreparable damage the interests of the entity and/or the persons or entities that own funds or assets in the institution and, ultimately, to protect also the solidity and reputation of Puerto Rico’s financial system,” said OCIF Commissioner Natalia Zequeira Diaz. “Although OCIF has guaranteed the entity’s due process under law and regulation, including giving it multiple opportunities to undertake corrective actions, unfortunately, Euro Pacific has a long history of non-compliance with the Law and regulations that govern the Puerto Rico International Financial Center. OCIF will not allow or tolerate any financial entity with a license issued by the Government of Puerto Rico to operate outside the law or ignore the clear mandates of applicable laws and regulations.”

Formed in 2018, 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, Her Majesty’s Revenue and Customs from the UK and IRS Criminal Investigation from the US.

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

