

**Remarks Delivered by  
Chief Jim Lee  
June 30, 2022**

Four years ago this week, five like-minded Chiefs from five countries around the world got together to start what is known as the Joint Chiefs of Global Tax Enforcement, or the J5. Our mission was to tackle tax crime together. We care about tax and other financial crimes that affect the jurisdictions of the United States, United Kingdom, Australia, The Netherlands and Canada. And we've had some significant successes already in the short time this group has been together.

In January of 2020, all five J5 countries participated in a globally coordinated day of action to put a stop to the suspected facilitation of offshore tax evasion and money laundering by a suspected bank in Puerto Rico. The action occurred as part of a series of investigations in multiple countries into the international financial institution whose products and services were believed to be facilitating money laundering and tax evasion for customers across the globe. It was also believed that through this institution, a number of clients used a sophisticated system to conceal and transfer wealth anonymously to evade their tax obligations and launder the proceeds of crime. The Operation from the J5 was dubbed Operation Atlantis – and the bank was named Euro Pacific Bank.

When we opened this investigation, we were interested in taking a proactive approach to prevent a US jurisdiction from providing tax evasion opportunities for individuals and entities with foreign tax obligations. At some point, it became apparent to us that we – IRS Criminal Investigation and the J5 – had simultaneous actions going on. At that point, we began sharing information back and forth through legal channels as appropriate. We are here today because it also became apparent that the actions taken today by OCIF were the most appropriate and expedient actions that could be taken.

In full transparency, this is not where I thought we would end up two years ago when we were executing our global day of action with the J5. This is what we would call a non-traditional component within an investigation – there is no indictment of the bank or those running it today. But investigations sometimes lead us in a number of different positive directions and this is certainly one of them. One of the focuses of IRS-CI is identifying non-compliance and taking steps to ensure the bad behavior is corrected. We are committed to working with a wide range of partners to appropriately utilize the tools that each partner can bring to the table. This cohesive approach ensures that all options are considered and the resolution is appropriate when considering the facts learned during the investigation. I believe this approach increases taxpayer confidence in the system and sends a message to our foreign partners that we will explore all options to combat the use of U.S. entities that further international tax and/or other financial schemes.

We are here today because this global approach to investigate these activities and our collaboration with our partners led us to the outstanding work that was already underway at OCIF. Let me be clear, OCIF independently made the decision announced today based on their diligence and continued focus on regulating the activities in Puerto Rico that fall within their jurisdiction. 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. While we support their actions and are here together today, we did not "work" this investigation together in the traditional sense. We stand here together today to display the strong partnership we have with OCIF and to commend their leadership for taking decisive action.

Moving forward, our work with the J5 countries continues. Collectively, we are working hundreds of civil and criminal investigations within the J5 jurisdictions related to entities and individuals associated with this bank. Those investigations continue unaffected by the actions today. In closing, let me emphasize that although this press conference is about a single case – a single bank - this action really touches on a massive undertaking by many partners to secure the financial system, shut down fraudulent entities, and drive compliance. Our partnership with the J5 members is as strong as it gets. It is these partnerships that will bring an end to tax cheats and tax havens and level the playing field for all who do business fairly. I look forward to more announcements in the months and years ahead. Congratulations to OCIF for taking this action today.

I'm now happy to take any questions with the Commissioner.

### **Will Day – opening statement – J5 media conference | 30 June 2022**

- > The announcement by the Office of the Commissioner of Financial Institutions today is an important milestone for Operation Atlantis.
- > Operation Atlantis was the first major operational activity announced by the J5 just over two years ago. We announced we had conducted a globally coordinated day of action in relation to a financial institution suspected of facilitating money laundering and tax evasion for a global customer base.
- > We said we suspected the financial institution of facilitating a system of numbered accounts to help customers to conceal and transfer wealth anonymously, some of whom were likely evading their taxation obligations or laundering the proceeds of crime.
- > Our ability to take such overt steps has already served as a strong deterrent to those who were contemplating such arrangements and our actions have certainly put a brake on the proliferation of these arrangements for Australian taxpayers.
- > Since then, we have gathered further evidence and shared intelligence, collected through search warrants, notices, interviews and subpoenas.
- > While the J5 was busy conducting an investigation, so too was the O.C.I.F. It is an example of the J5 helping to spark outcomes on an even broader scale.
- > The decision the O.C.I.F has taken is significant. Ceasing a financial institution's operations means if there is any tax evasion or other suspect activity, it stops immediately.
- > This disruption should also be a further clear warning to anyone considering an offshore facility as a way to evade tax or launder the proceeds of crime.
- > With the J5 members and beyond, offshore hideaways are being targeted.
- > The Australian Taxation Office has already finalised in excess of 100 cases, scrutinising the tax affairs of Australian clients of Euro Pacific Bank. In some cases we have satisfied ourselves that tax obligations are being met, and in others we have raised additional tax and penalties. Our operations are continuing.
- > Having an offshore bank account does not necessarily mean a taxpayer is not meeting their tax obligations.
- > However, for those who do the wrong thing and do not declare offshore income, our message is clear. Through the J5, we have increased collaboration, data analytics and intelligence sharing which means there is no place for people to hide their money across the globe to avoid meeting their obligations.

## **Simon York J5 Puerto Rico Press Conference Remarks**

Today is a landmark moment for the J5 and the UK's response to tackling offshore tax evasion. When we launched the J5 four years ago we were determined to make the world a smaller place for those suspected of tax crime and those who enable it.

This announcement is proof that our approach is working and will undoubtedly be welcomed by the honest of majority of businesses and citizens around the globe.

The J5 have been investigating Euro Pacific Bank for more than two years. It came across our radar after moving from St Vincent and the Grenadines to Puerto Rico – a move we believed had been engineered to remain out of the Common Reporting Standards.

We suspected that clients were using a sophisticated system to conceal and transfer funds anonymously to evade tax and launder the proceeds of this crime.

That's why in 2020 we launched an unprecedented day of action that delivered coordinated action across all the J5 countries, seizing significant amounts of evidence.

Since then, we've meticulously gone through that evidence, using our combined digital, forensic and deep tax expertise to make links and understand the full picture of activity.

In the last year, we became aware that OCIF were running a parallel investigation. Since then, we've shared intelligence which has led to this moment – taking out a global financial institution suspected of facilitating international tax evasion.

HMRC and the J5 welcome OCIF's decision.

We know this bank has hundreds of UK customers.

We already have a series of live tax enquires full criminal investigations and intel operations into what we think are the most serious frauds – and many more planned.

This is a significant result in the fight against offshore tax evasion and shows that the game has truly changed for those who seek to cheat their countries tax systems by utilising offshore arrangements. But the J5 will not rest – we already have our sights on other significant global targets.

To those people in the UK who are evading tax and are involved with Euro Pacific Bank my message is simple – come and talk to us, tell us everything, before we come and talk to you.