

WRITTEN TESTIMONY OF
DON FORT
FORMER CHIEF, CRIMINAL INVESTIGATION
INTERNAL REVENUE SERVICE
BEFORE THE
SENATE FINANCE COMMITTEE
ON HOUSE REPUBLICAN SUPPLEMENTAL IRS FUNDING CUTS
ANALYZING THE IMPACT ON FEDERAL LAW ENFORCEMENT AND THE FEDERAL DEFICIT
MAY 16, 2023

Chairman Wyden, Ranking Member Crapo, and members of the Committee, thank you for the opportunity to discuss the need for consistent funding for the Internal Revenue Service (IRS) to address both critical service updates for the taxpayer experience and sufficient support for enforcement activities. As the former Chief of Criminal Investigation (CI) for the IRS, I have witnessed firsthand the important role that enforcement plays in promoting voluntary compliance with the nation's tax laws. But enforcement does not operate in a vacuum within the IRS and the appropriate mix in funding enforcement, technology, and taxpayer service initiatives is the key to building an IRS that is both responsive and efficient.

The IRS is the backbone of the nation's tax system- it ensures the collection of taxes that fund our essential government programs and services. It is responsible for managing a budget of more than \$11 billion, which goes toward processing tax returns, enforcing compliance, and providing essential services to taxpayers. Underfunding the agency means putting the accuracy and efficacy of our tax system at risk.

We have all heard the stories of the IRS using 60-year-old technology. While I know improvements in many areas have been made where possible, it is impossible to modernize an antiquated system and develop a range of new technologies to improve tax administration while executing filing seasons with a budget that does not allow for such improvements. The IRS needs advanced communication channels that allow taxpayers to reach the IRS quickly and efficiently through various means. Upgrades are necessary to automate many of its procedures and increase the speed of their tax processing procedures. Taxpayers should be able to interact with the IRS in many of the same ways that they interact with their financial institutions. Such automated and digital upgrading cannot happen without constant and regular funding of the IRS.

During my almost 30 years with the IRS, it was embarrassing to me as an employee that my elderly parents, in-laws, relatives, friends, and neighbors couldn't pick up the phone and call the IRS with a question, or better yet, manage their account online. It was not for a lack of effort by the IRS, but the years of budget cuts caused the service to make impossible choices to keep the lights on in certain areas. It appears that we are heading in that direction, albeit 30 years later than needed with the passage of the Inflation Reduction Act (IRA). As the organization responsible for collecting 98% of the revenue for this country, trusting the public to figure out exactly what their tax obligation is seems contrary to me. It also seems contrary to me to starve the agency for so many years rather than try to facilitate these interactions with the public.

Another critical concern is the implementation of recent tax law changes. Some of these changes impose new regulatory and reporting requirements on taxpayers, including many exclusively for the ultra-wealthy; however, the real problem is the lack of expertise in the IRS staff relevant to new tax

provisions. Acquiring and processing all this information will necessitate a massive amount of time and resources. Positioning a well-trained, diverse staff equipped with the latest modern technological changes is crucial to address these tax law changes. The IRS does not have the staff to accomplish this goal and they do not have the capacity to hire staff quickly enough to make changes from year to year. Nothing short of a complete overhaul to the way the IRS hires and trains their employees will make the changes needed to implement these important upgrades. But like any large organization, these changes have impacts on the entire organization. If the civil side of the IRS is going to ramp up the hiring of staff to be able to work more complex civil audits and produce more complex programs to aide in the efficiency of filing tax returns, similar investments will need to be made on the criminal side. CI will only be able to handle complex referrals to work complex cases if the investments in enforcement are on both sides. Currently, CI reports that only 6% of their inventory comes from civil referrals. This is a missed opportunity and the result of a lack of investment in all areas of enforcement for many years. It is important to remember that in a properly functioning tax administration system, the civil and criminal functions work closely together to align their goals and program areas.

When most of the public thinks of the IRS, they think of filing their taxes and potentially getting audited. Taxpayer service and civil enforcement cannot exist on their own without similar, consistent funding for both areas. This funding is essential to ensure that taxpayers can receive the assistance they need from the agency to file their returns and resolve their disputes while knowing that audits conducted by the agency are fair and efficient. The decades of funding battles for the IRS have left the service in a place where achieving this result for the American public is not possible without a significant infusion of money over and above what the annual budget provides to the IRS.

It will take far more, however, than a dramatic one-time infusion of money to cure what ails the nation's revenue arm. Between 2010 and 2019, according to the IRS Data Book, the agency's budget dropped from \$14.6 billion to \$11.5 billion, and its workforce dropped from approximately 94,000 employees to 73,000 — all while the economy roared on and generated enormous wealth. Starving the IRS of funding was shortsighted, hurting the entire country.

The voluntary compliance rate is estimated to be roughly 84 percent, and every 1 percentage point in this level of compliance costs the U.S. approximately \$40 billion dollars. When individuals or corporations skirt their tax obligations, they do so on the backs of their fellow Americans: They pay less, while the rest of us pay more.

One of the areas that the IRA purports to help the service accelerate is their use of data analytics. With so many analytic tools available to comb through the endless amounts of data, not taking advantage of them would be foolish. There is likely no other agency in the world with as much rich data as the IRS, so the need to manage that data in a useful way could be the single most important thing the IRS needs to focus on.

Data analytics is a very broad and often overused term. In the context of tax administration, it has the potential to be the 'secret sauce' that allows the IRS to maximize the deployment of their human resources. In my opinion, the investment in data analytics needs to bring the analytics as close to the filing of the tax return as possible. If errors and anomalies are detected or mismatches occur when the return is filed - not just in identity theft- then the potential exists for these issues to be resolved without the IRS having to invest costly human resources to conduct an audit or investigation.

The investment in data analytics pays dividends on the criminal side as well. While the Nationally Coordinated Investigations Unit (NCIU) began using complex models to build case leads several years ago while I was Chief, that model could supersize case development with the right investment from IRA money. This could reduce the amount of cases that are closed without action, increase the complexity of cases that are selected, and ultimately increase tax compliance by showing the public that illegal tax and other financial crimes are not a profitable business and that there are serious repercussions for non-compliance.

As mentioned, I spent my career with the Criminal Investigation Division within the IRS - the only agency with the authority to investigate and recommend prosecution for violations of the tax code. CI forms the backbone of the voluntary compliance regime that our tax system depends on. Let me say that again – CI is the only agency in our government allowed to investigate and recommend prosecution of federal tax crimes. The fact that you can be incarcerated for committing felony tax crimes in the United States provides a strong deterrent to those looking to take an unfair advantage over their neighbors and business competitors. Without sustained funding for rigorous enforcement, the system of voluntary compliance will continue to erode.

While what follows is a glowing report of the successes of CI, what this testimony does not include is all of the criminals CI did not investigate due to a lack of resources over the years. Commonly referred to as the “best financial investigators in the world,” CI does not have the investigative capacity to work all the investigations that demand attention by the IRS and DOJ. CI could spend 100% of their time on any one program area and still not root out all crime in that program area. Trying to pick the most impactful cases that will create deterrence in each program area in each neighborhood in America has been the formula for success for many years. And while CI has achieved incredible results with a diminishing budget for years now, the amount of money left on the table by not investigating various egregious crimes where resources were not available is unfortunate and not fair to those of us that pay our fair share. IRA money is expected to close this gap for CI just as it will in other areas for the rest of the service.

CI’s services are in high demand by both the Department of Justice (DOJ) and by US Attorney Offices around the country. There simply are not enough resources to work the priorities of the DOJ and the IRS alike. If you took a survey of the US Attorney’s Offices, you would quickly learn the immeasurable value that the men and women of IRS:CI bring to all their investigations. Prosecutors want the best financial investigators on all their cases and sometimes compromises must be made to ensure CI works those cases that have the biggest impact on the most people. Why should we have to compromise on significant tax and financial crime cases? Why should the world and our financial systems be less safe because we are not investing in the right places? This seems like an unnecessary choice to me.

When difficult choices are made involving case selection and strong, righteous cases are not worked due to resource issues, the loser is the American public. Every major law enforcement agency brings their strengths to the table – CI’s strengths are investigating financial crimes, often complex financial crimes. IRS:CI devotes 100% of their resources to investigating financial crimes. Virtually every alleged federal crime involves greed, and where there is greed there is money. Following the money is what CI does best and that is backed up with a 92% conviction rate, believed to be one of the highest in federal law enforcement. Like the rest of the IRS, CI understands the important role of oversight. They welcome that oversight as no one should expect a blank check without showing a return on the investment from the American taxpayer. This produces trust in the agency and is vital in today’s world.

In a system where resources are not without end, deterrence must play a significant role in enforcement. IRS:CI endeavors to maximize publicity of CI prosecutions to provide a strong deterrent message to would-be tax evaders and those who commit other financial crimes. This helps ensure integrity and fairness in the tax system. This is a fundamental premise to all prosecuted federal financial crimes. There are not enough resources to investigate the way out of the problem, so publicity and deterrence plays a key role. The IRS's relevance with regards to tax enforcement relies heavily on the ability of CI to investigate and recommend prosecution of criminal tax violations to DOJ. While tax violations are the bread and butter of the agency, CI investigates and plays a critical role in much more than just tax violations. When Congress authorized Bank Secrecy Act and Money Laundering jurisdictions for the agency more than 50 years ago, it was because Congress recognized the importance of addressing these crimes required the skills and expertise of IRS:CI to help "follow the money." For the last 50 years, there has been no agency better at following the money than IRS:CI and the role of IRS:CI has assisted in taking many dangerous organizations off the streets and has made Americans safer and our financial systems safer and more secure.

Dr. Jeffrey A. Dubin is Co-Founder and Partner in Pacific Economics Group and a tenured professor of Economics at the California Institute of Technology. He has spent his career analyzing microeconomic modeling with an emphasis on discrete-choice econometrics. His research includes the effect of enforcement and publicity on the deterrence of future crimes. In 2007, his research found that *"CI activities have a measurable and significant effect on voluntary compliance. Second, it concludes that the mix of sentenced cases (for tax and money laundering violations) is not a significant determinant of tax compliance. Third, it finds that incarceration and probation (rather than fines) have the most influence on taxpayers...Doubling CI tax and money laundering sentences is forecast to increase assessed collections by \$16.0 billion. It estimates the general deterrence or spillover effects from either audit or CI activities to be approximately 95 percent."*

Program Areas

What follows is a small example of the types of cases in which CI has led or has been significantly involved in over the last few years. These cases show the breadth and skill of CI's Special Agents in various types of fraud and criminal activity that have had significant impacts on the financial system at home and overseas. Despite being underfunded for many years, CI has consistently outperformed expectations. Increased funding to CI would obviously mean an increase in impactful cases/investigations. This increase in CI's pipeline would mean more criminals are held accountable, more deterrence to committing these crimes is created, and the domestic and global financial system is protected from the flow of illicit funds.

It should also be noted that most of these cases were worked in a multi-agency environment, with DOJ, one or more federal agencies and often with one or more private industry partners. The use of multi-agency investigations is a force multiplier in complex federal investigations. Reduced funding for IRS:CI means reduced effectiveness for federal multi-agency investigations. Taking away one critical federal agency, such as IRS:CI is akin to losing a link in a chain. This means fewer or less effective investigations of narcotic traffickers, child exploiters, terrorist financing organizations, Ponzi schemes, sanctions investigations and all other investigations that utilize this proven recipe for success.

Tax Investigations

IRS:CI is the only federal law enforcement agency authorized to investigate Title 26 (federal criminal tax) violations. Priority areas include abusive tax schemes, employment tax fraud, non-filers, questionable refund program, international tax enforcement, abusive return preparers, identity theft and many

others. Crossover between tax and non-tax crimes is common and the effective utilization of multi-agency investigations is utilized in many federal tax investigations.

Wealthy taxpayers have historically been able to shield themselves from the scrutiny of the tax authorities through complicated, but legal tax strategies. So, it stands to reason that to tackle this disparity in compliance rates, the IRS should consider a more equitable allocation of enforcement resources by addressing tax scams and other illegal activities that benefit the rich without targeting low- and middle-income earners. IRA funding should bridge this gap and allow CI to use data analytics, increased staffing, and better coordination with civil partners to find the most egregious tax cases to work.

Case examples include:

Kingston Investigation – 3/16/2020

<https://www.irs.gov/compliance/criminal-investigation/jury-finds-los-angeles-businessman-guilty-in-1-billion-biodiesel-tax-fraud-scheme>

- Washakie Renewable Energy (WRE) was a company owned by Jacob and Isaiah Kingston and located in Utah. WRE made false claims for fuel excise tax credits exceeding \$1.1 Billion.
- Lev Dermen sentenced to 40 years and Jacob Kingston sentenced to 18 years among others.

Brockman Investigation – 10/15/2020

<https://www.justice.gov/opa/pr/ceo-multibillion-dollar-software-company-indicted-decades-long-tax-evasion-and-wire-fraud>

- Robert Brockman, the CEO of an Ohio-based software company, was indicted with tax evasion, wire fraud, money laundering, and other offenses. The charges stem from a decades-long scheme to conceal approximately \$2 billion in income from the IRS as well as a scheme to defraud investors in the software company's debt securities.
- Brockman passed away before he could face trial.

Antonieta Mena - 6/24/21 (10 years); Melanie Wilhelm - 8/13/2021 (27 mon)

<https://www.justice.gov/usao-sdfl/pr/owner-immigration-business-pleads-guilty-defrauding-uscis-and-irs>

- Subjects conspired to steal approximately \$1.8 million from the Treasury by directing fraudulently obtained tax refund checks through an attorney client/trust accounts.
- Refund checks were issued based on false tax returns using stolen identities from target immigration business and proceeds were used to purchase about a dozen investment properties and support subject's lifestyle.

Singapore Solution – 9/28/2021

<https://www.justice.gov/opa/pr/indictment-unsealed-against-six-individuals-and-foreign-financial-service-firm-tax-evasion>

- Six people offshore financial service executives and a Swiss financial services company were charged with conspiracy to defraud the IRS by helping three large-value U.S. taxpayer-clients conceal more than \$60 million in income and assets held in undeclared, offshore bank accounts and to evade U.S. income taxes.

Credit Suisse – 5/2014

<https://www.justice.gov/opa/pr/credit-suisse-pleads-guilty-conspiracy-aid-and-assist-us-taxpayers-filing-false-returns>

- Bank admitted to helping U.S. taxpayers hide offshore accounts from IRS and agreed to pay \$2.6 billion, the highest ever payment in a criminal tax case investigation; also led to indictment of eight Credit Suisse employees since 2011.
- The plea agreement, along with agreements made with state and federal partners, provided that Credit Suisse would pay a total of \$2.6 billion - \$1.8 billion to the Department of Justice for the U.S. Treasury, \$100 million to the Federal Reserve, and \$715 million to the New York State Department of Financial Services.

Narcotics/Counterterrorism/National Security Investigations

IRS:CI targets the illicit financial flows of Transnational Criminal Organizations to reduce the economic incentive of narcotics trafficking, terrorist financing, and money laundering. IRS:CI has key positions and is an equal partner with sister federal agencies to enhance operational coordination with a variety of agencies to include the Drug Enforcement Agency (DEA), the Organized Crime Drug Enforcement Task Force (OCDEF) Fusion Center, FinCEN, the High Intensity Drug Trafficking Areas (HIDTA), Joint Terrorism Task Force (JTTF) and National Counterintelligence Task Force (NCITF) to name a few. Investigations involve money laundering (Title 18) and currency violations (Title 31). IRS:CI is the largest user of Bank Secrecy Act data to identify significant financial criminal activity. IRS:CI recently released data showing that over the past three fiscal years, more than 83% of IRS:CI criminal investigations recommended for prosecution had a primary subject with a related BSA filing. Convictions in those cases resulted in average prison sentences of 38 months, \$7.7 billion in asset seizures, \$256 million in restitution, and \$225 million in asset forfeitures. Approximately 15.8% of all IRS:CI investigations opened during FY22 originated from a BSA form. Investigative areas from this data include money laundering, narcotics, public corruption, corporate fraud, terrorism, healthcare fraud, financial institution fraud.

Case examples include:

Operation SpecTor – 5/2/23

<https://www.justice.gov/opa/pr/largest-international-operation-against-darknet-trafficking-fentanyl-and-opioids-results>

- Operation SpecTor was a coordinated international effort that spanned three continents to disrupt dark web fentanyl and opioid trafficking. Operation SpecTor is a Joint Criminal Opioid and Darknet Enforcement (JCODE) operation targeting darknet trafficking of fentanyl and opioids.
- The operation resulted in 288 arrests – the most ever for any JCODE operation and nearly double that of the prior operation. Law enforcement conducted more seizures than any prior JCODE operation, which included 117 firearms, 850 kilograms of drugs, including 64 kilograms of fentanyl or fentanyl-laced narcotics and \$53.4 million in cash and virtual currency.

El Chapo – 2/12/19

<https://www.justice.gov/opa/pr/joaquin-el-chapo-guzman-sinaloa-cartel-leader-convicted-running-continuing-criminal>

- Joaquin Archivaldo Guzman Loera, known by various aliases, including “El Chapo” and “El Rapido,” was convicted of being a principal operator of a continuing criminal enterprise – the Mexican organized crime syndicate known as the Sinaloa Cartel – a charge that includes 26 drug-related violations and one murder conspiracy.

- Guzman Loera was convicted of all 10 counts of a superseding indictment, including narcotics trafficking, using a firearm in furtherance of his drug crimes and participating in a money laundering conspiracy.

El Chapitos – 4/14/23

<https://www.irs.gov/compliance/criminal-investigation/four-of-chapos-sons-indicted-for-large-scale-drug-trafficking-money-laundering-and-violent-crimes-as-alleged-leaders-of-sinaloa-cartel>

- El Chapitos, El Chapo's four children, who led the Sinaloa cartel along with Mayo and Damaso Lopez Nunez, coordinated the cartel's drug trafficking activities with other members and associates of the cartel to import large quantities cocaine from Central/South American countries into Mexico and then further distribute the cocaine as well as heroin, methamphetamine, and marijuana into the United States, including the Chicago area, and other areas abroad.

Vasquez-Hernandez – 11/24/14

<https://www.justice.gov/usao-ndil/pr/sinaloa-cartel-member-sentenced-22-years-federal-prison-plea-agreements-unsealed>

- Alfredo Vasquez-Hernandez, 59, was sentenced to 22 years in prison for his role in a \$1 billion trafficking conspiracy.
- Vasquez-Hernandez was a high-ranking member of the Sinaloa cartel and a close lieutenant of Joaquin 'El Chapo' Guzman.
- Hernandez was the logistics man behind shipping tons of drugs by train from Mexico to Chicago concealed amid furniture cargo

Aguirre – 12/03/21

<https://www.irs.gov/compliance/criminal-investigation/sinaloa-cartel-leader-convicted>

- Herman Aguirre, the leader of transnational drug conspiracy tied to the El Chapo Mexican drug cartel, was convicted of narcotics conspiracy, and operating a continuing criminal enterprise and money laundering conspiracy. He was sentenced to serve life in prison.
- Aguirre was the leader of a transnational drug trafficking organization that utilized contacts and a source of supply whose territory included Mexico, Arizona, California, and elsewhere. The source of supply was the Sinaloa Cartel, led by Joaquín "El Chapo" Guzmán and Ismael "El Mayo" Zambada.

Kleptocracy

Current investigations involving Russian oligarchs, corrupt politicians, and those who facilitate the illicit movement of money on behalf of sanctioned individuals or organizations are a priority for all law enforcement and CI is an active participant in the Kleptocapture Taskforce by DOJ and joined the task force at its inception. IRS:CI investigators are not only experts in tracing assets and understanding the complex global financial world, but they also work seamlessly with law enforcement partners across the globe to ensure the integrity of the US financial system on behalf of U.S. taxpayers. Just last week, IRS:CI made news by training three Ukrainian law enforcement agencies with the help of private sector partners in crypto and cyber tools. IRS:CI's asset seizure and forfeiture program utilizes seizure and forfeiture authority as an investigative tool to disrupt and dismantle criminal enterprises. The program seeks to deprive criminals of property used in or acquired through illegal activities.

IRS:CI has active investigations involving Russian oligarchs, corrupt politicians, and those who facilitate the illicit movement of money on behalf of sanctioned individuals or organizations. When a foreign corrupt government official receives bribes, they will many times use a third party to move, or launder, those illegal proceeds to buy properties, cryptocurrencies, and many other assets. If any of those move into or through the United States financial systems, IRS:CI investigators can trace the money trail. IRS:CI targets the third-party money launderers because it allows investigators to identify a stream of illegal funds from multiple corrupt officials. Once assets are identified, IRS:CI will move to seize and forfeit the assets. IRS:CI's role in protecting the integrity of sanctions issued by the US Government is a critical component to the overall US response to the Russian invasion of Ukraine and other global conflicts.

Case examples include:

Zong Money Laundering/IEEPA Case – 12/7/2018

<https://www.justice.gov/usao-ak/pr/former-anchorage-resident-sentenced-federal-prison-international-money-laundering>

- In December 2018, in Anchorage, Alaska, Mitchell Zong was sentenced to 30 months in prison for conspiracy to commit money laundering with his father, Kenneth Zong. Mitchell Zong laundered approximately \$980,000 of Iranian derived funds knowing the funds came from his father's illegal transactions with Iranian nationals.
- Kenneth Zong had been under indictment in the District of Alaska for 47 violations of International Emergency Economic Powers Act (IEEPA), Providing Unlawful Services to the Government of Iran, Conspiracy to Commit Money Laundering, and Money Laundering.

UniCredit Bank IEEPA Case – 4/15/2019

[UniCredit Bank AG Agrees to Plead Guilty for Illegally Processing Transactions in Violation of Iranian Sanctions | OPA | Department of Justice](#)

- In 2019, UniCredit Bank AG (UCB AG), a financial institution headquartered in Munich, operating under the name HypoVereinsbank and part of the UniCredit Group agreed to plead guilty to conspiring to violate IEEPA and to defraud the United States by processing hundreds of millions of dollars of transactions through the U.S. financial system on behalf of an entity designated as a weapons of mass destruction proliferator and other Iranian entities subject to U.S. economic sanctions.
- UniCredit Bank Austria (BA), another financial institution in the UniCredit Group, headquartered in Vienna, Austria, agreed to forfeit \$20 million and entered into a non-prosecution agreement to resolve an investigation into its violations of IEEPA. UniCredit SpA, the parent of both UCB AG and BA, agreed to ensure that UCB AG and BA's obligations are fulfilled.

Cyber/Cryptocurrency Investigations

Since 2014, IRS:CI's Cyber Crimes has proportionately grown in both resources and results. Beginning with one Cyber Crimes Unit in the Washington, DC area consisting of eight agents and a few contractors, CI was able to successfully prosecute some of the first known criminal actors in this space (eg: Liberty Reserve, Silk Road and Btc-e). IRS:CI has led the charge in dismantling these dangerous financial criminal organizations. These investigations set the foundation and framework for future efforts. Soon after, CI established a second Cyber Crimes Unit in the Los Angeles Field Office followed by cyber coordinators across the nation and additional support personnel to provide investigative research and analysis. As staffing increased and capabilities expanded, CI saw an exponential growth in the results garnered. Steady and consistent funding will ensure that IRS:CI maintains their role as the leader in cryptocurrency financial investigations. The rampant growth of these financial crimes in the cryptocurrency area (Ponzi

schemes, rug pulls, romance scams, etc.) demand the full attention of the federal law enforcement community to root out fraud and ensure the integrity of the US financial system.

From FY14-FY15 when CI was first developing investigative efforts around this area, CI went from a handful of cases to approximately 150 in current inventory. Seizures associated with this program area have increased dramatically from approximately \$700,000 in FY2019 to current year values exceeding billions. CI Cyber Crimes Investigative Time has remained constant at approximately 6% based on the dedicated resources able to address this area of fraud. With additional resources and staffing to this program area, CI would expect to see similar and proportionate rates of growth in many of these statistical areas. The number of victims of cryptocurrency frauds continues to rise in the US. The funding associated with the Cyber Crimes initiative significantly enhances CI's ability to access, investigate and analyze information/evidence in an online environment. Investigative tools focused on cryptocurrency tracing, cryptocurrency tax basis calculations, dark web research, open-source intelligence and social media information are continuously assessed to increase the capabilities of CI personnel worldwide. These tools and resources will work in conjunction with the Advanced Collaboration and Data Center (ACDC) to provide a holistic framework for investigative action. ACDC is a Cyber-led, technology-focused resource that enables investigations through data, tools, and expertise. Its mission is to facilitate collaboration internally and externally, as well as equip all field, support, and cyber personnel with the tools and skills to drive the IRS:CI Mission.

Case examples include:

Welcome to Video – 10/16/19

<https://www.justice.gov/opa/pr/south-korean-national-and-hundreds-others-charged-worldwide-takedown-largest-darknet-child>

- Largest darknet marketplace for child exploitation
- Resulted in over 330 arrests and 23 kids saved who were being actively abused

Bitcoin Hamas – 8/13/2020

<https://www.justice.gov/opa/pr/global-disruption-three-terror-finance-cyber-enabled-campaigns>

- Investigation revolved around cryptocurrency fundraising for several terrorist organizations
- Hamas/Al Queda/ISIS used cryptocurrency fundraising intended to carry out criminal acts
- IRS CI shut this down - largest crypto seizure tied to terrorism to date

Silk Road \$1B Seizure - 11/5/2020

<https://www.justice.gov/usao-ndca/pr/united-states-files-civil-action-forfeit-cryptocurrency-valued-over-one-billion-us>

- This case involved cryptocurrency CI traced which was stolen from the administrator of Silk Road that we indicted several years ago

BITFINEX – 2/8/2022

<https://www.justice.gov/opa/pr/two-arrested-alleged-conspiracy-launders-45-billion-stolen-cryptocurrency>

- Two individuals were arrested in Manhattan for an alleged conspiracy to launder stolen cryptocurrency from a virtual currency exchange, presently valued at approximately \$4.5 billion. Thus far, law enforcement has seized cryptocurrency valued over \$3.6 billion linked to that hack.

BITCONNECT – 2/25/2022

<https://www.justice.gov/usao-sdca/pr/founder-fraudulent-cryptocurrency-charged-2-billion-bitconnect-ponzi-scheme>

- Satishkumar Kurjibhai Kumbhani, a citizen and resident of India, was indicted for his role in a massive criminal conspiracy involving the cryptocurrency company he founded, BitConnect.
- Kumbhani and his co-conspirators defrauded global investors of over \$2 billion—believed to be the largest cryptocurrency fraud ever charged.

Conclusion

Chairman Wyden, Ranking Member Crapo and Members of the Committee, thank you again for the opportunity to provide my perspective on this critically important issue. I believe the additional funding provided for the IRS in the IRA is a long-overdue game-changer for the agency, but if it is just a temporary infusion of cash and not a multi-year commitment, the service is likely to fail in its goals. As the adage goes, “You get what you pay for.” The need to balance enforcement with service is the magic mix that will be the difference between the agency being seen as an elite, highly sophisticated agency that helps taxpayers meet their obligations, or an agency that is heavy handed and focuses too much on enforcing laws and not enough time on helping others. For too long, the American public has picked up the tab for underfunding IRS enforcement. By investing in the IRS, we are investing in a set of institutions and infrastructure that are essential to the success and prosperity of our nation. I urge you to recognize the critical importance of consistent funding for the IRS, and to take action to ensure that the agency has the resources it needs to perform its vital functions.