

# [***IRS Criminal Chief Says Goodbye, Suggests What Might Be Next For The Agency***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BM9-PKN1-JBCM-F00W-00000-00&context=1516831)

Forbes.com

March 22, 2024 Friday

Copyright 2024 Forbes LLC All Rights Reserved

**Length:** 1836 words

**Byline:** Kelly Phillips Erb, Forbes Staff

**Highlight:** Earlier this year, the IRS announced Chief Jim Lee would retire from federal service. Lee began his career in 1995 as a special agent with IRS-CI in Detroit, Michigan.

**Body**

<figure>

<figcaption>

Chief Jim Lee, IRS-CI

IRS Criminal Investigation

</figcaption></figure>

In some ways, my phone call with IRS Criminal Investigation (IRS-CI) Chief Jim Lee earlier this week was the same as many calls I've been on before with IRS-CI. Lee, who was traveling, was calling from the road a hazard of the job, I learned long ago. He joked about having a lot to say my pen was ready.

But this call was also different. This was the one where he said goodbye.

Earlier this year, the IRS announced Lee wouldretire from federal service. The announcement took many, including me, by surprise, though Lee says that he's been eligible to retire for four years. "I've just never been in a hurry" to do it, he explains.

Lee began his career in 1995 as a special agent with IRS-CI in Detroit, Michigan. "My entire career has been with IRS-CI," he says.

His resume bears that out. He has served as the special agent in charge of the New Orleans Field Office and the executive special agent in charge of the Chicago Field Office. Lee has also served in other executive roles for CI, including director of strategy, director of northern field operations, director of southern field operations, and deputy chief. He half-jokes that he held every position at IRS-CI. "It certainly helps to be surrounded by talent," he says.

Then, in 2020, he was named Chief. "I was honored to even have the opportunity to serve as Chief," he says. (It also explains skipping that retirement.) It helped tremendously, he said, to have the support of his family.

Lee has led IRS-CI since October 2020. It s the sixth-largest law enforcement agency in the U.S. and is the criminal investigative arm of the IRS, responsible for conducting financial crime investigations like tax fraud, narcotics trafficking, money laundering, public corruption, healthcare fraud, and identity theft. While other federal agencies also have investigative jurisdiction for money laundering and some bank secrecy act violations,IRS is the only federal agencythat can investigate potential criminal violations of the tax code.

It s a big job and he s been there a long time. But when asked to identify some of his proudest moments, he falters. "That," he says, "is incredibly hard to answer."

That s because, he says, there have been a lot of those proud moments.

He eventually cites his 2023 Presidential Rank Award (PRA) for Distinguished Service. A PRA is awarded by the President of the United States and is one of the most prestigious awards in career civil service, recognizing important contributions of public servants across the federal government.

He then turns to the kinds of complex financial investigations that he's been involved in, at a cadence that we in the press have come to recognize. His quick pace is indicative of his enthusiasm for the cases.

First, he references thetakedown of Hydra Market, touted as the world's largest darknet market. Hydra was launched in 2015 and, according to the Department of Justice, enabled users in mainly Russian-speaking countries to buy and sell illicit goods and services, including illegal drugs, stolen financial information, fraudulent identification documents, and money laundering and mixing services, anonymously and outside the reach of law enforcement. According to the Department of Justice, in 2021, Hydra accounted for an estimated 80% of all darknet market-related cryptocurrency transactions, and since 2015, the marketplace has received approximately $5.2 billion in cryptocurrency.

He mentions the39-count indictment against Robert T. Brockman, then-chairman and CEO of The Reynolds and Reynolds Company. Brockman, ranked#601 on Forbes' billionaires list in 2022, was accused of hiding over $2 billion in income from the IRS over 20 years, which the division called the largest-ever tax charge against an individual in the United States. As part of the fraud, he allegedly used a network of entities in Bermuda and Nevis and secret bank accounts in Bermuda and Switzerland. Brockman died in 2022 before he could face trial.

<figure>

<figcaption>

U.S. Attorney General Merrick Garland speaks at a news conference at the U.S. Department of Justice Building on November 21, 2023 in Washington, DC. Garland held the news conference to announce new cryptocurrency enforcement actions being taken against Binance who will plead guilty to U.S. money laundering. Lee is second from the right. (Photo by Anna Moneymaker/Getty Images)

Getty Images

</figcaption></figure>

He notes the2023 Binance plea, calling it a "significant case." Binance, which operated the world's largest cryptocurrency exchange, pleaded guilty and agreed to pay over $4 billion to resolve an investigation into violations related to the Bank Secrecy Act, failure to register as a money-transmitting business, and the International Emergency Economic Powers Act (IEEPA). Binance's founder and chief executive officer (CEO), Changpeng Zhao, a Canadian national, also pleaded guilty to failing to maintain an effective anti-money laundering (AML) program in violation of the BSA Zhao resigned as CEO of Binance. Lee said about the case at the time, "When you put growth above compliance, you end up in hot water. He added, "When you do so, your business becomes a playground for bad actors. Hundreds of millions of dollars in illicit proceeds from ransomware variants, darknet transactions, and various internet-related scams moved through Binance in an attempt to evade detection by law enforcement."

He references work onWelcome to Video. The site, considered the largest dark web child pornography site in the world, was taken down as part of a collaborative effort. For its part, IRS-CI was able to trace bitcoin transactions on the site to people all over the world who were uploading and downloading this material, as well as find the location of the site administrator. By analyzing the blockchain and de-anonymizing bitcoin transactions, the agency could identify hundreds of predators around the world even though those users thought they could remain anonymous. In addition to arrests and seizures, the operation was also responsible for the rescue of at least 23 minor victims residing in the U.S., Spain, and the United Kingdom, who were being actively abused by the users of the site.

Finally, he talks about his role as an active leader in the Joint Chiefs of Global Tax Enforcement,known as the J5, committed to combatting transnational tax crime through increased enforcement collaboration. The J5 collaborates to gather information, share intelligence, conduct operations, and build the capacity of tax crime enforcement officials. "Representing the U.S." in that capacity, he says, "is an honor." He notes that the J5 has strengthened international law enforcement partnerships as they work to curb global tax fraud. "You can't do this alone," he adds.

Overall, he seems most proud of the agency's growth and not in terms of numbers. He's witnessed a lot of change. The division, he says, has transformed into a "cutting-edge, data-centric law enforcement agency." That has also changed the way that IRS-CI identifies cases. "There is so much data out there," he says.

He still thinks about the agency's future even though he won't be there much longer. He expects to see IRS-CI continue to build in the areas of analytics, cyber, and tech. That, he says, has been intentional. And, he says, "it's only going to be amplified."

He stops before adding, "I love talking about this."

Overall, he says, crime is still crime. That hasn't changed. As times change, the motives haven't. "People will dream up ways to take advantage of people," he notes. What has changed, he explains, is the speed of crimes and how they do it it's so convenient to move money today. The complexity of those money laundering cases can be challenging. IRS-CI is, he notes, continuing to evolve in ways that help them meet those challenges.

Last year, Lee announced that IRS-CI would launch anew cyber center. The Advanced Collaboration and Data Center (ACDC) has taken a bit longer than Lee hopes "supply chain," he jokes but the brick-and-mortar center is coming.

Typically, agency bosses won't talk ***politics*** or specifics about laws they leave that to the regulators, Lee reminds me but I'm hopeful he might make an exception to talk about the Corporate Transparency Act (CTA) on his way out. He won't take the bait. But he does offer this take from a law enforcement perspective, "When it takes longer to unravel, it harms the public, those who are playing by the rules." When certain kinds of information are more easily available, it means that law enforcement can shift resources elsewhere.

Resources are something he is willing to talk about. "Those 87,000 armed agents," he sighs.

He's referring to the myths that went flying in 2022 and 2023 over IRS funding in theInflation Reduction Act. The extra money was intended to help the IRS pick up 87,000 new workers including customer service and IT workers over the next decade. However, the statements were, well, weaponized in the public arena, suggesting that the IRS was arming its entire workforce. That was, he says, "wildly inappropriate and dangerous."

The IRS, he notes, doesn't even have that kind of manpower in all sectors combined.In fiscal year 2022, the IRS used 79,070 full-time equivalent positions in conducting its work (a decrease of 9.1% since fiscal year 2013).

IRS-CI comprises about 2-3% of that total today. Lee says personnel is around 3,200 to 3,300, with 2,200 sworn officers. Those sworn officers, he confirms, are armed. But, he says, they should be. They are "working some of the most dangerous cases" out there, emphasizing their work tracking criminals.

We switch gears a minute. I ask about what's coming next and he starts talking excitedly about the new guy literally.Guy Ficco will take overas Chief after Lee. Citing Ficco's long-term experience, Lee raves that he has a "lot of respect" for Ficco. "I am really proud of him to step into the Chief role," he adds.

He thinks Ficco will add to IRS-CI's storied history as the world's premiere financial agency. He pauses to remind me that those aren't just his words. Their peers gave them that title, he boasts. But, he notes, "You can't keep a reputation for life. You have to keep it, enhance it."

He expects to see that continue. The division, which he notes is excellent at growing leaders, has been hiring and training new agents. And in addition to Ficco and himself both IRS-CI lifers he cites his predecessor, Don Fort. The agency is, he cracks, "continuing to build that farm team."

IRS-CI will get even better, he believes. They just have to invest in the right tools to keep pace with fraudsters. This new tech world is incredibly exciting, he adds.

I get the feeling that he could talk about this for a while, and I'm not surprised. Lee has always been willing to speak about IRS-CI and their mission. It's been his life for over 29 years. "When I reflect back," he says, "it wasn't just a job for me. It was a career."

**Load-Date:** March 26, 2024

**End of Document**