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Watch: NCLA Releases Tax Day Video on IRS's Unlawful Collection of Cryptocurrency Owners' Data

James Harper v. Charles P. Rettig, et al.



Photo: James Harper

Washington, DC (May 17, 2021) – Much has changed in the lives of Americans since last tax season, including the day we file our taxes. What has not changed is the resolve of NCLA client James Harper to challenge the IRS's unbridled power to demand and seize Americans' private financial information without judicial process.

This Tax Day, the New Civil Liberties Alliance, a nonpartisan, nonprofit civil rights group, released a [video](#) featuring Mr. Harper's case, *James Harper v. Charles P. Rettig, et al.*, currently pending review in the U.S. Court of Appeals for the First Circuit.

On August 9, 2019, Mr. Harper received a letter from the IRS informing him that the agency had obtained his financial records related to his cryptocurrency ownership. As it turned out, he was one of more than 10,000 cryptocurrency owners who received such a letter. Mr. Harper paid all applicable taxes and diligently reported every transaction he had made using three virtual currency exchanges: Coinbase, Abra, and Uphold.

Although each exchange had contractually promised Mr. Harper to protect his private information, the IRS issued a demand for his data without reasonable suspicion and without a judicial warrant or subpoena, in violation of his Fourth and Fifth Amendment constitutional rights. The First Circuit should address the breadth of abuse related to these unlawful fishing expeditions and correct an error relating to the Anti-Injunction Act (AIA).

The federal district court tossed the case in March under a theory that the AIA bars suits over "the assessment or collection of any tax." Only this case is not about collecting taxes. Harper already paid all applicable taxes and never disputed the amount he owed. His lawsuit instead challenges IRS's violation of his constitutional rights.

The First Circuit's job should be made easier by today's Supreme Court decision. In *CIC Services, LLC v. IRS*, the Court held that the AIA does not bar suits like Mr. Harper's that do not challenge tax assessment or collection, but rather the IRS's unconstitutional and intrusive information-gathering practices.

Excerpts from the video:

“The danger here is that the IRS is looking at all of your private financial information: your name, your address, your bank account number, and all of the transactions that you’ve engaged in. They’re looking at it to see what you’re up to, just in case they think that a crime has occurred. That’s not what we expect out of law enforcement, and that is a gross invasion of our privacy.”

— **Caleb Kruckenberg, Litigation Counsel, NCLA**

“There is no IRS exception to the U.S. Constitution. The IRS did not follow the Fourth Amendment requirements of legally obtaining Mr. Harper’s private financial information. They did not obtain a warrant. They did not obtain a subpoena. They did not obtain a court order. They did not give Mr. Harper an opportunity to respond. They did not even notify Mr. Harper that they were seeking this information. That is wrong.”

— **Adi Dynar, Litigation Counsel, NCLA**

“I’m hopeful that this case will show not only that the IRS was wrongful in gathering information about cryptocurrency users for no reason, but also, that it may establish good law that shows that agencies can’t just dip into any warehouse of information when they feel like it. They have to follow the rules just like you and I do.”

— **James Harper, Plaintiff, *Harper v. Rettig***

For more information about this case visit [here](#).

ABOUT NCLA

[NCLA](#) is a nonpartisan, nonprofit civil rights group founded by prominent legal scholar [Philip Hamburger](#) to protect constitutional freedoms from violations by the Administrative State. NCLA’s public-interest litigation and other pro bono advocacy strive to tame the unlawful power of state and federal agencies and to foster a new civil liberties movement that will help restore Americans’ fundamental rights.

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