IRS Criminal Investigation

Only an Accountant could catch Al Capone

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Criminal Investigation Mission

CI Services the American public by investigating criminal violations of the Internal Revenue Code and related financial crimes in a manner that fosters confidence in the tax system and compliance with the law.
Criminal Investigation Division

- Enforcement of the Tax Laws, Money Laundering Control Act and Bank Secrecy Act Laws.
- Issue Summons and Examine Records
- Interviews
- Search Warrants
- Undercover Operations
- Seize Property for Forfeiture
- Arrests
Compliance Strategy

• Legal Source Tax Crimes
• Refund Fraud
• Illegal Source Financial Crimes
• Narcotics Related Financial Crimes
• Identity Theft
• Counter-Terrorism
What is Refund Fraud?

Refund fraud results from the filing of federal income tax return(s) that are supported by false information/statements with the intent to defraud the government.
Detecting Refund Fraud

• Joint investigations and disclosure agreements with state governments.
• CI has 4 Scheme Development Centers (SDCs) whose primary mission is detecting refund fraud.
• Questionable Refund Program
• Return Preparer Program
Questionable Refund Program (QRP)

Schemes consist of individuals filing tax returns claiming false income tax refunds that are generally based on false Federal income tax withholdings or false refundable credits, for example First Time Homebuyer Credit.
Return Preparer Program (RPP)

Schemes consist of abusive Return Preparers that prepare false income tax returns for their clients.
What is Identity Theft?

• Identity theft occurs when someone uses your personal information such as your name, Social Security number (SSN) or other identifying information, without your permission, to commit fraud or other crimes.

• The FTC estimates that as many as 12.6 million Americans have their identities stolen each year, costing Americans nearly 21 billion dollars in 2012.
What is Identity Theft?

• Identity theft occurs when someone uses your personal information such as your name, Social Security number (SSN) or other identifying information, without your permission, to commit fraud or other crimes.

• The FTC estimates that approximately 15 million Americans have their identities stolen each year, with financial losses totaling upwards of $50 billion.
Identity Theft

Stolen Identities are obtained through various methods:

- Dumpster Diving
- Skimming
- Phishing
- Theft
- Fraud
Detecting Identity Theft

- Congressional hearings
- Implementation of a SDC dedicated to Identity Theft
- Identity Theft Clearing House
- Department of Justice: Identity Theft Interagency Working Group
- Identity Theft Task Forces
Current Trends in Identity Theft

• Refund Schemes perpetrated by prisoners/gangs
• Stolen dependants for additional credits (EITC)
• Use of identity by prior year tax return preparer
• Use of identities of those not likely required to file a Federal tax return
• Use of non-wage and withholding tax returns (i.e. Interest Income, Schedule D, Schedule C)
• Use of Prepaid cards
Identity Theft Protection

• Don’t carry your Social Security card with you.
• Don’t give a business your SSN just because they ask. Give it only when required.
• Protect your financial information.
• Check your credit report every 12 months.
• Secure personal information in your home.
• Protect your personal computers by using firewalls, anti-spam/virus software, update security patches, and change passwords for Internet accounts often.
• Don’t give personal information over the phone, through the mail or on the Internet unless you have initiated the contact or you are sure you know who you are dealing with.
Indication of Identity Theft
(IRS Notices)

• More than one tax return filed on your behalf.
• You have a balance due, refund offset or have had collection actions taken against you for a year you did not file a tax return.
• IRS records indicate you received wage from an employer unknown to you
Protect Your Tax Records

• Contact IRS Identity Protection Specialized Unit at 1-800-908-4490 if you suspect your identity may become stolen as the result of a recent action or lose of identification documents.

• Contact the IRS and complete Form 14039 (IRS Identity Theft Affidavit) if you believe your identity has already been compromised.
IRS-CI Annual Report 2015

• Priorities
• Business Results
  • Overall
  • Various Program Areas
ID Theft Schemes

CASE EXAMPLES
Questionable Refund Schemes

CASE EXAMPLES
Abusive Preparer Schemes

CASE EXAMPLES
Questions?