



PRESS RELEASE

Internal Revenue Service - Criminal Investigation
Seattle Field Office
Special Agent in Charge Teri Alexander

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Contact: Ryan Thompson
IRS – Criminal Investigation
1201 Pacific Ave Ste 520
Tacoma, WA 98402
206-391-2768
Ryan.thompson@ci.irs.gov
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Businesses in US territories are required to file Form 8300 with the IRS on cash transactions of \$10,000 or more.

Seattle, WA – The IRS reminds businesses in U.S. territories that they must file Form 8300 when they engage in cash transactions in excess of \$10,000. Businesses must file Form 8300, *Report of Cash Payments Over \$10,000 Received in a Trade or Business*, with the U.S. Internal Revenue Service within 15 days of the transaction.

The requirement to file form 8300 applies if a person or entity engages in business and receives more than \$10,000 cash in a transaction or in two or more related transactions, any portion of which occurs in any U.S. possession or territory, including American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, Puerto Rico, and the U.S. Virgin Islands. The requirement to file Form 8300 with the IRS is in addition to any filing obligation the business may also have with U.S. territory tax authorities under similar territory rules, including under a U.S. territorial mirror income tax code.

Examples of businesses that may have to file Form 8300 include those that sell jewelry, furniture, boats, aircraft, or automobiles, as well as those that are pawnbrokers, attorneys, real estate brokers, insurance companies, and travel agencies.

Cash includes the coins and currency of the United States and a foreign country. Cash may also include cashier's checks, bank drafts, traveler's checks, and money orders with a face value of \$10,000 or less. The law requires that businesses report transactions when customers use cash in a single transaction or a related transaction. Related transactions occur within a 24-hour period. If the same payer makes two or more transactions totaling more than \$10,000 in a 24-hour period, the

business must treat the transactions as one transaction and report the payments. A 24-hour period is 24 hours, not necessarily a calendar day or banking day.

“Federal laws that regulate the reporting of financial transactions are in place to detect and stop illegal activities, and we are reminding the public today to ensure everyone complies with the law ” stated Assistant Special Agent in Charge Thomas J. Gutierrez of IRS Criminal Investigation. “Structuring financial transactions in order to avoid currency reporting requirements is a criminal violation of federal law. We will vigorously pursue anyone who willfully fails to file the Form 8300.”

For additional information on the filing of Form 8300 with the IRS, including who must file, where to file, and other special circumstances, see the IRS website at: <http://www.irs.gov/Businesses/Small-Businesses-&-Self-Employed/IRS-Form-8300-Reference-Guide>.

For additional information about IRS Criminal Investigation, please visit www.irs.gov.

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Report of Cash Payments Over \$10,000 Received in a Trade or Business

Department of the Treasury
Internal Revenue Service

▶ See instructions for definition of cash.
▶ Use this form for transactions occurring after August 29, 2014. Do not use prior versions after this date.

For Privacy Act and Paperwork Reduction Act Notice, see the last page.

OMB No. 1506-0018
Department of the Treasury
Financial Crimes
Enforcement Network

1 Check appropriate box(es) if: a Amends prior report; b Suspicious transaction.

Part I Identity of Individual From Whom the Cash Was Received

2 If more than one individual is involved, check here and see instructions ▶

3 Last name 4 First name 5 M.I. 6 Taxpayer identification number

7 Address (number, street, and apt. or suite no.) 8 Date of birth (see instructions) M M D D Y Y Y Y

9 City 10 State 11 ZIP code 12 Country (if not U.S.) 13 Occupation, profession, or business

14 Identifying document (ID) a Describe ID ▶ c Number ▶ b Issued by ▶

Part II Person on Whose Behalf This Transaction Was Conducted

15 If this transaction was conducted on behalf of more than one person, check here and see instructions ▶

16 Individual's last name or organization's name 17 First name 18 M.I. 19 Taxpayer identification number

20 Doing business as (DBA) name (see instructions) Employer identification number

21 Address (number, street, and apt. or suite no.) 22 Occupation, profession, or business

23 City 24 State 25 ZIP code 26 Country (if not U.S.)

27 Alien identification (ID) a Describe ID ▶ c Number ▶ b Issued by ▶

Part III Description of Transaction and Method of Payment

28 Date cash received M M D D Y Y Y Y 29 Total cash received \$.00 30 If cash was received in more than one payment, check here ▶ 31 Total price if different from item 29 \$.00

32 Amount of cash received (in U.S. dollar equivalent) (must equal item 29) (see instructions):
a U.S. currency \$.00 (Amount in \$100 bills or higher \$.00)
b Foreign currency \$.00 (Country ▶)
c Cashier's check(s) \$.00 Issuer's name(s) and serial number(s) of the monetary instrument(s) ▶
d Money order(s) \$.00
e Bank draft(s) \$.00
f Traveler's check(s) \$.00

33 Type of transaction a Personal property purchased f Debt obligations paid
b Real property purchased g Exchange of cash
c Personal services provided h Escrow or trust funds
d Business services provided i Bail received by court clerks
e Intangible property purchased j Other (specify in item 34) ▶
34 Specific description of property or service shown in 33. Give serial or registration number, address, docket number, etc. ▶

Part IV Business That Received Cash

35 Name of business that received cash 36 Employer identification number

37 Address (number, street, and apt. or suite no.) Social security number

38 City 39 State 40 ZIP code 41 Nature of your business

42 Under penalties of perjury, I declare that to the best of my knowledge the information I have furnished above is true, correct, and complete.

Signature ▶ _____ Authorized official Title ▶ _____

43 Date of signature M M D D Y Y Y Y 44 Type or print name of contact person 45 Contact telephone number

Multiple Parties

(Complete applicable parts below if box 2 or 15 on page 1 is checked.)

Part I Continued—Complete if box 2 on page 1 is checked

Form section for Part I, first entry. Fields include: 3 Last name, 4 First name, 5 M.I., 6 Taxpayer identification number, 7 Address (number, street, and apt. or suite no.), 8 Date of birth (see instructions), 9 City, 10 State, 11 ZIP code, 12 Country (if not U.S.), 13 Occupation, profession, or business, 14 Identifying document (ID) with sub-fields a Describe ID, c Number, and b Issued by.

Form section for Part I, second entry. Fields include: 3 Last name, 4 First name, 5 M.I., 6 Taxpayer identification number, 7 Address (number, street, and apt. or suite no.), 8 Date of birth (see instructions), 9 City, 10 State, 11 ZIP code, 12 Country (if not U.S.), 13 Occupation, profession, or business, 14 Identifying document (ID) with sub-fields a Describe ID, c Number, and b Issued by.

Part II Continued—Complete if box 15 on page 1 is checked

Form section for Part II, first entry. Fields include: 16 Individual's last name or organization's name, 17 First name, 18 M.I., 19 Taxpayer identification number, 20 Doing business as (DBA) name (see instructions), Employer identification number, 21 Address (number, street, and apt. or suite no.), 22 Occupation, profession, or business, 23 City, 24 State, 25 ZIP code, 26 Country (if not U.S.), 27 Alien identification (ID) with sub-fields a Describe ID, c Number, and b Issued by.

Form section for Part II, second entry. Fields include: 16 Individual's last name or organization's name, 17 First name, 18 M.I., 19 Taxpayer identification number, 20 Doing business as (DBA) name (see instructions), Employer identification number, 21 Address (number, street, and apt. or suite no.), 22 Occupation, profession, or business, 23 City, 24 State, 25 ZIP code, 26 Country (if not U.S.), 27 Alien identification (ID) with sub-fields a Describe ID, c Number, and b Issued by.

Comments – Please use the lines provided below to comment on or clarify any information you entered on any line in Parts I, II, III, and IV

Five horizontal lines provided for entering comments.

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Form 8300 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/form8300.

Important Reminders

- Section 6050I (26 United States Code (U.S.C.) 6050I) and 31 U.S.C. 5331 require that certain information be reported to the IRS and the Financial Crimes Enforcement Network (FinCEN). This information must be reported on IRS/FinCEN Form 8300.
- Item 33, box i, is to be checked only by clerks of the court; box d is to be checked by bail bondsmen. See *Item 33* under *Part III*, later.
- The meaning of the word “currency” for purposes of 31 U.S.C. 5331 is the same as for the word “cash” (See *Cash* under *Definitions*, later).

General Instructions

Who must file. Each person engaged in a trade or business who, in the course of that trade or business, receives more than \$10,000 in cash in one transaction or in two or more related transactions, must file Form 8300. Any transactions conducted between a payer (or its agent) and the recipient in a 24-hour period are related transactions. Transactions are considered related even if they occur over a period of more than 24 hours if the recipient knows, or has reason to know, that each transaction is one of a series of connected transactions.

Keep a copy of each Form 8300 for 5 years from the date you file it.

Clerks of federal or state courts must file Form 8300 if more than \$10,000 in cash is received as bail for an individual(s) charged with certain criminal offenses. For these purposes, a clerk includes the clerk’s office or any other office, department, division, branch, or unit of the court that is authorized to receive bail. If a person receives bail on behalf of a clerk, the clerk is treated as receiving the bail. See *Item 33* under *Part III*, later.

If multiple payments are made in cash to satisfy bail and the initial payment does not exceed \$10,000, the initial payment and subsequent payments must be aggregated and the information return must be filed by the 15th day after receipt of the payment that causes the aggregate amount to exceed \$10,000 in cash. In such cases, the reporting requirement can be satisfied by sending a single written statement with the

aggregate Form 8300 amounts listed relating to that payer. Payments made to satisfy separate bail requirements are not required to be aggregated. See Treasury Regulations section 1.6050I-2.

Casinos must file Form 8300 for nongaming activities (restaurants, shops, etc.).

Voluntary use of Form 8300. Form 8300 may be filed voluntarily for any suspicious transaction (see *Definitions*, later) for use by FinCEN and the IRS, even if the total amount does not exceed \$10,000.

Exceptions. Cash is not required to be reported if it is received:

- By a financial institution required to file FinCEN Report 112, BSA Currency Transaction Report (BCTR);
- By a casino required to file (or exempt from filing) FinCEN Report 112, if the cash is received as part of its gaming business;
- By an agent who receives the cash from a principal, if the agent uses all of the cash within 15 days in a second transaction that is reportable on Form 8300 or on FinCEN Report 112, and discloses all the information necessary to complete Part II of Form 8300 or FinCEN Report 112 to the recipient of the cash in the second transaction;
- In a transaction occurring entirely outside the United States. See Publication 1544, Reporting Cash Payments of Over \$10,000 (Received in a Trade or Business), regarding transactions occurring in Puerto Rico and territories and possessions of the United States; or
- In a transaction that is not in the course of a person’s trade or business.

When to file. File Form 8300 by the 15th day after the date the cash was received. If that date falls on a Saturday, Sunday, or legal holiday, file the form on the next business day.

Where to file. File the form with the Internal Revenue Service, Detroit Computing Center, P.O. Box 32621, Detroit, MI 48232.



You may be able to electronically file Form 8300 using FinCEN’s Bank Secrecy Act (BSA) Electronic Filing (E-Filing) System as an alternative method to filing a paper Form 8300. To get more information, visit the BSA E-Filing System, at <http://bsaefiling.fincen.treas.gov/main.html>.

Statement to be provided. You must give a written or electronic statement to each person named on a required Form 8300 on or before January 31 of the year following the calendar year in which the

cash is received. The statement must show the name, telephone number, and address of the information contact for the business, the aggregate amount of reportable cash received, and that the information was furnished to the IRS. Keep a copy of the statement for your records.

Multiple payments. If you receive more than one cash payment for a single transaction or for related transactions, you must report the multiple payments any time you receive a total amount that exceeds \$10,000 within any 12-month period. Submit the report within 15 days of the date you receive the payment that causes the total amount to exceed \$10,000. If more than one report is required within 15 days, you may file a combined report. File the combined report no later than the date the earliest report, if filed separately, would have to be filed.

Taxpayer identification number (TIN). You must furnish the correct TIN of the person or persons from whom you receive the cash and, if applicable, the person or persons on whose behalf the transaction is being conducted. You may be subject to penalties for an incorrect or missing TIN.

The TIN for an individual (including a sole proprietorship) is the individual’s social security number (SSN). For certain resident aliens who are not eligible to get an SSN and nonresident aliens who are required to file tax returns, it is an IRS Individual Taxpayer Identification Number (ITIN). For other persons, including corporations, partnerships, and estates, it is the employer identification number (EIN).

If you have requested but are not able to get a TIN for one or more of the parties to a transaction within 15 days following the transaction, file the report and use the comments section on page 2 of the form to explain why the TIN is not included.

Exception. *You are not required to provide the TIN of a person who is a nonresident alien individual or a foreign organization if that person or foreign organization:*

- Does not have income effectively connected with the conduct of a U.S. trade or business;
- Does not have an office or place of business, or a fiscal or paying agent in the U.S.;
- Does not furnish a withholding certificate described in §1.1441-1(e)(2) or (3) or §1.1441-5(c)(2)(iv) or (3)(iii) to the extent required under §1.1441-1(e)(4)(vii); or
- Does not have to furnish a TIN on any return, statement, or other document as required by the income tax regulations under section 897 or 1445.

Penalties. You may be subject to penalties if you fail to file a correct and complete Form 8300 on time and you cannot show that the failure was due to reasonable cause. You may also be subject to penalties if you fail to furnish timely a correct and complete statement to each person named in a required report. A minimum penalty of \$25,000 may be imposed if the failure is due to an intentional or willful disregard of the cash reporting requirements.

Penalties may also be imposed for causing, or attempting to cause, a trade or business to fail to file a required report; for causing, or attempting to cause, a trade or business to file a required report containing a material omission or misstatement of fact; or for structuring, or attempting to structure, transactions to avoid the reporting requirements. These violations may also be subject to criminal prosecution which, upon conviction, may result in imprisonment of up to 5 years or fines of up to \$250,000 for individuals and \$500,000 for corporations or both.

Definitions

Cash. The term “cash” means the following.

- U.S. and foreign coin and currency received in any transaction; or
- A cashier’s check, money order, bank draft, or traveler’s check having a face amount of \$10,000 or less that is received in a designated reporting transaction (defined below), or that is received in any transaction in which the recipient knows that the instrument is being used in an attempt to avoid the reporting of the transaction under either section 6050I or 31 U.S.C. 5331.

Note. Cash does not include a check drawn on the payer’s own account, such as a personal check, regardless of the amount.

Designated reporting transaction. A retail sale (or the receipt of funds by a broker or other intermediary in connection with a retail sale) of a consumer durable, a collectible, or a travel or entertainment activity.

Retail sale. Any sale (whether or not the sale is for resale or for any other purpose) made in the course of a trade or business if that trade or business principally consists of making sales to ultimate consumers.

Consumer durable. An item of tangible personal property of a type that, under ordinary usage, can reasonably be expected to remain useful for at least 1 year, and that has a sales price of more than \$10,000.

Collectible. Any work of art, rug, antique, metal, gem, stamp, coin, etc.

Travel or entertainment activity. An item of travel or entertainment that pertains to a single trip or event if the combined sales price of the item and all other items relating to the same trip or event that are sold in the same transaction (or related transactions) exceeds \$10,000.

Exceptions. A cashier’s check, money order, bank draft, or traveler’s check is not considered received in a designated reporting transaction if it constitutes the proceeds of a bank loan or if it is received as a payment on certain promissory notes, installment sales contracts, or down payment plans. See Publication 1544 for more information.

Person. An individual, corporation, partnership, trust, estate, association, or company.

Recipient. The person receiving the cash. Each branch or other unit of a person’s trade or business is considered a separate recipient unless the branch receiving the cash (or a central office linking the branches), knows or has reason to know the identity of payers making cash payments to other branches.

Transaction. Includes the purchase of property or services, the payment of debt, the exchange of cash for a negotiable instrument, and the receipt of cash to be held in escrow or trust. A single transaction may not be broken into multiple transactions to avoid reporting.

Suspicious transaction. A suspicious transaction is a transaction in which it appears that a person is attempting to cause Form 8300 not to be filed, or to file a false or incomplete form.

Specific Instructions

You must complete all parts. However, you may skip Part II if the individual named in Part I is conducting the transaction on his or her behalf only. For voluntary reporting of suspicious transactions, see *Item 1*, next.

Item 1. If you are amending a report, check box 1a. Complete the form in its entirety (Parts I-IV) and include the amended information. Do not attach a copy of the original report.

To voluntarily report a suspicious transaction (see *Suspicious transaction* above), check box 1b. You may also telephone your local IRS Criminal Investigation Division or call the FinCEN Financial Institution Hotline at 1-866-556-3974.

Part I

Item 2. If two or more individuals conducted the transaction you are reporting, check the box and complete Part I on page 1 for any one of the individuals. Provide the same

information for the other individual(s) by completing Part I on page 2 of the form. If more than three individuals are involved, provide the same information in the comments section on page 2 of the form.

Item 6. Enter the taxpayer identification number (TIN) of the individual named. See *Taxpayer identification number (TIN)*, earlier, for more information.

Item 8. Enter eight numerals for the date of birth of the individual named. For example, if the individual’s birth date is July 6, 1960, enter “07” “06” “1960.”

Item 13. Fully describe the nature of the occupation, profession, or business (for example, “plumber,” “attorney,” or “automobile dealer”). Do not use general or nondescriptive terms such as “businessman” or “self-employed.”

Item 14. You must verify the name and address of the named individual(s). Verification must be made by examination of a document normally accepted as a means of identification when cashing checks (for example, a driver’s license, passport, alien registration card, or other official document). In item 14a, enter the type of document examined. In item 14b, identify the issuer of the document. In item 14c, enter the document’s number. For example, if the individual has a Utah driver’s license, enter “driver’s license” in item 14a, “Utah” in item 14b, and the number appearing on the license in item 14c.

Note. You must complete all three items (a, b, and c) in this line to make sure that Form 8300 will be processed correctly.

Part II

Item 15. If the transaction is being conducted on behalf of more than one person (including husband and wife or parent and child), check the box and complete Part II for any one of the persons. Provide the same information for the other person(s) by completing Part II on page 2. If more than three persons are involved, provide the same information in the comments section on page 2 of the form.

Items 16 through 19. If the person on whose behalf the transaction is being conducted is an individual, complete items 16, 17, and 18. Enter his or her TIN in item 19. If the individual is a sole proprietor and has an employer identification number (EIN), you must enter both the SSN and EIN in item 19. If the person is an organization, put its name as shown on required tax filings in item 16 and its EIN in item 19.

Item 20. If a sole proprietor or organization named in items 16 through 18 is doing business under a name other than that entered in item 16 (for example, a “trade” or “doing business as (DBA)” name), enter it here.

Item 27. If the person is not required to furnish a TIN, complete this item. See *Taxpayer identification number (TIN)*, earlier. Enter a description of the type of official document issued to that person in item 27a (for example, a "passport"), the country that issued the document in item 27b, and the document's number in item 27c.

Note. You must complete all three items (a, b, and c) in this line to make sure that Form 8300 will be processed correctly.

Part III

Item 28. Enter the date you received the cash. If you received the cash in more than one payment, enter the date you received the payment that caused the combined amount to exceed \$10,000. See *Multiple payments*, earlier, for more information.

Item 30. Check this box if the amount shown in item 29 was received in more than one payment (for example, as installment payments or payments on related transactions).

Item 31. Enter the total price of the property, services, amount of cash exchanged, etc. (for example, the total cost of a vehicle purchased, cost of catering service, exchange of currency) if different from the amount shown in item 29.

Item 32. Enter the dollar amount of each form of cash received. Show foreign currency amounts in U.S. dollar equivalent at a fair market rate of exchange available to the public. The sum of the amounts must equal item 29. For cashier's check, money order, bank draft, or traveler's check, provide the name of the issuer and the serial number of each instrument. Names of all issuers and all serial numbers involved must be provided. If necessary, provide this information in the comments section on page 2 of the form.

Item 33. Check the appropriate box(es) that describe the transaction. If the transaction is not specified in boxes a–i, check box j and briefly describe the transaction (for example, "car lease," "boat lease," "house lease," or "aircraft rental"). If the transaction relates to the receipt of bail by a court clerk, check box i, "Bail received by court clerks." This box is only for use by court clerks. If the transaction relates to cash received by a bail bondsman, check box d, "Business services provided."

Part IV

Item 36. If you are a sole proprietorship, you must enter your SSN. If your business also has an EIN, you must provide the EIN as well. All other business entities must enter an EIN.

Item 41. Fully describe the nature of your business, for example, "attorney" or "jewelry dealer." Do not use general or nondescriptive terms such as "business" or "store."

Item 42. This form must be signed by an individual who has been authorized to do so for the business that received the cash.

Comments

Use this section to comment on or clarify anything you may have entered on any line in Parts I, II, III, and IV. For example, if you checked box b (Suspicious transaction) in line 1 above Part I, you may want to explain why you think that the cash transaction you are reporting on Form 8300 may be suspicious.

Privacy Act and Paperwork Reduction Act Notice.

Except as otherwise noted, the information solicited on this form is required by the IRS and FinCEN in order to carry out the laws and regulations of the United States. Trades or businesses and clerks of federal and state criminal courts are required to provide the information to the IRS and FinCEN under section 6050I and 31 U.S.C. 5331, respectively. Section 6109 and 31 U.S.C. 5331 require that you provide your identification number. The principal purpose for collecting the information on this form is to maintain reports or records which have a high degree of usefulness in criminal, tax, or regulatory investigations or proceedings, or in the conduct of intelligence or counter-intelligence activities, by directing the federal government's attention to unusual or questionable transactions.

You are not required to provide information as to whether the reported transaction is deemed suspicious. Failure to provide all other requested information, or providing fraudulent information, may result in criminal prosecution and other penalties under 26 U.S.C. and 31 U.S.C.

Generally, tax returns and return information are confidential, as stated in section 6103. However, section 6103

allows or requires the IRS to disclose or give the information requested on this form to others as described in the Internal Revenue Code. For example, we may disclose your tax information to the Department of Justice, to enforce the tax laws, both civil and criminal, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions, to carry out their tax laws. We may disclose this information to other persons as necessary to obtain information which we cannot get in any other way. We may disclose this information to federal, state, and local child support agencies; and to other federal agencies for the purposes of determining entitlement for benefits or the eligibility for and the repayment of loans. We may also provide the records to appropriate state, local, and foreign criminal law enforcement and regulatory personnel in the performance of their official duties. We may also disclose this information to other countries under a tax treaty, or to federal and state agencies to enforce federal nontax criminal laws and to combat terrorism. In addition, FinCEN may provide the information to those officials if they are conducting intelligence or counter-intelligence activities to protect against international terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any law under 26 U.S.C. or 31 U.S.C.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is 21 minutes. If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments from www.irs.gov/formspubs. Click on *More Information* and then click on *Give us feedback*. Or you can send your comments to Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send Form 8300 to this address. Instead, see *Where to file*, earlier.

old point for treating an agent of a money transmitting business as a money transmitting business for purposes of this section.

(d) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

(1) MONEY TRANSMITTING BUSINESS.—The term “money transmitting business” means any business other than the United States Postal Service which—

(A) provides check cashing, currency exchange, or money transmitting or remittance services, or issues or redeems money orders, travelers’ checks, and other similar instruments or any other person who engages as a business in the transmission of funds, including any person who engages as a business in an informal money transfer system or any network of people who engage as a business in facilitating the transfer of money domestically or internationally outside of the conventional financial institutions system;¹

(B) is required to file reports under section 5313; and

(C) is not a depository institution (as defined in section 5313(g)).

(2) MONEY TRANSMITTING SERVICE.—The term “money transmitting service” includes accepting currency or funds denominated in the currency of any country and transmitting the currency or funds, or the value of the currency or funds, by any means through a financial agency or institution, a Federal reserve bank or other facility of the Board of Governors of the Federal Reserve System, or an electronic funds transfer network.

(e) CIVIL PENALTY FOR FAILURE TO COMPLY WITH REGISTRATION REQUIREMENTS.—

(1) IN GENERAL.—Any person who fails to comply with any requirement of this section or any regulation prescribed under this section shall be liable to the United States for a civil penalty of \$5,000 for each such violation.

(2) CONTINUING VIOLATION.—Each day a violation described in paragraph (1) continues shall constitute a separate violation for purposes of such paragraph.

(3) ASSESSMENTS.—Any penalty imposed under this subsection shall be assessed and collected by the Secretary of the Treasury in the manner provided in section 5321 and any such assessment shall be subject to the provisions of such section.

(Added Pub. L. 103–325, title IV, § 408(b), Sept. 23, 1994, 108 Stat. 2250; amended Pub. L. 107–56, title III, § 359(b), Oct. 26, 2001, 115 Stat. 328.)

REFERENCES IN TEXT

The date of enactment of the Money Laundering Suppression Act of 1994, referred to in subsec. (a)(1)(A), is the date of enactment of title IV of Pub. L. 103–325, which was approved Sept. 23, 1994.

Section 19(b)(1)(C) of the Federal Reserve Act, referred to in subsec. (b)(3), is classified to section 461(b)(1)(C) of Title 12, Banks and Banking.

AMENDMENTS

2001—Subsec. (d)(1)(A). Pub. L. 107–56 inserted before semicolon “or any other person who engages as a busi-

ness in the transmission of funds, including any person who engages as a business in an informal money transfer system or any network of people who engage as a business in facilitating the transfer of money domestically or internationally outside of the conventional financial institutions system;”.

FINDINGS AND PURPOSES

Section 408(a) of Pub. L. 103–325 provided that:

“(1) FINDINGS.—The Congress hereby finds the following:

“(A) Money transmitting businesses are subject to the recordkeeping and reporting requirements of subchapter II of chapter 53 of title 31, United States Code.

“(B) Money transmitting businesses are largely unregulated businesses and are frequently used in sophisticated schemes to—

“(i) transfer large amounts of money which are the proceeds of unlawful enterprises; and

“(ii) evade the requirements of such subchapter II, the Internal Revenue Code of 1986 [26 U.S.C. 1 et seq.], and other laws of the United States.

“(C) Information on the identity of money transmitting businesses and the names of the persons who own or control, or are officers or employees of, a money transmitting business would have a high degree of usefulness in criminal, tax, or regulatory investigations and proceedings.

“(2) PURPOSE.—It is the purpose of this section [enacting this section and amending section 1960 of Title 18, Crimes and Criminal Procedure] to establish a registration requirement for businesses engaged in providing check cashing, currency exchange, or money transmitting or remittance services, or issuing or redeeming money orders, travelers’ checks, and other similar instruments to assist the Secretary of the Treasury, the Attorney General, and other supervisory and law enforcement agencies to effectively enforce the criminal, tax, and regulatory laws and prevent such money transmitting businesses from engaging in illegal activities.”

§ 5331. Reports relating to coins and currency received in nonfinancial trade or business

(a) COIN AND CURRENCY RECEIPTS OF MORE THAN \$10,000.—Any person—

(1)(A) who is engaged in a trade or business, and

(B) who, in the course of such trade or business, receives more than \$10,000 in coins or currency in 1 transaction (or 2 or more related transactions), or

(2) who is required to file a report under section 6050I(g) of the Internal Revenue Code of 1986,

shall file a report described in subsection (b) with respect to such transaction (or related transactions) with the Financial Crimes Enforcement Network at such time and in such manner as the Secretary may, by regulation, prescribe.

(b) FORM AND MANNER OF REPORTS.—A report is described in this subsection if such report—

(1) is in such form as the Secretary may prescribe;

(2) contains—

(A) the name and address, and such other identification information as the Secretary may require, of the person from whom the coins or currency was received;

(B) the amount of coins or currency received;

(C) the date and nature of the transaction; and

¹ So in original.

(D) such other information, including the identification of the person filing the report, as the Secretary may prescribe.

(c) EXCEPTIONS.—

(1) AMOUNTS RECEIVED BY FINANCIAL INSTITUTIONS.—Subsection (a) shall not apply to amounts received in a transaction reported under section 5313 and regulations prescribed under such section.

(2) TRANSACTIONS OCCURRING OUTSIDE THE UNITED STATES.—Except to the extent provided in regulations prescribed by the Secretary, subsection (a) shall not apply to any transaction if the entire transaction occurs outside the United States.

(d) CURRENCY INCLUDES FOREIGN CURRENCY AND CERTAIN MONETARY INSTRUMENTS.—

(1) IN GENERAL.—For purposes of this section, the term “currency” includes—

(A) foreign currency; and

(B) to the extent provided in regulations prescribed by the Secretary, any monetary instrument (whether or not in bearer form) with a face amount of not more than \$10,000.

(2) SCOPE OF APPLICATION.—Paragraph (1)(B) shall not apply to any check drawn on the account of the writer in a financial institution referred to in subparagraph (A), (B), (C), (D), (E), (F), (G), (J), (K), (R), or (S) of section 5312(a)(2).

(Added Pub. L. 107–56, title III, §365(a), Oct. 26, 2001, 115 Stat. 333; amended Pub. L. 112–74, div. C, title I, §120, Dec. 23, 2011, 125 Stat. 891.)

REFERENCES IN TEXT

Section 6050I(g) of the Internal Revenue Code of 1986, referred to in subsec. (a)(2), is classified to section 6050I of Title 26, Internal Revenue Code.

AMENDMENTS

2011—Subsec. (a). Pub. L. 112–74 redesignated pars. (1) and (2) as subpars. (A) and (B), respectively, of par. (1), substituted “; and” for “; and” in subpar. (A), inserted “or” at end of subpar. (B), and added par. (2).

REGULATIONS

Pub. L. 107–56, title III, §365(e), formerly §365(f), Oct. 26, 2001, 115 Stat. 335, renumbered §365(e) by Pub. L. 108–458, title VI, §6202(n)(2), Dec. 17, 2004, 118 Stat. 3746, provided that: “Regulations which the Secretary [of the Treasury] determines are necessary to implement this section [enacting this section and amending sections 5312, 5317, 5318, 5321, 5324, 5326, and 5328 of this title] shall be published in final form before the end of the 6-month period beginning on the date of enactment of this Act [Oct. 26, 2001].”

§ 5332. Bulk cash smuggling into or out of the United States

(a) CRIMINAL OFFENSE.—

(1) IN GENERAL.—Whoever, with the intent to evade a currency reporting requirement under section 5316, knowingly conceals more than \$10,000 in currency or other monetary instruments on the person of such individual or in any conveyance, article of luggage, merchandise, or other container, and transports or transfers or attempts to transport or transfer such currency or monetary instruments from a place within the United States to a place outside of the United States, or from a place

outside the United States to a place within the United States, shall be guilty of a currency smuggling offense and subject to punishment pursuant to subsection (b).

(2) CONCEALMENT ON PERSON.—For purposes of this section, the concealment of currency on the person of any individual includes concealment in any article of clothing worn by the individual or in any luggage, backpack, or other container worn or carried by such individual.

(b) PENALTY.—

(1) TERM OF IMPRISONMENT.—A person convicted of a currency smuggling offense under subsection (a), or a conspiracy to commit such offense, shall be imprisoned for not more than 5 years.

(2) FORFEITURE.—In addition, the court, in imposing sentence under paragraph (1), shall order that the defendant forfeit to the United States, any property, real or personal, involved in the offense, and any property traceable to such property.

(3) PROCEDURE.—The seizure, restraint, and forfeiture of property under this section shall be governed by section 413 of the Controlled Substances Act.

(4) PERSONAL MONEY JUDGMENT.—If the property subject to forfeiture under paragraph (2) is unavailable, and the defendant has insufficient substitute property that may be forfeited pursuant to section 413(p) of the Controlled Substances Act, the court shall enter a personal money judgment against the defendant for the amount that would be subject to forfeiture.

(c) CIVIL FORFEITURE.—

(1) IN GENERAL.—Any property involved in a violation of subsection (a), or a conspiracy to commit such violation, and any property traceable to such violation or conspiracy, may be seized and forfeited to the United States.

(2) PROCEDURE.—The seizure and forfeiture shall be governed by the procedures governing civil forfeitures in money laundering cases pursuant to section 981(a)(1)(A) of title 18, United States Code.

(3) TREATMENT OF CERTAIN PROPERTY AS INVOLVED IN THE OFFENSE.—For purposes of this subsection and subsection (b), any currency or other monetary instrument that is concealed or intended to be concealed in violation of subsection (a) or a conspiracy to commit such violation, any article, container, or conveyance used, or intended to be used, to conceal or transport the currency or other monetary instrument, and any other property used, or intended to be used, to facilitate the offense, shall be considered property involved in the offense.

(Added Pub. L. 107–56, title III, §371(c), Oct. 26, 2001, 115 Stat. 337; amended Pub. L. 108–458, title VI, §6203(h), Dec. 17, 2004, 118 Stat. 3747.)

REFERENCES IN TEXT

Section 413 of the Controlled Substances Act, referred to in subsec. (b)(3), (4), is classified to section 853 of Title 21, Food and Drugs.

CODIFICATION

Another section 371(c) of Pub. L. 107–56 amended the table of sections at the beginning of this chapter.

fined not more than \$1,000, or imprisoned not more than 1 year, or both.”

1984—Pub. L. 98-369 in subssecs. (a) and (b) substituted “in addition to” for “in lieu of” and struck out reference to penalty under section 6682 after “penalty provided by law”.

1983—Pub. L. 98-67 designated existing provisions as subsec. (a), added subsec. (b), and repealed amendments made by Pub. L. 97-248. See 1982 Amendment note below.

1982—Pub. L. 97-248 provided that, applicable to payments of interest, dividends, and patronage dividends paid or credited after June 30, 1983, this section is amended by designating the existing provisions as subsec. (a) with a heading of “Withholding on wages”, and by adding a new subsec. (b). Section 102(a), (b) of Pub. L. 98-67, title I, Aug. 5, 1983, 97 Stat. 369, repealed subtitle A (§§301-308) of title III of Pub. L. 97-248 as of the close of June 30, 1983, and provided that the Internal Revenue Code of 1954 [now 1986] [this title] shall be applied and administered (subject to certain exceptions) as if such subtitle A (and the amendments made by such subtitle A) had not been enacted. Subsec. (b), referred to above, read as follows:

“(b) Withholding of interest and dividends

“Any person who—

“(1) willfully files an exemption certificate with any payor under section 3452(f)(1)(A), which is known by him to be fraudulent or to be false as to any material matter, or

“(2) is required to furnish notice under section 3452(f)(1)(B), and willfully fails to furnish such notice in the manner and at the time required pursuant to section 3452(f)(1)(B) or the regulations prescribed thereunder,

shall, in lieu of any penalty otherwise provided, upon conviction thereof, be fined not more than \$500, or imprisoned not more than 1 year, or both.”

1981—Pub. L. 97-34 substituted “\$1,000” for “\$500”.

1966—Pub. L. 89-368 substituted “section 3402” and “any other penalty provided by law (except the penalty provided by section 6682)” for “section 3402(f)” and “any penalty otherwise provided” respectively.

EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by Pub. L. 101-239 applicable to returns and statements the due date for which (determined without regard to extensions) is after Dec. 31, 1989, see section 7711(c) of Pub. L. 101-239, set out as a note under section 6721 of this title.

EFFECTIVE DATE OF 1984 AMENDMENT

Section 159(b) of Pub. L. 98-369 provided that: “The amendments made by this section [amending this section] shall apply to actions and failures to act occurring after the date of the enactment of this Act [July 18, 1984].”

EFFECTIVE DATE OF 1983 AMENDMENT

Amendment by section 107(b) of Pub. L. 98-67 effective Aug. 5, 1983, see section 110(c) of Pub. L. 98-67, set out as a note under section 31 of this title.

EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97-34 applicable to acts and failures to act after Dec. 31, 1981, see section 721(d) of Pub. L. 97-34, set out as a note under section 6682 of this title.

§ 7206. Fraud and false statements

Any person who—

(1) Declaration under penalties of perjury

Willfully makes and subscribes any return, statement, or other document, which contains or is verified by a written declaration that it is made under the penalties of perjury, and

which he does not believe to be true and correct as to every material matter; or

(2) Aid or assistance

Willfully aids or assists in, or procures, counsels, or advises the preparation or presentation under, or in connection with any matter arising under, the internal revenue laws, of a return, affidavit, claim, or other document, which is fraudulent or is false as to any material matter, whether or not such falsity or fraud is with the knowledge or consent of the person authorized or required to present such return, affidavit, claim, or document; or

(3) Fraudulent bonds, permits, and entries

Simulates or falsely or fraudulently executes or signs any bond, permit, entry, or other document required by the provisions of the internal revenue laws, or by any regulation made in pursuance thereof, or procures the same to be falsely or fraudulently executed, or advises, aids in, or connives at such execution thereof; or

(4) Removal or concealment with intent to defraud

Removes, deposits, or conceals, or is concerned in removing, depositing, or concealing, any goods or commodities for or in respect whereof any tax is or shall be imposed, or any property upon which levy is authorized by section 6331, with intent to evade or defeat the assessment or collection of any tax imposed by this title; or

(5) Compromises and closing agreements

In connection with any compromise under section 7122, or offer of such compromise, or in connection with any closing agreement under section 7121, or offer to enter into any such agreement, willfully—

(A) Concealment of property

Conceals from any officer or employee of the United States any property belonging to the estate of a taxpayer or other person liable in respect of the tax, or

(B) Withholding, falsifying, and destroying records

Receives, withholds, destroys, mutilates, or falsifies any book, document, or record, or makes any false statement, relating to the estate or financial condition of the taxpayer or other person liable in respect of the tax;

shall be guilty of a felony and, upon conviction thereof, shall be fined not more than \$100,000 (\$500,000 in the case of a corporation), or imprisoned not more than 3 years, or both, together with the costs of prosecution.

(Aug. 16, 1954, ch. 736, 68A Stat. 852; Pub. L. 97-248, title III, §329(c), Sept. 3, 1982, 96 Stat. 618.)

AMENDMENTS

1982—Pub. L. 97-248 substituted “\$100,000 (\$500,000 in the case of a corporation)” for “\$5,000”.

EFFECTIVE DATE OF 1982 AMENDMENT

Amendment by Pub. L. 97-248 applicable to offenses committed after Sept. 3, 1982, see section 329(e) of Pub.

L. 97-248, set out as a note under section 7201 of this title.

§ 7207. Fraudulent returns, statements, or other documents

Any person who willfully delivers or discloses to the Secretary any list, return, account, statement, or other document, known by him to be fraudulent or to be false as to any material matter, shall be fined not more than \$10,000 (\$50,000 in the case of a corporation), or imprisoned not more than 1 year, or both. Any person required pursuant to section 6047(b), section 6104(d), or subsection (i) or (j) of section 527 to furnish any information to the Secretary or any other person who willfully furnishes to the Secretary or such other person any information known by him to be fraudulent or to be false as to any material matter shall be fined not more than \$10,000 (\$50,000 in the case of a corporation), or imprisoned not more than 1 year, or both.

(Aug. 16, 1954, ch. 736, 68A Stat. 853; Pub. L. 87-792, §7(m)(3), Oct. 10, 1962, 76 Stat. 831; Pub. L. 91-172, title I, §101(e)(5), Dec. 30, 1969, 83 Stat. 524; Pub. L. 94-455, title XIX, §1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 96-603, §1(d)(5), Dec. 28, 1980, 94 Stat. 3505; Pub. L. 97-248, title III, §329(d), Sept. 3, 1982, 96 Stat. 619; Pub. L. 98-369, div. A, title IV, §491(d)(51), July 18, 1984, 98 Stat. 852; Pub. L. 100-203, title X, §10704(c), Dec. 22, 1987, 101 Stat. 1330-463; Pub. L. 105-277, div. J, title I, §1004(b)(2)(E), Oct. 21, 1998, 112 Stat. 2681-890; Pub. L. 107-276, §6(d), Nov. 2, 2002, 116 Stat. 1933.)

AMENDMENTS

2002—Pub. L. 107-276 substituted “pursuant to section 6047(b), section 6104(d), or subsection (i) or (j) of section 527” for “pursuant to subsection (b) of section 6047 or pursuant to subsection (d) of section 6104”.

1998—Pub. L. 105-277 struck out “or (e)” after “subsection (d)”.

1987—Pub. L. 100-203 inserted reference to subsec. (e) of section 6104.

1984—Pub. L. 98-369 struck out “or (c)” after “subsection (b)”.

1982—Pub. L. 97-248 substituted “\$10,000 (\$50,000 in the case of a corporation)” for “\$1,000” wherever appearing.

1980—Pub. L. 96-603 substituted “subsection (b) or (c) of section 6047 or pursuant to subsection (d) of section 6104” for “sections 6047(b) or (c), 6056, or 6104(d)”.

1976—Pub. L. 94-455 struck out “or his delegate” after “Secretary”.

1969—Pub. L. 91-172 substituted “sections 6047(b) or (c), 6056, or 6104(d)” for “section 6047(b) or (c)”.

1962—Pub. L. 87-792 inserted sentence providing that any person required pursuant to section 6047(b) or (c) to furnish any information to the Secretary or any other person who willfully furnishes to the Secretary or such other person any information known by him to be fraudulent or to be false as to any material matter shall be fined not more than \$1,000, or imprisoned not more than 1 year, or both.

EFFECTIVE DATE OF 2002 AMENDMENT

Pub. L. 107-276, §6(h)(3), Nov. 2, 2002, 116 Stat. 1934, provided that: “The amendment made by subsection (d) [amending this section] shall apply to reports and notices required to be filed on or after the date of the enactment of this Act [Nov. 2, 2002].”

EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105-277 applicable to requests made after the later of Dec. 31, 1998, or the 60th day

after the Secretary of the Treasury first issues the regulations referred to in section 6104(d)(4) of this title, see section 1004(b)(3) of Pub. L. 105-277, set out as a note under section 6104 of this title.

EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100-203 applicable to returns for years beginning after Dec. 31, 1986, and on and after Dec. 22, 1987, in case of applications submitted after July 15, 1987, or on or before July 15, 1987, if the organization has a copy of the application on July 15, 1987, see section 10704(d) of Pub. L. 100-203, set out as a note under section 6652 of this title.

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98-369 applicable to obligations issued after Dec. 31, 1983, see section 491(f)(1) of Pub. L. 98-369, set out as a note under section 62 of this title.

EFFECTIVE DATE OF 1982 AMENDMENT

Amendment by Pub. L. 97-248 applicable to offenses committed after Sept. 3, 1982, see section 329(e) of Pub. L. 97-248, set out as a note under section 7201 of this title.

EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-603 applicable to taxable years beginning after Dec. 31, 1980, see section 1(f) of Pub. L. 96-603, set out as a note under section 6033 of this title.

EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by Pub. L. 91-172 effective Jan. 1, 1970, see section 101(k)(1) of Pub. L. 91-172, set out as an Effective Date note under section 4940 of this title.

EFFECTIVE DATE OF 1962 AMENDMENT

Amendment by Pub. L. 87-792 applicable to taxable years beginning after Dec. 31, 1962, see section 8 of Pub. L. 87-792, set out as a note under section 22 of this title.

ANNUAL REPORTS

Pub. L. 110-428, §2(e), Oct. 15, 2008, 122 Stat. 4840, provided that: “The Secretary of the Treasury shall annually submit to Congress and make publicly available a report on the filing of false and fraudulent returns by individuals incarcerated in Federal and State prisons. Such report shall include statistics on the number of false and fraudulent returns associated with each Federal and State prison.”

§ 7208. Offenses relating to stamps

Any person who—

(1) Counterfeiting

With intent to defraud, alters, forges, makes, or counterfeits any stamp, coupon, ticket, book, or other device prescribed under authority of this title for the collection or payment of any tax imposed by this title, or sells, lends, or has in his possession any such altered, forged, or counterfeited stamp, coupon, ticket, book, or other device, or makes, uses, sells, or has in his possession any material in imitation of the material used in the manufacture of such stamp, coupon, ticket, book, or other device; or

(2) Mutilation or removal

Fraudulently cuts, tears, or removes from any vellum, parchment, paper, instrument, writing, package, or article, upon which any tax is imposed by this title, any adhesive stamp or the impression of any stamp, die,

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future Developments

For the latest information about developments related to Schedule B (Form 1040A or 1040) and its instructions, such as legislation enacted after they were published, go to www.irs.gov/scheduleb.

Purpose of Form

Use Schedule B if any of the following applies.

- You had over \$1,500 of taxable interest or ordinary dividends.
- You received interest from a seller-financed mortgage and the buyer used the property as a personal residence.
- You have accrued interest from a bond.
- You are reporting original issue discount (OID) in an amount less than the amount shown on Form 1099-OID.
- You are reducing your interest income on a bond by the amount of amortizable bond premium.
- You are claiming the exclusion of interest from series EE or I U.S. savings bonds issued after 1989.
- You received interest or ordinary dividends as a nominee.
- You had a financial interest in, or signature authority over, a financial account in a foreign country or you received a distribution from, or were a grantor of, or transferor to, a foreign trust. Part III of the schedule has questions about foreign accounts and trusts.

Specific Instructions

TIP You can list more than one payer on each entry space for lines 1 and 5, but be sure to clearly show the amount paid next to the payer's name. Add the separate amounts paid by the payers listed on an entry space and enter the total in the "Amount" column. If you still need more space, attach separate statements that are the same size as the printed schedule. Use the same format as lines 1 and 5, but show your totals on Schedule B. Be sure to put your name and social security number (SSN) on the statements and attach them at the end of your return.

Part I. Interest

Line 1. Report on line 1 all of your taxable interest. Taxable interest generally should be shown on your Forms 1099-INT, Forms 1099-OID, or substitute statements. Include interest from series EE, H, HH, and I U.S. savings bonds. Also include any accrued market discount that is includible in income. List each payer's name and show the amount. Do not report on this line any tax-exempt interest from box 8 or box 9 of Form 1099-INT. Instead, report the amount from box 8 on line 8b of Form 1040A or 1040. If an amount is shown in box 9 of Form 1099-INT, you generally must report it on line 12 of Form 6251. See the Instructions for Form 6251 for more details. For more information on market discount and other investment income see Pub. 550.

Seller-financed mortgages. If you sold your home or other property and the buyer used the property as a personal residence, list first any interest the buyer paid you on a mortgage or other form of seller financing. Be sure to show the buyer's name, address, and SSN. You must also let the buyer know your SSN. If you do not show the buyer's name, address, and SSN, or let the buyer know your SSN, you may have to pay a \$50 penalty.

Nominees. If you received a Form 1099-INT that includes interest you received as a nominee (that is, in your name, but the interest actually belongs to someone else), report the total on line 1. Do this even if you later distributed some or all of this income to others. Under your last entry on line 1, put a subtotal of all interest listed on line 1. Below this subtotal, enter "Nominee Distribution" and show the total interest you received as a nominee. Subtract this amount from the subtotal and enter the result on line 2.



TIP If you received interest as a nominee, you must give the actual owner a Form 1099-INT unless the owner is your spouse. You must also file a Form 1096 and a Form 1099-INT with the IRS. For more details, see the General Instructions for Certain Information Returns and the Instructions for Forms 1099-INT and 1099-OID.

Accrued interest. When you buy bonds between interest payment dates and pay accrued interest to the seller, this interest is taxable to the seller. If you received a Form 1099 for interest as a purchaser of a bond with accrued interest, follow the rules earlier under *Nominees* to see how to report the accrued interest. But identify the amount to be subtracted as "Accrued Interest."

Original issue discount (OID). If you are reporting OID in an amount less than the amount shown on Form 1099-OID, follow the rules earlier under *Nominees* to see how to report the OID. But identify the amount to be subtracted as "OID Adjustment."

Amortizable bond premium. If you are reducing your interest income on a bond by the amount of amortizable bond premium, follow the rules earlier under *Nominees* to see how to report the interest. But identify the amount to be subtracted as "ABP Adjustment."

Line 3. If, during 2015, you cashed series EE or I U.S. savings bonds issued after 1989 and you paid qualified higher education expenses for yourself, your spouse, or your dependents, you may be able to exclude part or all of the interest on those bonds. See Form 8815 for details.

Part II. Ordinary Dividends



TIP You may have to file Form 5471 if, in 2015, you were an officer or director of a foreign corporation. You may also have to file Form 5471 if, in 2015, you owned 10% or more of the total (a) value of a foreign corporation's stock, or (b) combined voting power of all classes of a foreign corporation's stock with voting rights. For details, see Form 5471 and its instructions.

Line 5. Report on line 5 all of your ordinary dividends. This amount should be shown in box 1a of your Forms 1099-DIV or substitute statements. List each payer's name and show the amount.

Nominees. If you received a Form 1099-DIV that includes ordinary dividends you received as a nominee (that is, in your name, but the ordinary dividends actually belong to someone else), report the total on line 5. Do this even if you later distributed some or all of this income to others. Under your last entry on line 5, put a subtotal of all ordinary dividends listed on line 5. Below this subtotal, enter "Nominee Distribution" and show the total ordinary dividends you received as a nominee. Subtract this amount from the subtotal and enter the result on line 6.



TIP If you received dividends as a nominee, you must give the actual owner a Form 1099-DIV unless the owner is your spouse. You must also file a Form 1096 and a Form 1099-DIV with the IRS. For more details, see the General Instructions for Certain Information Returns and the Instructions for Form 1099-DIV.

Part III. Foreign Accounts and Trusts



TIP Regardless of whether you are required to file FinCEN Form 114 (FBAR), you may be required to file Form 8938, Statement of Specified Foreign Financial Assets, with your income tax return. Failure to file Form 8938 may result in penalties and extension of the statute of limitations. See www.irs.gov/form8938 for more information.

Line 7a-Question 1. Check the "Yes" box if at any time during 2015 you had a financial interest in or signature authority over a financial account located in a foreign country. See the definitions that follow. Check the "Yes" box even if you are not required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).

Financial account. A financial account includes, but is not limited to, a securities, brokerage, savings, demand, checking, deposit, time deposit, or other account maintained with a financial institution (or other person performing the services of a financial institution). A financial account also includes a commodity futures or options account, an insurance policy with a cash value (such as a whole life insurance policy), an annuity policy with a cash value, and shares in a mutual fund or similar pooled fund (that is, a fund that is available to the general public with a regular net asset value determination and regular redemptions).

Financial account located in a foreign country. A financial account is located in a foreign country if the account is physically located outside of the United States. For example, an account maintained with a branch of a United States bank that is physically located outside of the United States is a foreign financial account. An account maintained with a branch of a foreign bank that is physically located in the United States is not a foreign financial account.

Signature authority. Signature authority is the authority of an individual (alone or in conjunction with another individual) to control the disposition of assets held in a foreign financial account by direct communication (whether in writing or otherwise) to the bank or other financial institution that maintains the financial account. See the FinCEN Form 114 instructions for exceptions. Do not consider the exceptions relating to signature authority in answering Question 1 on line 7a.

Other definitions. For definitions of "financial interest," "United States," and other relevant terms, see the instructions for FinCEN Form 114.

Line 7a-Question 2. See FinCEN Form 114 and its instructions to determine whether you must file the form. Check the "Yes" box if you are required to file the form; check the "No" box if you are not required to file the form.

If you checked the "Yes" box to Question 2 on line 7a, FinCEN Form 114 must be electronically filed with the Financial Crimes Enforcement Network (FinCEN) at the following website: <http://bsaeifiling.fincen.treas.gov/main.html>. Do not attach FinCEN Form 114 to your tax return. To be considered timely, FinCEN Form 114 **must be received** by June 30, 2016.



CAUTION If you are required to file FinCEN Form 114 but do not properly do so, you may have to pay a civil penalty up to \$10,000. A person who willfully fails to report an account or provide account identifying information may be subject to a civil penalty equal to the greater of \$100,000 or 50 percent of the balance in the account at the time of the violation. Willful violations may also be subject to criminal penalties.

Line 7b. If you are required to file FinCEN Form 114, enter the name of the foreign country or countries in the space provided on line 7b. Attach a separate statement if you need more space.

Line 8. If you received a distribution from a foreign trust, you must provide additional information. For this purpose, a loan of cash or marketable securities generally is considered to be a distribution. See Form 3520 for details.

If you were the grantor of, or transferor to, a foreign trust that existed during 2015, you may have to file Form 3520.

Do not attach Form 3520 to Form 1040. Instead, file it at the address shown in its instructions.

If you were treated as the owner of a foreign trust under the grantor trust rules, you are also responsible for ensuring that the foreign trust files Form 3520-A. Form 3520-A is due on March 15, 2016, for a calendar year trust. See the instructions for Form 3520-A for more details.

Form 114a

Department of the Treasury
Financial Crimes Enforcement
Network (FinCEN)

May 2015

**Record of Authorization to
Electronically File FBARs**

(See instructions below for completion)

Do not send to FinCEN. Retain this form for your records.

The form 114a may be digitally signed

**Part I Persons who have an obligation to file a Report of Foreign Bank and Financial Account(s)**

1. Owner last name or entity's legal name	2. Owner first name	3. Owner M. I.
4. Spouse last name (if jointly filing FBAR - see instructions below)	5. Spouse first name	6. Spouse M. I.

I/we declare that I/we have provided information concerning _____ (enter number of accounts) foreign bank and financial account(s) for the filing year ending December 31, _____ to the preparer listed in Part II; that this information is to the best of my/our knowledge true, correct, and complete; that I/we authorize the preparer listed in Part II to complete and submit to the Financial Crimes Enforcement Network (FinCEN) a Report of Foreign Bank and Financial Accounts (FBAR) based on the information that I/we have provided; and that I/we authorize the preparer listed in Part II to receive information from FinCEN, answer inquiries and resolve issues relating to this submission. I/we acknowledge that, notwithstanding this declaration, it is my/our legal responsibility, not that of the preparer listed in Part II, to timely file an FBAR if required by law to do so.

7. Owner signature (Authorized representative if entity)	8 Date ____/____/____ MM DD YYYY	9 Owner or entity TIN	10 TIN type a <input type="checkbox"/> EIN b <input type="checkbox"/> SSN/ITIN c <input type="checkbox"/> Foreign
11. Spouse signature	12 Date ____/____/____ MM DD YYYY	13 Spouse TIN	14 TIN type a <input type="checkbox"/> EIN b <input type="checkbox"/> SSN/ITIN c <input type="checkbox"/> Foreign

Part II Individual or Entity Authorized to File FBAR on behalf of Persons who have an obligation to file.

15. Preparer last name	16. Preparer first name	17. Preparer M.I.	18. Preparer PTIN
19 Address	20 City	21 State	22 ZIP/postal code
23 Country code	24 Preparer's (item 15) employer's (Entity) name	25. Employer EIN	26. Preparer's signature

Instructions for completing the FBAR Signature Authorization Record**This is a fill and print form using Adobe Reader**

This record may be completed by the individual or entity granting such authorization (Part I) OR the individual/entity authorized to perform such services. The completed record must be signed by the individual(s)/entity granting the authorization (Part I) and the individual/entity that will file the FBAR. The Preparer/filing entity must be registered with FinCEN BSA E-File system. (See <http://bsaefiling.fincen.treas.gov/main.html> for registration).

Read and complete the account owner statement in Part I.

To authorize a third party to file the Foreign Bank and Financial Accounts Report (FBAR), the account owner should complete Part I, items 1 through 3 (as required), sign and date the document in Part I, Items 7/8 and complete items 9 and 10. Item 7 may be digitally signed.

Accounts Jointly Owned by Spouses (see exceptions in the FBAR instructions)

If the account owner is filing an FBAR jointly with his/her spouse, the spouse must also complete Part I, items 4 through 6. The spouse must also sign and date the report in items 11/12, (item 11 may be digitally signed) and complete items 13 and 14. A third party preparer may be one of the spouses of the jointly owned foreign account. In this case, both spouses must complete Part I of form 114a in its entirety. The third party preparer (spouse) that will file the FBAR on behalf of both spouses will complete Part II in its entirety (do not use such terms as *see above*, or *same as item number x*).

Complete Part II, items 15 through 18 with the preparer's information. The address, items 19 through 23, is that of the preparer **or** the preparer's employer if the preparer is an employee. Record the employer's information (if any) in items 24 and 25. If the preparer does not have a PTIN, leave item 18 blank. The third party preparer must sign in item 26 (digital signature acceptable) of Part II indicating that the FBAR will be filed as directed by the authorizing authority.

The person(s) listed in Part I, and the person listed in Part II as authorized to file on behalf of the person(s) listed in Part I, should retain copies of this record of authorization and the filing itself, both for a period of 5 years. See 31 CFR 1010.430(d).

DO NOT SEND THIS RECORD TO FinCEN UNLESS REQUESTED TO DO SO.

Form **8821-A**

April 2012

Department of the Treasury
Internal Revenue Service**IRS Disclosure Authorization
for Victims of Identity Theft****For IRS Use Only**

Received by:

Name _____

Telephone _____

Function _____

Date _____

Taxpayer Information

Taxpayer name _____ Social Security Number _____ Daytime telephone number _____

Taxpayer mailing address _____

City _____ State _____ ZIP code _____

Tax year _____

*Enter the tax year for which your return, and any purported return, was filed. If there are additional years, you must complete and submit another Form 8821-A for each year.***Taxpayer Consent**I, _____, consent for the Internal Revenue Service to disclose to
(Name of taxpayer)_____, of
(Name and Title of recipient official)_____,
(Name of State/Local law enforcement agency)_____,
(Phone number)_____,
(Street address of State/Local law enforcement agency (street, city, state, ZIP code))

any information related to the processing of my return, or any purported return that may have been filed by a third party using my name and/or social security number without my knowledge or consent, for the tax year listed above. This information includes the return I filed, any purported return filed by a third party, communications between myself and IRS personnel and any other information gathered or generated by the IRS in the processing of my return or any purported return, including the IRS's determination that such return was not my return. This information would **not** include the identity of, or any investigatory information regarding, the person(s) who may have filed the purported return.

I understand that the state or local law enforcement agency designated above may use this information to investigate and/or prosecute any person(s) who may have been involved in the filing of the purported return or other crimes related to the use of my identifying information. I further understand that the state or local law enforcement agency designated above may share this information with other law enforcement agencies directly involved in this or other investigations and/or prosecutions of crimes related to the use of my identifying information by these persons.

Taxpayer Signature

I certify that I am the taxpayer whose name and/or social security number was used to file my return, or any purported return. If signed by a guardian, executor, receiver, administrator, trustee or party other than the taxpayer, I certify that I have the authority to sign this form with respect to this matter.

Note: Do not sign this form if it is blank or incomplete. The IRS will only accept forms with original signatures.

Signature _____ Print name _____ Date signed _____

IRS regulations require that this disclosure authorization be received by the IRS within 120 days of the date that it is signed by the taxpayer.

Privacy Act and Paperwork Reduction Act Notice

We ask for the information on this form to carry out the Internal Revenue laws of the United States. This form authorizes the IRS to disclose your confidential tax information to the person/agency you appoint. This form is provided for your convenience and its use is voluntary. The information is used by the IRS to determine what confidential tax information your appointee can inspect and/or receive. Section 6103(c) and its regulations require you to provide this information if you want to appoint a designee to inspect and/or receive your confidential tax information. Under section 6109, you must disclose your social security or other taxpayer identification number. If you do not provide all the information requested on the form, we may not be able to honor the authorization. Providing false or fraudulent information may subject you to penalties. We may disclose this information to the Department of Justice for civil or criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to Federal and state agencies to enforce Federal non-tax criminal laws, or to Federal law enforcement and intelligence agencies to combat terrorism.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is 9 minutes. If you have comments concerning the accuracy of these time estimates or suggestions for making Form 8821-A simpler, we would be happy to hear from you. You can write to Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:M:S, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send Form 8821-A to this address.

Instructions for Form 8821-A, IRS Disclosure Authorization for Victims of Identity Theft

General Instructions

This form is available only from IRS Criminal Investigation or state/local law enforcement agencies, as appropriate.

Purpose of Form

This form is an authorization signed by the taxpayer allowing the IRS to disclose the taxpayer's return, any purported return, and other related return information to state or local law enforcement in the event of possible identity theft. It may not be used for any other purpose.

When To File

The IRS must receive Form 8821-A within 120 days of the date it is signed and dated by the taxpayer. The IRS will consider forms received after 120 days invalid.

Where To File

The taxpayer will return the completed form to IRS Criminal Investigation or to state or local law enforcement as directed by the person who provided the form.

Social Security Number (SSN)

Social Security Numbers are used to identify taxpayer information with tax returns. It is important that you furnish the correct name and SSN, so that the IRS can respond to your request.

Specific Instructions

Taxpayer Information

Enter the taxpayer's name, SSN, and street address.

Tax Year

Enter the tax year for which the taxpayer's return and any purported return was filed. If there are additional years, you must complete and submit another Form 8821-A for each year.

Taxpayer Consent

Enter taxpayer name in the space provided. Enter the full name and title of the state or local law enforcement official to whom the described taxpayer information may be provided, as well as the name, address, and telephone number of the state or local law enforcement agency.

Taxpayer Signature

Sign and date the authorization. The IRS will only accept forms with original signatures.



Data Breach: Tax-Related Information for Taxpayers

[Español](#) | [中文](#) | [한국어](#) | [TiếngViệt](#) | [Русский](#)

A data breach is the intentional or unintentional release or theft of secure information. It can be the improper disposal of personally identifiable information in the trash or a sophisticated cyber-attack on corporate computers by criminals. It can affect companies large or small.

The one common link is the victim, the person whose identity, financial or personal information has been compromised.

Here's what you should know about data breaches:

Not every data breach results in identity theft, and not every identity theft is tax-related identity theft.

Tax-related identity theft is when someone uses your Social Security number to file a false tax return claiming a fraudulent refund. Your tax account is most at risk if the data breach involves both your SSN and financial data, such as wages. Data breaches involving just credit card numbers, health records without SSNs or even drivers' license numbers, while certainly serious, will not affect your tax account.

The Internal Revenue Service is committed to working with taxpayers to ensure that all tax accounts remain secure.

The IRS stops the vast majority of fraudulent tax returns. If fraud is suspected, the IRS will contact you via mail with instructions. Or, you may attempt to file electronically and your return is rejected as a duplicate.

If you are a data breach victim, take these steps:

1. If possible, determine what type of Personally Identifiable Information (PII) has been lost or stolen. It is important to know what kind of information has been stolen so you can take the appropriate steps. For example, a stolen credit card number will not affect your IRS tax account.
2. Stay informed about the steps being taken by the company that lost your data. Some may offer special services, such as credit monitoring services, to assist victims.
3. Follow the [Federal Trade Commission](#) recommended steps, including:
 - Notify one of the three major credit bureaus to place a free fraud alert on your credit file;
 - Consider a [credit freeze](#), which, for a fee in some states, will prevent access to your credit records;
 - Close any accounts opened without your permission;
 - Visit www.identitytheft.gov for additional guidance.
4. If you received IRS correspondence indicating you may be a victim of tax-related identity theft or your e-file tax return was rejected as a duplicate, take these [additional steps](#) with the IRS:
 - Submit an IRS Form 14039, Identity Theft Affidavit
 - Continue to file your tax return, even if you must do so by paper, and attach the Form 14039
 - Watch for any follow-up correspondence from the IRS and respond quickly.

Who should file a Form 14039?

This form should be used if your Social Security number has been compromised and IRS has informed you that you may be a victim of identity theft tax fraud or your e-file return was rejected as a duplicate. The fillable form is available at IRS.gov. Follow the instructions exactly. You can fax or mail it or submit it with your paper tax return if you have been prevented from filing because someone else has already filed a return using your SSN. You only need to file it once.

Additional Information

[Taxpayer Guide to Identity Theft](#)

[Publication 5027, Identity Theft Information for Taxpayers](#)

[Identity Protection: Prevention, Detection and Victim Assistance](#)

[Federal Trade Commission: Identity Theft/Consumer Information](#)

Page Last Reviewed or Updated: 13-Nov-2015



IRS Identity Theft Victim Assistance: How It Works

We know identity theft can be frustrating and confusing for victims. When it comes to tax-related identity theft, the Internal Revenue Service wants to resolve your case as quickly as possible. The IRS has worked hard to help victims of identity theft by making improvements and shortening the time it takes to resolve these complex situations.

Each taxpayer's experience will vary, depending on whether you tell us you may be a tax-related identity theft victim or we tell you we have a suspicious tax return with your name on it. (Please note: We also may not realize you are an identity theft victim until we begin processing the tax return or initiate an audit.)

Here is a general outline of what you can expect.

You tell us you may be a tax-related identity theft victim

Here's what happens if you learn you are a victim of tax-related identity theft. For example, your e-filed return rejects because of a duplicate tax filing with your Social Security number, and you report the incident to us:

- You should file by paper if you are unable to e-file
- You should complete and file Form 14039, Identity Theft Affidavit, with your paper tax return
- Your tax return and Form 14039 are received for processing by the IRS.
- Your case goes to our Identity Theft Victim Assistance (IDTVA) organization where it will be handled by employees with specialized training
- You will receive an acknowledgment letter
- The Identity Theft Victim Assistance organization will work your case by:
 - Assessing the scope of the issues, trying to determine if your case affects one or more tax years.
 - Addressing all the issues related to the fraudulent return. This includes determining if there are additional victims, who may be unknown to you, listed on the fraudulent return.
 - Researching the case to double check all the names, addresses and SSNs are accurate or fraudulent.
 - Conducting a case analysis to determine if all outstanding issues were addressed
 - Ensuring your tax return is properly processed and if you are due a refund, releasing your refund.
 - Removing the fraudulent return from your tax records.
 - Marking your tax account with an identity theft indicator, which completes our work on your case and helps protect you in the future.
- You will receive notification that your case has been resolved. This is generally within 120 days but complex cases may take 180 days or longer
- Prior to the start of the next filing season, you will receive a letter (CP01A) with an Identity Protection Personal Identification Number (IP PIN) to help protect your tax return going forward.

We tell you we have a suspicious return with your name on it

Often, the IRS Taxpayer Protection Program identifies a suspicious tax return bearing your name and SSN and will send you a notice or letter. There are many reasons why a return may appear to suspicious to us, and we take this precautionary step to help protect you. Here's what happens in this situation:

- You may receive a letter from the IRS asking you to verify your identity within 30 days.
- You follow the letter's instructions to verify your identity at [IDVerify.irs.gov](https://idverify.irs.gov):
 - If you are unable to verify using the website, you should call the Taxpayer Protection Program toll-free number provided by the letter.
 - If you are unable to verify your identity with the customer service representative, you may be asked to visit an IRS Taxpayer Assistance Center in person. You should plan on providing picture identification plus the letter and a copy of the tax return if you did file it.
 - If you are unsure about the letter's authenticity and whether it came from the IRS, go to [IDVerify.irs.gov](https://idverify.irs.gov) and follow the prompts to verify your identity.
 - If you receive this or similar notices about suspicious returns, you do not need to complete the Form 14039 unless instructed to do so.
- Once you verify your identity with us, you can tell us if you did or did not file the return.
- If you did not file the return, it will be removed from your IRS records. You may be told you will need to file a paper return for the current filing season.
- If you did file the return, it will be released for processing and, barring other issues, your refund will be sent.

How quickly we can work identity theft cases depends upon the volume of work and the complexity of the cases. Once we completely resolve your tax account issues, we will mark your account with an identity theft indicator to help protect you in the future.

Certain tax-related identity theft victims will be placed into the Identity Protection PIN program and annually receive a new, six-digit IP PIN that must be entered on the tax return. The IP PIN adds an extra layer of identity protection. Some taxpayers will be given the option of getting an IP PIN, using the [IRS.gov/getanippin](https://irs.gov/getanippin) tool.

Are there other steps I should take as a tax-related IDT victim?

You should also follow the recommendations from the Federal Trade Commission, such as contacting one of the three credit bureaus to place a free "fraud alert" on your credit records. See [Taxpayer Guide to Identity Theft](#) and FTC's site, www.identitytheft.gov, for details.

You should also check with your [state tax agency](#) to see if there are additional steps to take at the state level.

Other resources:

[Identity Protection: Prevention, Detection and Victim Assistance](#)

[IRS, State and Tax Industry Security Summit](#)

[Federation of Tax Administrators \(State Tax Agencies\)](#)

[Social Security Administration](#)

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Identity Theft Information for Tax Preparers

Tax preparers play a critical role in assisting clients, both individuals and businesses, who are victims of tax-related identity theft. The IRS is working hard to prevent and detect identity theft as well as reduce the time it takes to resolve these cases.

What is tax-related identity theft?

Tax-related identity theft occurs when someone uses your client's stolen social security number to file a tax return claiming a fraudulent refund. Thieves may also use a stolen EIN from your business client to create false Forms W-2 to support refund fraud schemes.

Warning signs of tax-related identity theft

You may be unaware your client is a victim of identity theft until you attempt to file the tax return and it is rejected. Your client also may receive an IRS notice regarding:

- More than one tax return was filed using your client's SSN,
- Your client has a balance due, refund offset or a collection action taken for a year in which your client did not file a tax return,
- IRS records indicate your client received wages from an unknown employer,
- A business client may receive an IRS letter about an amended tax return, fictitious employees or about a defunct, closed or dormant business.

Did someone file a tax return or W-2 using your client's SSN?

The Federal Trade Commission, lead federal agency on general identity theft issues, has recommended steps identity theft victims should take to protect their credit. See www.identitytheft.gov for general recommendations for your clients.

If your client's SSN has been compromised, whether from a data breach, computer hack or stolen wallet, and they have reason to believe they are at risk for tax-related identity theft, you should take these steps:

- If your client received an IRS notice, respond immediately to the telephone number provided.
- Complete Form 14039, Identity Theft Affidavit. Fax or mail to the IRS according to the instructions.
- To inquire about specific client return information, you must have a power of attorney on file, and you must authenticate your identity with the IRS customer service representative.

What you can do to help prevent identity theft

When providing your clients with file copies of their tax returns, you can redact or mark out the Social Security numbers and bank account information for their protection.

For identity theft victims who have previously been in contact with the IRS and **have not achieved a resolution**, contact us for specialized assistance at 1-800-908-4490.

You also should be aware that your business can become a target for criminals. Follow IRS guidelines for protecting taxpayer information. Online providers must report unauthorized disclosures within one business day.

Resources for tax preparers

- [Publication 5199](#) Tax Preparer Guide to Identity Theft
- [Publication 5027](#) Identity Theft Information for Taxpayers
- [Publication 4535](#) Identity Theft Protection and Victim Assistance
- [Publication 4600](#) Safeguarding Taxpayer Information
- [Publication 4557](#) Safeguarding Taxpayer Data
- [Publication 1345](#) Handbook for Authorized IRS e-file Providers (Security)

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Instructions for Requesting Copy of Fraudulent Returns

We know that identity theft is a frustrating process for victims, and we are taking aggressive steps to stop fraudulent returns before they are processed. We understand victims want to know more about the information used on the fraudulent returns using their Social Security number.

A victim of identity theft or a person authorized to obtain the identity theft victim's tax information may request a redacted copy (one with some information blacked-out) of a fraudulent return that was filed and accepted by the IRS using the identity theft victim's name and SSN. Due to federal privacy laws, the victim's name and SSN must be listed as either the primary or secondary taxpayer on the fraudulent return; otherwise the IRS cannot disclose the return information. For this reason, the IRS cannot disclose return information to any person listed only as a dependent.

Partial or full redaction will protect additional possible victims on the return. However, there will be enough data for you to determine how your personal information was used.

To make the request, you will need to prepare a signed letter with the information described below and mail it and any additional documentation to the following address:

IRS
P.O. Box 9039
Andover, MA 01810-0939

The IRS may return your request if it is missing the required information and/or documentation, or is made in a manner other than described in these instructions.

Required information and documentation for a request by the identity theft victim

If you are the person whose name and SSN was used to file a fraudulent tax return, the letter must contain the following information:

- Your name and SSN
- Your mailing address
- Tax year(s) of the fraudulent return(s) you are requesting
- The following statement, with your signature beneath: "I declare that I am the taxpayer."

Your letter must be accompanied by a copy of your government-issued identification (for example, a driver's license or passport).

Required information and documentation for a request by a person authorized to obtain the identity theft victim's tax information

If you are authorized to obtain the identity theft victim's tax information, the letter must contain the following information:

- Your name and tax identification number (usually your SSN)
- Your relationship to the victim of identity theft (for example, parent, legal guardian, or authorized representative)
- Your mailing address
- Centralized authorization file (CAF) number if you were assigned one by the IRS for an authorization that is on file with the IRS covering the requested tax year(s)
- Tax year(s) of the fraudulent return(s) you are requesting
- The taxpayer's name and SSN
- The taxpayer's mailing address
- The following statement, with your signature beneath: "I declare that I am a person authorized to obtain the tax information requested."

Your letter must be accompanied by a copy of your government-issued identification (for example, a driver's license or passport). You must also include documents demonstrating your authority to receive the requested tax return information (for example, Form 2848, Form 8821, or a court order) unless:

- You are requesting return information of your minor child as a parent or legal guardian, or
- Your authority to obtain return information for the requested tax year(s) is on file with the IRS and you are providing your CAF number.

FAQs

How long will it take to get the copy of the fraudulent return?

The time required to fulfill your request will depend on a number of factors. One factor is whether there are any open, unresolved issues with a tax return for a tax year requested. These are very complex cases, and we will need to resolve the underlying identity theft case before we can provide the return. The IRS will acknowledge your request within 30 days of receipt and within 90 days you will receive the return or follow-up correspondence.

Why is some information on the return redacted?

The IRS may disclose return information from a fraudulent return to a person whose name and SSN are listed as the primary or secondary taxpayer when the disclosure does not seriously impair Federal tax administration. Although some information will be redacted or partially redacted, the remaining information will allow you to determine what information the identity thief may have about you and your family.

What information will be redacted on the copies I receive?

Return Information	Redaction
Names of the primary taxpayer, secondary taxpayer, and dependents (or children reported for other tax benefits)	Entire name except the first four letters of the last name (If the last name is four letters or less, then fewer than four letters of the last name will remain visible.)
Address of the primary and secondary taxpayers	Entire address except the street name
Names and address of all other persons or entities on return	Entire name and address
Taxpayer identification numbers (SSN/ITIN) and employer identification numbers (EIN)	Entire number except the last four digits
Personally identifiable numbers, such as Designee's Personal Identification Number (DPIN), Preparer's Tax Identification Number (PTIN), etc.	Entire number
Telephone number(s)	Entire number except the last four digits
Bank routing and account number(s)	Entire number except the last four digits
Signature	Entire signature

Why can't I request a copy of a fraudulent return that lists me or my child as a dependent?

Due to federal privacy laws, the IRS cannot disclose information to a person who is listed on a fraudulently filed tax return unless that person's name and SSN is listed as the primary or secondary taxpayer on the return.

I received a letter returning my request because it was for a business. Why is the IRS returning requests for business returns?

At this time, you can only request a copy of a fraudulent tax return filed using Forms 1040, 1040A, 1040EZ, 1040NR, or 1040NR-EZ.

I received a letter returning my request because my address didn't match IRS records. What do I need to do?

We will reject a request if the address you listed in the request does not match your IRS address of record. If you have recently moved and did not file a Form 8822, Change of Address, with the IRS, you will need to file this to change your address of record. You can resubmit your request of a copy of the fraudulent return after the IRS processes your address change.

How many tax years can I request?

You can request copies of fraudulent returns for the current tax year and previous six tax years.

I attempted to e-file my return and it was rejected because someone already filed using my Social Security number. Can I request this information now?

You may make a request at any time, but we must resolve the identity theft case before we can share the return. If you have just found you are a victim, please see our [Taxpayer Guide to Identity Theft](#) for the best steps to take to resolve your case.

Page Last Reviewed or Updated: 03-Nov-2015



TAXES. SECURITY. TOGETHER.

The IRS, the states and the tax industry are committed to protecting you from identity theft. We've strengthened our partnership to fight a common enemy – the criminals – and to devote ourselves to a common goal – serving you. Working together, we've made many changes to combat identity theft, and we are making progress. However, cybercriminals are constantly evolving, and so must we. The IRS is working hand-in-hand with your state revenue officials, your tax software provider and your tax preparer. But, we need your help. We need you to join with us. By taking a few simple steps, you can better protect your personal and financial data online and at home.

Please consider these steps to protect yourselves from identity thieves:

Keep Your Computer Secure

- Use security software and make sure it updates automatically; essential tools include:
 - Firewall
 - Virus/malware protection
 - File encryption for sensitive data
- Treat your personal information like cash, don't leave it lying around
- Check out companies to find out who you're really dealing with
- Give personal information only over encrypted websites – look for “https” addresses.
- Use strong passwords and protect them
- Back up your files

Avoid Phishing and Malware

- Avoid phishing emails, texts or calls that appear to be from the IRS and companies you know and trust, go directly to their websites instead
- Don't open attachments in emails unless you know who sent it and what it is
- Download and install software only from websites you know and trust
- Use a pop-up blocker
- Talk to your family about safe computing

Protect Personal Information

Don't routinely carry your social security card or documents with your SSN. Do not overshare personal information on social media. Information about past addresses, a new car, a new home and your children help identity thieves pose as you. Keep old tax returns and tax records under lock and key or encrypted if electronic. Shred tax documents before trashing.

Avoid IRS Impersonators. The IRS will not call you with threats of jail or lawsuits. The IRS will not send you an unsolicited email suggesting you have a refund or that you need to update your account. The IRS will not request any sensitive information online. These are all scams, and they are persistent. Don't fall for them. Forward IRS-related scam emails to phishing@irs.gov. Report IRS-impersonation telephone calls at www.tigta.gov.

Additional steps:

- Check your credit report annually; check your bank and credit card statements often;
- Review your Social Security Administration records annually: Sign up for My Social Security at www.ssa.gov.
- If you are an identity theft victim whose tax account is affected, review www.irs.gov/identitytheft for details.



Identity Theft Information for Taxpayers



Identity theft places a burden on its victims and presents a challenge to many businesses, organizations and governments, including the IRS. The IRS combats this crime with an aggressive strategy of prevention, detection and victim assistance.

What is tax-related identity theft?

Tax-related identity theft occurs when someone uses your stolen Social Security number (SSN) to file a tax return claiming a fraudulent refund. If you become a victim, we are committed to resolving your case as quickly as possible.

You may be unaware that this has happened until you e-file your return and discover that a return already has been filed using your SSN. Or, the IRS may send you a letter saying it has identified a suspicious return using your SSN.

Know the warning signs

Be alert to possible tax-related identity theft if you are contacted by the IRS about:

- More than one tax return was filed for you,
- You owe additional tax, have a refund offset or have had collection actions taken against you for a year you did not file a tax return, or
- IRS records indicate you received wages or other income from an employer for whom you did not work.

Steps for victims of identity theft

If you are a victim of identity theft, the Federal Trade Commission recommends these steps:

- File a complaint with the FTC at [identitytheft.gov](https://www.ftc.gov/identitytheft).
- Contact one of the three major credit bureaus to place a ‘fraud alert’ on your credit records:
 - www.Equifax.com 1-888-766-0008
 - www.Experian.com 1-888-397-3742
 - www.TransUnion.com 1-800-680-7289
- Close any financial or credit accounts opened by identity thieves

If your SSN is compromised and you know or suspect you are a victim of tax-related identity theft, the IRS recommends these additional steps:

- Respond immediately to any IRS notice; call the number provided or, [if instructed](https://www.irs.gov/instructions), go to [IDVerify.irs.gov](https://idverify.irs.gov).
- Complete IRS [Form 14039, Identity Theft Affidavit](https://www.irs.gov/form14039), if your e-file return rejects because of a duplicate filing under your SSN or you are instructed to do so. Use a fillable form at [IRS.gov](https://www.irs.gov), print, then attach form to your paper return and mail according to instructions.

- Continue to pay your taxes and file your tax return, even if you must do so by paper.
- If you previously contacted the IRS and did not have a resolution, contact us for specialized assistance at 1-800-908-4490. We have teams available to assist.

More information is available at: [IRS.gov/identitytheft](https://www.irs.gov/identitytheft) or FTC’s [identitytheft.gov](https://www.ftc.gov/identitytheft).

About data breaches and your taxes

Not all data breaches or computer hacks result in tax-related identity theft. It’s important to know what type of personal information was stolen.

If you’ve been a [victim of a data breach](https://www.ftc.gov/identitytheft), keep in touch with the company to learn what it is doing to protect you and follow the “Steps for victims of identity theft.” Data breach victims should submit a Form 14039, *Identity Theft Affidavit*, only if your Social Security number has been compromised and IRS has informed you that you may be a victim of tax-related identity theft or your e-file return was rejected as a duplicate.

How you can reduce your risk

Join efforts by the IRS, states and tax industry to protect your data. [Taxes. Security. Together.](https://www.irs.gov/secure) We all have a role to play. Here’s how you can help:

- Always use security software with firewall and anti-virus protections. Use strong passwords.
- Learn to recognize and avoid phishing emails, threatening calls and texts from thieves posing as legitimate organizations such as your bank, credit card companies and even the IRS.
- Do not click on links or download attachments from unknown or suspicious emails.
- Protect your personal data. Don’t routinely carry your Social Security card, and make sure your tax records are secure.

See [Publication 4524, Security Awareness for Taxpayers](https://www.irs.gov/publications) to learn more.

NOTE: The IRS does not initiate contact with taxpayers by email to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels.



Tax Preparer Guide to Identity Theft



Tax preparers play a critical role in assisting clients, both individuals and businesses, who are victims of tax-related identity theft. The IRS is working hard to prevent and detect identity theft as well as reduce the time it takes to resolve these cases.

What is tax-related identity theft?

Tax-related identity theft occurs when someone uses a stolen Social Security number to file a tax return claiming a fraudulent refund. Thieves also may use stolen Employer Identification Numbers to create false Forms W-2 to support refund fraud schemes.

Warning signs for individual clients

Your client's SSN has been compromised, putting them at risk when:

- A return is rejected; IRS reject codes indicate the taxpayer's SSN already has been used.
- Your client notices activity on or receives IRS notices regarding a tax return after all tax issues have been resolved, refund paid or account balances have been paid.
- An IRS notice indicates your client received wages from an employer unknown to them.

Remember: You must have a power of attorney on file and authenticate your identity before an IRS customer service representative can provide you with any taxpayer information.

Warning signs for business clients

- Your client's return is accepted as an amended return, but the taxpayer has not filed a return for that year.
- Your client receives IRS notices about fictitious employees.
- Your client notices activity related to or receives IRS notices regarding a defunct, closed or dormant business after all account balances have been paid.

Tax preparers also can become targets of criminals. Remember to follow the security guidelines outlined in [Publication 1345](#). Online providers who experience a data breach must contact the IRS within one business day.

Assisting victims of identity theft

The Federal Trade Commission, the lead federal agency for identity theft, recommends these steps:

1. Report identity theft to the FTC at www.identitytheft.gov.
2. Contact one of the major credit bureaus to place a fraud alert on your records:
 - www.Equifax.com 1-888-766-0008
 - www.Experian.com 1-888-397-3742
 - www.TransUnion.com 1-800-680-7289
3. Close any financial or credit accounts opened fraudulently.

IRS victim assistance

In addition to the FTC recommendations, you should take these steps if clients' SSNs are compromised and they suspect or know they are victims of tax-related identity theft:

- Respond promptly to IRS notices; your client may be directed to IDVerify.IRS.gov to validate their identity
- Complete [Form 14039, Identity Theft Affidavit](#), if your client's e-file return rejects because of a duplicate SSN or you are instructed to do so. This form allows us to put an indicator on the client's tax records for questionable activity.
- Clients should continue to file returns and pay taxes, even if it must be done by paper, while the case is being researched.
- If you previously contacted the IRS and did not have a resolution, call us for specialized assistance at 1-800-908-4490.
- Be aware that the nature of these cases is complex.

Resources for tax preparers

- www.identitytheft.gov (FTC web site)
- www.IRS.gov/identitytheft
- [Pub 1345, Handbook for Authorized IRS e-file Providers \(Security\)](#)
- [Pub 4557, Safeguarding Taxpayer Data](#)
- [Pub 4600, Safeguarding Taxpayer Information](#)
- [Pub 4535 \(EN-SP\), Identity Theft Prevention and Victim Assistance](#)
- Search IRS.gov, Keywords: [Identity Theft](#)

Identity Theft Affidavit

Complete and submit this form if you are an actual or potential victim of identity theft and would like the IRS to mark your account to identify questionable activity.

Check only one of the following two boxes if they apply to your specific situation. (Optional for all filers)

- I am submitting this form in response to a mailed notice or letter from the IRS.
- I am completing this form on behalf of another person, such as a deceased spouse or other deceased relative. You should provide information for the actual or potential victim in Sections A, B, & D.

Note to all filers: Failure to provide required information on BOTH sides of this form AND clear and legible documentation will delay processing.

THIS FORM MUST BE SIGNED ON THE REVERSE SIDE (SECTION F).

Section A – Reason For Filing This Form (Required for all filers)

Check only ONE of the following two boxes. You MUST provide the requested description or explanation in the lined area below.

- 1 I am a victim of identity theft AND it is affecting my federal tax records.

You should check this box if, for example, your attempt to file electronically was rejected because someone had already filed using your Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN), or if you received a notice or correspondence from the IRS indicating someone was otherwise using your number.

Provide a short explanation of the problem and how you were made aware of it.

- 2 I have experienced an event involving my personal information that may at some future time affect my federal tax records.

You should check this box if you are the victim of non-federal tax related identity theft, such as the misuse of your personal identity information to obtain credit. You should also check this box if no identity theft violation has occurred, but you have experienced an event that could result in identity theft, such as a lost/stolen purse or wallet, home robbery, etc.

Briefly describe the identity theft violation(s) and/or the event(s) of concern. Include the date(s) of the incident(s).

Section B – Taxpayer Information (Required for all filers)

Taxpayer's last name	First name	Middle initial	The last 4 digits of the taxpayer's SSN or the taxpayer's complete Individual Taxpayer Identification Number (ITIN)
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Taxpayer's current mailing address (apt., suite no. and street, or P.O. Box)

City	State	ZIP code
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Tax year(s) affected (Required if you checked box 1 in Section A above)	Last tax return filed (year) (If you are not required to file a return, enter NRF and do not complete the next two lines)
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Address on last tax return filed (If same as current address, write "same as above")

City (on last tax return filed)	State	ZIP code
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Section C – Telephone Contact Information (Required for all filers)

Telephone number (include area code) <input type="checkbox"/> Home <input type="checkbox"/> Work <input type="checkbox"/> Cell	Best time(s) to call
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I prefer to be contacted in (select the appropriate language) English Spanish Other _____

Section D – Required Documentation (Required for all filers)

Submit this completed form and a clear and legible photocopy of at least one of the following documents to verify your identity. If you are submitting this form on behalf of another person, the documentation should be for that person. If necessary, enlarge the photocopies so all information and pictures are clearly visible.

Check the box next to the document(s) you are submitting:

- Passport
- Driver's license
- Social Security Card
- Other valid U.S. Federal or State government issued identification**

** Do not submit photocopies of federally issued identification where prohibited by 18 U.S.C. 701 (e.g., official badges designating federal employment).

Identity Theft Affidavit

Section E – Representative Information (Required only if completing this form on someone else’s behalf)

If you are completing this form on behalf of another person, you must complete this section and attach clear and legible photocopies of the documentation indicated.

Check only ONE of the following four boxes next to the reason why you are submitting this form

- The taxpayer is deceased and I am the surviving spouse. *(No attachments are required)*
- The taxpayer is deceased and I am the court-appointed or certified personal representative.
Attach a copy of the court certificate showing your appointment.
- The taxpayer is deceased and a court-appointed or certified personal representative has not been appointed.
Attach a copy of the death certificate or the formal notification from the appropriate government office informing the next of kin of the decedent’s death. Indicate your relationship to the decedent: _____
- The taxpayer is unable to complete this form and I have been appointed conservator or have Power of Attorney (POA) authorization.
Attach a copy of the documentation showing your appointment as conservator or your POA authorization.
If you are the POA and have been issued a CAF number by the IRS, enter it here: _____

Representative's name

Current mailing address

City	State	ZIP code
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Section F – Penalty Of Perjury Statement and Signature (Required for all filers)

Under penalty of perjury, I declare that, to the best of my knowledge and belief, the information entered on this form is true, correct, complete, and made in good faith.

Signature of taxpayer or representative of taxpayer	Date signed
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Instructions for Submitting this Form

Submit this form and clear and legible copies of required documentation using ONE of the following submission options.

Mailing AND faxing this form WILL result in a processing delay.

By Mail	By FAX
<p>If you checked Box 1 in Section A and are unable to file your return electronically because the primary and/or secondary SSN was misused, attach this form and documentation to your paper return and submit to the IRS location where you normally file. If you have already filed your paper return, submit this form and documentation to the IRS location where you normally file. Refer to the "Where Do You File" section of your return instructions or visit IRS.gov and input the search term "Where to File".</p> <p>If you checked Box 1 in Section A and are submitting this form in response to a notice or letter received from the IRS, return this form and documentation with a copy of the notice or letter to the address contained in the notice or letter.</p> <p>If you checked Box 2 in Section A (you do not currently have a tax-related issue), mail this form and documentation to:</p> <p style="text-align: center;">Internal Revenue Service PO Box 9039 Andover MA 01810-0939</p>	<p>If you checked Box 1 in Section A and are submitting this form in response to a notice or letter received from the IRS that shows a reply FAX number, FAX this completed form and documentation with a copy of the notice or letter to that number. Include a cover sheet marked "Confidential." If no FAX number is shown, follow the mailing instructions on the notice or letter.</p> <p>If you checked Box 2 in Section A (you do not currently have a tax-related issue), FAX this form and documentation to: (855) 807-5720.</p> <p>NOTE: The IRS does not <i>initiate</i> contact with taxpayers by email, fax, or any social media tools to request personal or financial information. Report unsolicited email claiming to be from the IRS and bogus IRS websites to phishing@irs.gov.</p> <p>NOTE: For more information about questionable communications purportedly from the IRS, visit IRS.gov and input the search term "Fake IRS Communications".</p>

Other helpful identity theft information may be found on www.irs.gov/uac/Identity-Protection. Additionally, locations and hours of operation for Taxpayer Assistance Centers can be found at www.irs.gov (search "Local Contacts").

Note: The Federal Trade Commission (FTC) is the central federal government agency responsible for identity theft awareness. The IRS does not share taxpayer information with the FTC. Refer to the FTC's website at www.Identitytheft.gov for additional information, protection strategies, and resources.

Privacy Act and Paperwork Reduction Notice

Our legal authority to request the information is 26 U.S.C. 6001.

The primary purpose of the form is to provide a method of reporting identity theft issues to the IRS so that the IRS may document situations where individuals are or may be victims of identity theft. Additional purposes include the use in the determination of proper tax liability and to relieve taxpayer burden. The information may be disclosed only as provided by 26 U.S.C. 6103. Providing the information on this form is voluntary. However, if you do not provide the information it may be more difficult to assist you in resolving your identity theft issue. If you are a potential victim of identity theft and do not provide the required substantiation information, we may not be able to place a marker on your account to assist with future protection. If you are a victim of identity theft and do not provide the required information, it may be difficult for IRS to determine your correct tax liability. If you intentionally provide false information, you may be subject to criminal penalties.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send this form to this address. Instead, see the form for filing instructions. Notwithstanding any other provision of the law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act, unless that collection of information displays a currently valid OMB Control Number.

Pub. L. 103-322, § 320101(d)(2), inserted “the assault involved in the use of a dangerous weapon, or” after “and if”.

Pub. L. 103-322, §§ 320101(d)(1), 330016(1)(K), amended subsec. (e) identically, substituting “shall be fined under this title” for “shall be fined not more than \$5,000” after “subsection (a) of this section”.

1988—Subsec. (a). Pub. L. 100-690 inserted a comma after “section 3056 of this title”.

1986—Subsec. (a). Pub. L. 99-646, § 62(1), inserted “a major Presidential or Vice Presidential candidate (as defined in section 3056 of this title)”.

Subsec. (h). Pub. L. 99-646, § 62(2), substituted “individual” for “official”.

1982—Pub. L. 97-285, § 2(a), substituted “Congressional, Cabinet, and Supreme Court assassination, kidnaping, and assault; penalties” for “Congressional assassination, kidnaping, and assault” in section catchline.

Subsec. (a). Pub. L. 97-285, § 1(a), expanded coverage of subsec. (a) to cover the killing of any individual who is a member of the executive branch of the Government and the head, or a person nominated to be head during the pendency of such nomination, of a department listed in section 101 of title 5 or the second ranking official in such department, the Director (or a person nominated to be Director during the pendency of such nomination) or Deputy Director of Central Intelligence, or a Justice of the United States, as defined in section 451 of title 28, or a person nominated to be a Justice of the United States, during the pendency of such nomination.

Subsecs. (h), (i). Pub. L. 97-285, § 1(b), added subsecs. (h) and (i).

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104-294 effective Sept. 13, 1994, see section 604(d) of Pub. L. 104-294, set out as a note under section 13 of this title.

REPORT TO MEMBER OF CONGRESS ON INVESTIGATION CONDUCTED SUBSEQUENT TO THREAT ON MEMBER'S LIFE

Pub. L. 95-624, § 19, Nov. 9, 1978, 92 Stat. 3466, provided that: “The Federal Bureau of Investigation shall provide a written report to a Member of Congress on any investigation conducted based on a threat on the Member's life under section 351 of title 18 of the United States Code.”

CHAPTER 19—CONSPIRACY

Sec.	
371.	Conspiracy to commit offense or to defraud United States.
372.	Conspiracy to impede or injure officer.
373.	Solicitation to commit a crime of violence.

AMENDMENTS

1984—Pub. L. 98-473, title II, § 1003(b), Oct. 12, 1984, 98 Stat. 2138, added item 373.

§ 371. Conspiracy to commit offense or to defraud United States

If two or more persons conspire either to commit any offense against the United States, or to defraud the United States, or any agency thereof in any manner or for any purpose, and one or more of such persons do any act to effect the object of the conspiracy, each shall be fined under this title or imprisoned not more than five years, or both.

If, however, the offense, the commission of which is the object of the conspiracy, is a misdemeanor only, the punishment for such conspiracy shall not exceed the maximum punishment provided for such misdemeanor.

(June 25, 1948, ch. 645, 62 Stat. 701; Pub. L. 103-322, title XXXIII, § 330016(1)(L), Sept. 13, 1994, 108 Stat. 2147.)

HISTORICAL AND REVISION NOTES

Based on title 18, U.S.C., 1940 ed., §§ 88, 294 (Mar. 4, 1909, ch. 321, § 37, 35 Stat. 1096; Mar. 4, 1909, ch. 321, § 178a, as added Sept. 27, 1944, ch. 425, 58 Stat. 752).

This section consolidates said sections 88 and 294 of title 18, U.S.C., 1940 ed.

To reflect the construction placed upon said section 88 by the courts the words “or any agency thereof” were inserted. (See *Haas v. Henkel*, 1909, 30 S. Ct. 249, 216 U. S. 462, 54 L. Ed. 569, 17 Ann. Cas. 1112, where court said: “The statute is broad enough in its terms to include any conspiracy for the purpose of impairing, obstructing, or defeating the lawful functions of any department of government.” Also, see *United States v. Walter*, 1923, 44 S. Ct. 10, 263 U. S. 15, 68 L. Ed. 137, and definitions of department and agency in section 6 of this title.)

The punishment provision is completely rewritten to increase the penalty from 2 years to 5 years except where the object of the conspiracy is a misdemeanor. If the object is a misdemeanor, the maximum imprisonment for a conspiracy to commit that offense, under the revised section, cannot exceed 1 year.

The injustice of permitting a felony punishment on conviction for conspiracy to commit a misdemeanor is described by the late Hon. Grover M. Moscovitz, United States district judge for the eastern district of New York, in an address delivered March 14, 1944, before the section on Federal Practice of the New York Bar Association, reported in 3 Federal Rules Decisions, pages 380-392.

Hon. John Paul, United States district judge for the western district of Virginia, in a letter addressed to Congressman Eugene J. Keogh dated January 27, 1944, stresses the inadequacy of the 2-year sentence prescribed by existing law in cases where the object of the conspiracy is the commission of a very serious offense.

The punishment provision of said section 294 of title 18 was considered for inclusion in this revised section. It provided the same penalties for conspiracy to violate the provisions of certain counterfeiting laws, as are applicable in the case of conviction for the specific violations. Such a punishment would seem as desirable for all conspiracies as for such offenses as counterfeiting and transporting stolen property in interstate commerce.

A multiplicity of unnecessary enactments inevitably leads to confusion and disregard of law. (See reviser's note under section 493 of this title.)

Since consolidation was highly desirable and because of the strong objections of prosecutors to the general application of the punishment provision of said section 294, the revised section represents the best compromise that could be devised between sharply conflicting views.

A number of special conspiracy provisions, relating to specific offenses, which were contained in various sections incorporated in this title, were omitted because adequately covered by this section. A few exceptions were made, (1) where the conspiracy would constitute the only offense, or (2) where the punishment provided in this section would not be commensurate with the gravity of the offense. Special conspiracy provisions were retained in sections 241, 286, 372, 757, 794, 956, 1201, 2271, 2384 and 2388 of this title. Special conspiracy provisions were added to sections 2153 and 2154 of this title.

AMENDMENTS

1994—Pub. L. 103-322 substituted “fined under this title” for “fined not more than \$10,000”.

§ 372. Conspiracy to impede or injure officer

If two or more persons in any State, Territory, Possession, or District conspire to prevent, by force, intimidation, or threat, any person from accepting or holding any office, trust, or place of confidence under the United States, or from

§101(d)(1)–(3), (4)(A), (e)(3), Oct. 15, 1974, 88 Stat. 1267, prohibited campaign contributions by foreign nationals. See section 441e of Title 2, The Congress.

Section 614, added Pub. L. 93–443, title I, §101(f)(1), Oct. 15, 1974, 88 Stat. 1268, prohibited making of campaign contributions in the name of another. See section 441f of Title 2, The Congress.

Section 615, added Pub. L. 93–443, title I, §101(f)(1), Oct. 15, 1974, 88 Stat. 1268, placed limitations on contributions of currency. See section 441g of Title 2, The Congress.

Section 616, added Pub. L. 93–443, title I, §101(f)(1), Oct. 15, 1974, 88 Stat. 1268, prohibited acceptance of excessive honorariums. See section 441i of Title 2, The Congress.

Section 617, added Pub. L. 93–443, title I, §101(f)(1), Oct. 15, 1974, 88 Stat. 1268, prohibited fraudulent misrepresentation of campaign authority. See section 441h of Title 2, The Congress.

SAVINGS PROVISION

Repeal by Pub. L. 94–283 not to release or extinguish any penalty, forfeiture, or liability incurred under such sections, with each section to be treated as remaining in force for the purpose of sustaining any proper action or prosecution for the enforcement of any penalty, forfeiture, or liability, see section 114 of Pub. L. 94–283, set out as a note under section 441 of Title 2, The Congress.

CHAPTER 31—EMBEZZLEMENT AND THEFT

- Sec.
641. Public money, property or records.
642. Tools and materials for counterfeiting purposes.
643. Accounting generally for public money.
644. Banker receiving unauthorized deposit of public money.
645. Court officers generally.
646. Court officers depositing registry moneys.
647. Receiving loan from court officer.
648. Custodians, generally, misusing public funds.
649. Custodians failing to deposit moneys; persons affected.
650. Depositaries failing to safeguard deposits.
651. Disbursing officer falsely certifying full payment.
652. Disbursing officer paying lesser in lieu of lawful amount.
653. Disbursing officer misusing public funds.
654. Officer or employee of United States converting property of another.
655. Theft by bank examiner.
656. Theft, embezzlement, or misapplication by bank officer or employee.
657. Lending, credit and insurance institutions.
658. Property mortgaged or pledged to farm credit agencies.
659. Interstate or foreign shipments by carrier; State prosecutions.
660. Carrier's funds derived from commerce; State prosecutions.
661. Within special maritime and territorial jurisdiction.
662. Receiving stolen property,¹ within special maritime and territorial jurisdiction.
663. Solicitation or use of gifts.
664. Theft or embezzlement from employee benefit plan.
665. Theft or embezzlement from employment and training funds; improper inducement; obstruction of investigations.
666. Theft or bribery concerning programs receiving Federal funds.
667. Theft of livestock.
668. Theft of major artwork.
669. Theft or embezzlement in connection with health care.

¹ So in original. Does not conform to section catchline.

AMENDMENTS

1996—Pub. L. 104–294, title VI, §601(f)(7), Oct. 11, 1996, 110 Stat. 3500, inserted comma after “embezzlement” in item 656.

Pub. L. 104–191, title II, §243(b), Aug. 21, 1996, 110 Stat. 2017, added item 669.

1994—Pub. L. 103–322, title XXXII, §320902(d)(1), Sept. 13, 1994, 108 Stat. 2124, added item 668.

1984—Pub. L. 98–473, title II, §§1104(b), 1112, Oct. 12, 1984, 98 Stat. 2144, 2149, added items 666 and 667.

1978—Pub. L. 95–524, §3(b), Oct. 27, 1978, 92 Stat. 2018, substituted “employment and training funds” for “manpower funds” and inserted “; obstruction of investigations” after “improper inducement” in item 665.

1973—Pub. L. 93–203, title VII, §711(b), formerly title VI, §611(b), Dec. 28, 1973, 87 Stat. 882, renumbered Pub. L. 93–567, title I, §101, Dec. 31, 1974, 88 Stat. 1845, added item 665.

1966—Pub. L. 89–654, §1(e), Oct. 14, 1966, 80 Stat. 904, substituted “shipments by carrier” for “baggage, express or freight” in item 659.

1962—Pub. L. 87–420, §17(b), Mar. 20, 1962, 76 Stat. 42, added item 664.

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Application of general penal statutes relating to larceny, embezzlement, or conversion of public moneys or property of the United States, to moneys and property of Saint Lawrence Seaway Development Corporation, see section 990 of Title 33, Navigation and Navigable Waters.

§ 641. Public money, property or records

Whoever embezzles, steals, purloins, or knowingly converts to his use or the use of another, or without authority, sells, conveys or disposes of any record, voucher, money, or thing of value of the United States or of any department or agency thereof, or any property made or being made under contract for the United States or any department or agency thereof; or

Whoever receives, conceals, or retains the same with intent to convert it to his use or gain, knowing it to have been embezzled, stolen, purloined or converted—

Shall be fined under this title or imprisoned not more than ten years, or both; but if the value of such property in the aggregate, combining amounts from all the counts for which the defendant is convicted in a single case, does not exceed the sum of \$1,000, he shall be fined under this title or imprisoned not more than one year, or both.

The word “value” means face, par, or market value, or cost price, either wholesale or retail, whichever is greater.

(June 25, 1948, ch. 645, 62 Stat. 725; Pub. L. 103–322, title XXXIII, §330016(1)(H), (L), Sept. 13, 1994, 108 Stat. 2147; Pub. L. 104–294, title VI, §606(a), Oct. 11, 1996, 110 Stat. 3511; Pub. L. 108–275, §4, July 15, 2004, 118 Stat. 833.)

HISTORICAL AND REVISION NOTES

Based on title 18, U.S.C., 1940 ed., §§82, 87, 100, 101 (Mar. 4, 1909, ch. 321, §§35, 36, 47, 48, 35 Stat. 1095, 1096–1098; Oct. 23, 1918, ch. 194, 40 Stat. 1015; June 18, 1934, ch. 587, 48 Stat. 996; Apr. 4, 1938, ch. 69, 52 Stat. 197; Nov. 22, 1943, ch. 302, 57 Stat. 591.)

Section consolidates sections 82, 87, 100, and 101 of title 18, U.S.C., 1940 ed. Changes necessary to effect the consolidation were made. Words “or shall willfully injure or commit any depredation against” were taken from said section 82 so as to confine it to embezzlement or theft.

The quoted language, rephrased in the present tense, appears in section 1361 of this title.

Words “in a jail” which followed “imprisonment” and preceded “for not more than one year” in said section 82, were omitted. (See reviser’s note under section 1 of this title.)

Language relating to receiving stolen property is from said section 101.

Words “or aid in concealing” were omitted as unnecessary in view of definitive section 2 of this title. Procedural language at end of said section 101 “and such person may be tried either before or after the conviction of the principal offender” was transferred to and rephrased in section 3435 of this title.

Words “or any corporation in which the United States of America is a stockholder” in said section 82 were omitted as unnecessary in view of definition of “agency” in section 6 of this title.

The provisions for fine of not more than \$1,000 or imprisonment of not more than 1 year for an offense involving \$100 or less and for fine of not more than \$10,000 or imprisonment of not more than 10 years, or both, for an offense involving a greater amount were written into this section as more in conformity with the later congressional policy expressed in sections 82 and 87 of title 18, U.S.C., 1940 ed., than the nongraduated penalties of sections 100 and 101 of said title 18.

Since the purchasing power of the dollar is less than it was when \$50 was the figure which determined whether larceny was petit larceny or grand larceny, the sum \$100 was substituted as more consistent with modern values.

The meaning of “value” in the last paragraph of the revised section is written to conform with that provided in section 2311 of this title by inserting the words “face, par, or”.

This section incorporates the recommendation of Paul W. Hyatt, president, board of commissioners of the Idaho State Bar Association, that sections 82 and 100 of title 18, U.S.C., 1940 ed., be combined and simplified.

Also, with respect to section 101 of title 18, U.S.C., 1940 ed., this section meets the suggestion of P. F. Herrick, United States attorney for Puerto Rico, that the punishment provision of said section be amended to make the offense a misdemeanor where the amount involved is \$50 or less.

Changes were made in phraseology.

AMENDMENTS

2004—Pub. L. 108-275, in third par., inserted “in the aggregate, combining amounts from all the counts for which the defendant is convicted in a single case,” after “value of such property”.

1996—Pub. L. 104-294 substituted “\$1,000” for “\$100” in third par.

1994—Pub. L. 103-322, in third par., substituted “fined under this title” for “fined not more than \$10,000” after “Shall be” and for “fined not more than \$1,000” after “he shall be”.

SHORT TITLE OF 1984 AMENDMENT

Pub. L. 98-473, title II, chapter XI, part I (§§ 1110-1115), § 1110, Oct. 12, 1984, 98 Stat. 2148, provided that: “This Part [enacting section 667 of this title and amending sections 2316 and 2317 of this title] may be cited as the ‘Livestock Fraud Protection Act.’”

§ 642. Tools and materials for counterfeiting purposes

Whoever, without authority from the United States, secretes within, or embezzles, or takes and carries away from any building, room, office, apartment, vault, safe, or other place where the same is kept, used, employed, placed, lodged, or deposited by authority of the United States, any tool, implement, or thing used or fitted to be used in stamping or printing, or in making

some other tool or implement used or fitted to be used in stamping or printing any kind or description of bond, bill, note, certificate, coupon, postage stamp, revenue stamp, fractional currency note, or other paper, instrument, obligation, device, or document, authorized by law to be printed, stamped, sealed, prepared, issued, uttered, or put in circulation on behalf of the United States; or

Whoever, without such authority, so secretes, embezzles, or takes and carries away any paper, parchment, or other material prepared and intended to be used in the making of any such papers, instruments, obligations, devices, or documents; or

Whoever, without such authority, so secretes, embezzles, or takes and carries away any paper, parchment, or other material printed or stamped, in whole or part, and intended to be prepared, issued, or put in circulation on behalf of the United States as one of such papers, instruments, or obligations, or printed or stamped, in whole or part, in the similitude of any such paper, instrument, or obligation, whether intended to issue or put the same in circulation or not—

Shall be fined under this title or imprisoned not more than ten years, or both.

(June 25, 1948, ch. 645, 62 Stat. 725; Pub. L. 103-322, title XXXIII, § 330016(1)(K), Sept. 13, 1994, 108 Stat. 2147.)

HISTORICAL AND REVISION NOTES

Based on title 18, U.S.C., 1940 ed., § 269 (Mar. 4, 1909, ch. 321, § 155, 35 Stat. 1117).

Words “bed piece, bed-plate, roll, plate, die, seal, type, or other” were omitted as covered by “tool, implement, or thing.”

Minor changes in phraseology were made.

AMENDMENTS

1994—Pub. L. 103-322 substituted “fined under this title” for “fined not more than \$5,000” in last par.

§ 643. Accounting generally for public money

Whoever, being an officer, employee or agent of the United States or of any department or agency thereof, having received public money which he is not authorized to retain as salary, pay, or emolument, fails to render his accounts for the same as provided by law is guilty of embezzlement, and shall be fined under this title or in a sum equal to the amount of the money embezzled, whichever is greater, or imprisoned not more than ten years, or both; but if the amount embezzled does not exceed \$1,000, he shall be fined under this title or imprisoned not more than one year, or both.

(June 25, 1948, ch. 645, 62 Stat. 726; Pub. L. 103-322, title XXXIII, § 330016(1)(H), (2)(G), Sept. 13, 1994, 108 Stat. 2147, 2148; Pub. L. 104-294, title VI, § 606(a), Oct. 11, 1996, 110 Stat. 3511.)

HISTORICAL AND REVISION NOTES

Based on title 18, U.S.C., 1940 ed., § 176 (Mar. 4, 1909, ch. 321, § 90, 35 Stat. 1105).

Word “employee” was inserted to avoid ambiguity as to scope of section.

Words “or of any department or agency thereof” were added after the words “United States”. (See definitions of the terms “department” and “agency” in section 6 of this title.)

1425 to 1427, 1541 to 1544, and 1546 of this title and enacting provisions set out as a note under section 994 of Title 28, Judiciary and Judicial Procedure] and the amendments made by this section shall apply with respect to offenses occurring on or after the date of the enactment of this Act [Sept. 30, 1996].”

COORDINATING COMMITTEE ON FALSE IDENTIFICATION

Pub. L. 106-578, § 2, Dec. 28, 2000, 114 Stat. 3075, provided that:

“(a) IN GENERAL.—The Attorney General and the Secretary of the Treasury shall establish a coordinating committee to ensure, through existing interagency task forces or other means, that the creation and distribution of false identification documents (as defined in section 1028(d)(3) [now 1028(d)(4)] of title 18, United States Code, as added by section 3(2) of this Act) is vigorously investigated and prosecuted.

“(b) MEMBERSHIP.—The coordinating committee shall consist of the Director of the United States Secret Service, the Director of the Federal Bureau of Investigation, the Attorney General, the Commissioner of Social Security, and the Commissioner of Immigration and Naturalization, or their respective designees.

“(c) TERM.—The coordinating committee shall terminate 2 years after the effective date of this Act [see Effective Date of 2000 Amendment note above].

“(d) REPORT.—

“(1) IN GENERAL.—The Attorney General and the Secretary of the Treasury, at the end of each year of the existence of the committee, shall report to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives on the activities of the committee.

“(2) CONTENTS.—The report referred to in paragraph (1) shall include—

“(A) the total number of indictments and informations, guilty pleas, convictions, and acquittals resulting from the investigation and prosecution of the creation and distribution of false identification documents during the preceding year;

“(B) identification of the Federal judicial districts in which the indictments and informations were filed, and in which the subsequent guilty pleas, convictions, and acquittals occurred;

“(C) specification of the Federal statutes utilized for prosecution;

“(D) a brief factual description of significant investigations and prosecutions;

“(E) specification of the sentence imposed as a result of each guilty plea and conviction; and

“(F) recommendations, if any, for legislative changes that could facilitate more effective investigation and prosecution of the creation and distribution of false identification documents.”

[For transfer of the functions, personnel, assets, and obligations of the United States Secret Service, including the functions of the Secretary of the Treasury relating thereto, to the Secretary of Homeland Security, and for treatment of related references, see sections 381, 551(d), 552(d), and 557 of Title 6, Domestic Security, and the Department of Homeland Security Reorganization Plan of November 25, 2002, as modified, set out as a note under section 542 of Title 6.]

[For abolition of Immigration and Naturalization Service, transfer of functions, and treatment of related references, see note set out under section 1551 of Title 8, Aliens and Nationality.]

CONSTITUTIONAL AUTHORITY

Pub. L. 105-318, § 2, Oct. 30, 1998, 112 Stat. 3007, provided that: “The constitutional authority upon which this Act [see Short Title of 1998 Amendments note set out under section 1001 of this title] rests is the power of Congress to regulate commerce with foreign nations and among the several States, and the authority to make all laws which shall be necessary and proper for carrying into execution the powers vested by the Constitution in the Government of the United States or in

any department or officer thereof, as set forth in article I, section 8 of the United States Constitution.”

CENTRALIZED COMPLAINT AND CONSUMER EDUCATION SERVICE FOR VICTIMS OF IDENTITY THEFT

Pub. L. 105-318, § 5, Oct. 30, 1998, 112 Stat. 3010, provided that:

“(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act [Oct. 30, 1998], the Federal Trade Commission shall establish procedures to—

“(1) log and acknowledge the receipt of complaints by individuals who certify that they have a reasonable belief that 1 or more of their means of identification (as defined in section 1028 of title 18, United States Code, as amended by this Act) have been assumed, stolen, or otherwise unlawfully acquired in violation of section 1028 of title 18, United States Code, as amended by this Act;

“(2) provide informational materials to individuals described in paragraph (1); and

“(3) refer complaints described in paragraph (1) to appropriate entities, which may include referral to—

“(A) the 3 major national consumer reporting agencies; and

“(B) appropriate law enforcement agencies for potential law enforcement action.

“(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.”

FRAUD AND RELATED ACTIVITY IN CONNECTION WITH IDENTIFICATION DOCUMENTS

Pub. L. 98-473, title II, § 609L, Oct. 12, 1984, 98 Stat. 2103, provided that:

“(a) For purposes of section 1028 of title 18, United States Code, to the maximum extent feasible, personal descriptors or identifiers utilized in identification documents, as defined in such section, shall utilize common descriptive terms and formats designed to—

“(1) reduce the redundancy and duplication of identification systems by providing information which can be utilized by the maximum number of authorities, and

“(2) facilitate positive identification of bona fide holders of identification documents.

“(b) The President shall, no later than 3 years after the date of enactment of this Act [Oct. 12, 1984], and after consultation with Federal, State, local, and international issuing authorities, and concerned groups make recommendations [recommendations] to the Congress for the enactment of comprehensive legislation on Federal identification systems. Such legislation shall—

“(1) give due consideration to protecting the privacy of persons who are the subject of any identification system,

“(2) recommend appropriate civil and criminal sanctions for the misuse or unauthorized disclosure of personal identification information, and

“(3) make recommendations providing for the exchange of personal identification information as authorized by Federal or State law or Executive order of the President or the chief executive officer of any of the several States.”

§ 1028A. Aggravated identity theft

(a) OFFENSES.—

(1) IN GENERAL.—Whoever, during and in relation to any felony violation enumerated in subsection (c), knowingly transfers, possesses, or uses, without lawful authority, a means of identification of another person shall, in addition to the punishment provided for such felony, be sentenced to a term of imprisonment of 2 years.

(2) TERRORISM OFFENSE.—Whoever, during and in relation to any felony violation enu-

merated in section 2332b(g)(5)(B), knowingly transfers, possesses, or uses, without lawful authority, a means of identification of another person or a false identification document shall, in addition to the punishment provided for such felony, be sentenced to a term of imprisonment of 5 years.

(b) CONSECUTIVE SENTENCE.—Notwithstanding any other provision of law—

(1) a court shall not place on probation any person convicted of a violation of this section;

(2) except as provided in paragraph (4), no term of imprisonment imposed on a person under this section shall run concurrently with any other term of imprisonment imposed on the person under any other provision of law, including any term of imprisonment imposed for the felony during which the means of identification was transferred, possessed, or used;

(3) in determining any term of imprisonment to be imposed for the felony during which the means of identification was transferred, possessed, or used, a court shall not in any way reduce the term to be imposed for such crime so as to compensate for, or otherwise take into account, any separate term of imprisonment imposed or to be imposed for a violation of this section; and

(4) a term of imprisonment imposed on a person for a violation of this section may, in the discretion of the court, run concurrently, in whole or in part, only with another term of imprisonment that is imposed by the court at the same time on that person for an additional violation of this section, provided that such discretion shall be exercised in accordance with any applicable guidelines and policy statements issued by the Sentencing Commission pursuant to section 994 of title 28.

(c) DEFINITION.—For purposes of this section, the term “felony violation enumerated in subsection (c)” means any offense that is a felony violation of—

(1) section 641 (relating to theft of public money, property, or rewards¹), section 656 (relating to theft, embezzlement, or misapplication by bank officer or employee), or section 664 (relating to theft from employee benefit plans);

(2) section 911 (relating to false personation of citizenship);

(3) section 922(a)(6) (relating to false statements in connection with the acquisition of a firearm);

(4) any provision contained in this chapter (relating to fraud and false statements), other than this section or section 1028(a)(7);

(5) any provision contained in chapter 63 (relating to mail, bank, and wire fraud);

(6) any provision contained in chapter 69 (relating to nationality and citizenship);

(7) any provision contained in chapter 75 (relating to passports and visas);

(8) section 523 of the Gramm-Leach-Bliley Act (15 U.S.C. 6823) (relating to obtaining customer information by false pretenses);

(9) section 243 or 266 of the Immigration and Nationality Act (8 U.S.C. 1253 and 1306) (relat-

ing to willfully failing to leave the United States after deportation and creating a counterfeit alien registration card);

(10) any provision contained in chapter 8 of title II of the Immigration and Nationality Act (8 U.S.C. 1321 et seq.) (relating to various immigration offenses); or

(11) section 208, 811, 1107(b), 1128B(a), or 1632 of the Social Security Act (42 U.S.C. 408, 1011, 1307(b), 1320a-7b(a), and 1383a) (relating to false statements relating to programs under the Act).

(Added Pub. L. 108-275, §2(a), July 15, 2004, 118 Stat. 831.)

REFERENCES IN TEXT

The Immigration and Nationality Act, referred to in subsec. (c)(10), is act June 27, 1952, ch. 477, 66 Stat. 163, as amended. Chapter 8 of title II of the Act is classified generally to part VIII (§1321 et seq.) of subchapter II of chapter 12 of Title 8, Aliens and Nationality. For complete classification of this Act to the Code, see Short Title note set out under section 1101 of Title 8 and Tables.

The Social Security Act, referred to in subsec. (c)(11), is act Aug. 14, 1935, ch. 531, 49 Stat. 620, as amended, which is classified generally to chapter 7 (§301 et seq.) of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see section 1305 of Title 42 and Tables.

§ 1029. Fraud and related activity in connection with access devices

(a) Whoever—

(1) knowingly and with intent to defraud produces, uses, or traffics in one or more counterfeit access devices;

(2) knowingly and with intent to defraud traffics in or uses one or more unauthorized access devices during any one-year period, and by such conduct obtains anything of value aggregating \$1,000 or more during that period;

(3) knowingly and with intent to defraud possesses fifteen or more devices which are counterfeit or unauthorized access devices;

(4) knowingly, and with intent to defraud, produces, traffics in, has control or custody of, or possesses device-making equipment;

(5) knowingly and with intent to defraud effects transactions, with 1 or more access devices issued to another person or persons, to receive payment or any other thing of value during any 1-year period the aggregate value of which is equal to or greater than \$1,000;

(6) without the authorization of the issuer of the access device, knowingly and with intent to defraud solicits a person for the purpose of—

(A) offering an access device; or

(B) selling information regarding or an application to obtain an access device;

(7) knowingly and with intent to defraud uses, produces, traffics in, has control or custody of, or possesses a telecommunications instrument that has been modified or altered to obtain unauthorized use of telecommunications services;

(8) knowingly and with intent to defraud uses, produces, traffics in, has control or custody of, or possesses a scanning receiver;

(9) knowingly uses, produces, traffics in, has control or custody of, or possesses hardware or

¹ So in original. Probably should be “records”.

§ 285. Taking or using papers relating to claims

Whoever, without authority, takes and carries away from the place where it was filed, deposited, or kept by authority of the United States, any certificate, affidavit, deposition, statement of facts, power of attorney, receipt, voucher, assignment, or other document, record, file, or paper prepared, fitted, or intended to be used or presented to procure the payment of money from or by the United States or any officer, employee, or agent thereof, or the allowance or payment of the whole or any part of any claim, account, or demand against the United States, whether the same has or has not already been so used or presented, and whether such claim, account, or demand, or any part thereof has or has not already been allowed or paid; or

Whoever presents, uses, or attempts to use any such document, record, file, or paper so taken and carried away, to procure the payment of any money from or by the United States, or any officer, employee, or agent thereof, or the allowance or payment of the whole or any part of any claim, account, or demand against the United States—

Shall be fined under this title or imprisoned not more than five years, or both.

(June 25, 1948, ch. 645, 62 Stat. 698; Pub. L. 103-322, title XXXIII, § 330016(1)(K), Sept. 13, 1994, 108 Stat. 2147.)

HISTORICAL AND REVISION NOTES

Based on title 18, U.S.C., 1940 ed., § 92 (Mar. 4, 1909, ch. 321, § 40, 35 Stat. 1096).

Word “employee” was inserted after “officer” in two places to clarify scope of section.

The words “five years” were substituted for “ten years” in the punishment provision to conform to like provisions in similar offenses. (See section 1001 of this title.)

Changes were made in phraseology.

AMENDMENTS

1994—Pub. L. 103-322 substituted “fined under this title” for “fined not more than \$5,000”.

§ 286. Conspiracy to defraud the Government with respect to claims

Whoever enters into any agreement, combination, or conspiracy to defraud the United States, or any department or agency thereof, by obtaining or aiding to obtain the payment or allowance of any false, fictitious or fraudulent claim, shall be fined under this title or imprisoned not more than ten years, or both.

(June 25, 1948, ch. 645, 62 Stat. 698; Pub. L. 103-322, title XXXIII, § 330016(1)(L), Sept. 13, 1994, 108 Stat. 2147.)

HISTORICAL AND REVISION NOTES

Based on title 18, U.S.C., 1940 ed., § 83 (Mar. 4, 1909, ch. 321, § 35, 35 Stat. 1095; Oct. 23, 1918, ch. 194, 40 Stat. 1015; June 18, 1934, ch. 587, 48 Stat. 996; Apr. 4, 1938, ch. 69, 52 Stat. 197).

To clarify meaning of “department” the word “agency” was inserted after it. (See definitions of “department” and “agency” in section 6 of this title.)

Words “or any corporation in which the United States of America is a stockholder” were omitted as unnecessary in view of definition of “agency” in section 6 of this title.

Minor changes in phraseology were made.

AMENDMENTS

1994—Pub. L. 103-322 substituted “fined under this title” for “fined not more than \$10,000”.

§ 287. False, fictitious or fraudulent claims

Whoever makes or presents to any person or officer in the civil, military, or naval service of the United States, or to any department or agency thereof, any claim upon or against the United States, or any department or agency thereof, knowing such claim to be false, fictitious, or fraudulent, shall be imprisoned not more than five years and shall be subject to a fine in the amount provided in this title.

(June 25, 1948, ch. 645, 62 Stat. 698; Pub. L. 99-562, § 7, Oct. 27, 1986, 100 Stat. 3169.)

HISTORICAL AND REVISION NOTES

Based on title 18, U.S.C., 1940 ed., § 80 (Mar. 4, 1909, ch. 321, § 35, 35 Stat. 1095; Oct. 23, 1918, ch. 194, 40 Stat. 1015; June 18, 1934, ch. 587, 48 Stat. 996; Apr. 4, 1938, ch. 69, 52 Stat. 197).

Section 80 of title 18, U.S.C., 1940 ed., was divided into two parts. That portion making it a crime to present false claims was retained as this section. The part relating to false statements is now section 1001 of this title.

To clarify meaning of “department” words “agency” and “or agency” were inserted after it. (See definitions of “department” and “agency” in section 6 of this title.)

Words “or any corporation in which the United States of America is a stockholder” which appeared in two places were omitted as unnecessary in view of definition of “agency” in section 6 of this title.

The words “five years” were substituted for “ten years” to harmonize the punishment provisions of comparable sections involving offenses of the gravity of felonies, but not of such heinous character as to warrant a 10-year punishment. (See sections 914, 1001, 1002, 1005, 1006 of this title.)

Reference to persons causing or procuring was omitted as unnecessary in view of definition of “principal” in section 2 of this title.

Minor changes in phraseology were made.

AMENDMENTS

1986—Pub. L. 99-562 substituted “imprisoned not more than five years and shall be subject to a fine in the amount provided in this title” for “fined not more than \$10,000 or imprisoned not more than five years, or both”.

INCREASED PENALTIES FOR FALSE CLAIMS IN DEFENSE PROCUREMENT

Pub. L. 99-145, title IX, § 931(a), Nov. 8, 1985, 99 Stat. 699, provided that: “Notwithstanding sections 287 and 3623 of title 18, United States Code, the maximum fine that may be imposed under such section for making or presenting any claim upon or against the United States related to a contract with the Department of Defense, knowing such claim to be false, fictitious, or fraudulent, is \$1,000,000.”

[Section 931(c) of Pub. L. 99-145 provided that section 931(a) is applicable to claims made or presented on or after Nov. 8, 1985.]

§ 288. False claims for postal losses

Whoever makes, alleges, or presents any claim or application for indemnity for the loss of any registered or insured letter, parcel, package, or other article or matter, or the contents thereof, knowing such claim or application to be false, fictitious, or fraudulent; or

Whoever for the purpose of obtaining or aiding to obtain the payment or approval of any such



Internal Revenue Service
Criminal Investigation

2015 ANNUAL REPORT



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Chief's Message – Richard Weber



As we arrive at the end of another fiscal year, we have the opportunity to pause for a moment to look back at the challenges we have faced and the incredible successes we have accomplished together. We began the year facing deep cuts in our budget. Having hired only 45 agents in the last three years, attrition was catching up to us and our staffing levels hit their lowest levels since the 1970's. We finally came to realize that fewer agents and staff really do mean fewer cases. But the story of this year is not told in discussing what we could not do. Instead, it is a story about how much we adapted and accomplished in spite of those challenges. This annual report is an unbelievable reflection of our great cases.

I am proud that we have stayed mission-focused. While our highest priority is to enforce the nation's tax laws, we cannot underestimate the deterrent effect we are having on would-be criminals and the impact we are having on tax administration. A majority of Americans who follow the law would tell you that they want consequences for those who do not. The work we do levels that playing field to ensure that everyone is treated fairly. This annual report includes case summaries that represent the diversity and complexity of those investigations such as tax-related identity theft, money laundering, public corruption, cybercrime and terrorist financing. Despite the budget challenges, our cases touched almost every part of the world. They had a significant impact on tax administration and were some of the most successful in the history of CI.

The unsealing of indictments in May in the FIFA investigation was a game changer. At the time, the investigation involved coordination with police agencies and governments in 33 countries and was one of the most complicated international white-collar cases in recent memory. And while the case involves corruption and money laundering, it started out as a tax evasion case and snowballed into something much more thanks to the analysis of our agents. Ross Ulbricht, the creator and owner of the "Silk Road" website, was sentenced to life in prison and ordered to forfeit more than \$183 million. Were it not for the work of one of our agents, Ulbricht may still be free today. A Michigan man, Dr. Farid Fata was sentenced to 540 months in one of the most horrendous cases I've witnessed. The defendant purposefully misdiagnosed people with cancer in order to get rich -- greed being a common link in all financial investigations. A former construction boss in Las Vegas named Leon Benzer was sentenced to 188 months for tax evasion. The Swiss Bank program continued to provide solid leads and information that we are using to develop other cases around the world. Bank Leumi admitted to assisting U.S. taxpayers in hiding assets in offshore bank accounts, disclosed more than 1,500 U.S. account holders and agreed to pay a total of \$270 million. This was the first time an Israeli bank has admitted to such criminal conduct.

Identity theft is becoming a more sophisticated crime. Earlier this fiscal year, we arrested 17 individuals, 14 of whom were college students at Miami Dade College, for their involvement in a stolen identity tax refund fraud scheme that utilized students' accounts and implicated 644 victims. And while cases like this are significant and important, IRS-CI is now beginning to focus our efforts on even more complex identity theft investigations involving organized criminal networks with cyber and global connections that victimize American citizens and businesses. The use of the Dark Net has created additional challenges. A new generation of organized criminals is able to steal the personal information of millions of victims from a computer halfway around the world. And virtual currency further disguises the flow of illegal funds. Through all of these challenges, we have continued to produce quality cases and have sent close to 2,000 people to jail in the last three years for identity theft related crimes.

I'm proud of IRS-CI and the reputation that this agency has as the best financial investigators in the world. We have a long and storied history that is only becoming longer as each of you adds another chapter with each success. Regardless of our budget situation, I am proud that we have not lost sight of our relevancy or mission and that the quality of our cases remains high. We need to continue to build on that success looking ahead to Fiscal Year 2016 and beyond. I would like to thank all of CI for their hard work and congratulate them on another amazing year in CI. I'm honored to be the chief and proud of all we have accomplished.

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Vision for IRS Criminal Investigation:

Through strategic investments in people, increased communication, enhanced technology, and collaboration with domestic and global law enforcement partners, IRS Criminal Investigation (CI) will continue to be the worldwide leader in tax and financial investigations.

Investigative Priorities:

CI's highest priority is to enforce our country's tax laws and support tax administration. The Fiscal Year 2015 investigative priorities were:

- Identity Theft Fraud
- Abusive Return Preparer Fraud & Questionable Refund Fraud
- International Tax Fraud
- Fraud Referral Program
- Political/Public Corruption
- Organized Crime Drug Enforcement Task Force (OCDETF)
- Bank Secrecy Act and Suspicious Activity Report (SAR) Review Teams
- Asset Forfeiture
- Voluntary Disclosure Program
- Counterterrorism and Sovereign Citizens

FY 2015 Business Results:

	FY 2015	FY 2014	FY 2013
Investigations Initiated	3853	4297	5314
Prosecution Recommendations	3289	3478	4364
Informations/Indictments	3208	3272	3865
Convictions	2879	3110	3311
Sentenced*	3092	3268	2812
Percent to Prison	80.8%	79.6%	80.1%

- Conviction rate is the percentage of convictions compared to the total number of convictions, acquittals, and dismissals. The conviction rate for FY 2015 is 93.2%, .02% less than the FY 2014 rate (93.4%).

*Sentence includes confinement to federal prison, halfway house, home detention, or some combination thereof.

A fiscal year runs from October 1 through September 30.

Data Source: Criminal Investigation Management Information System

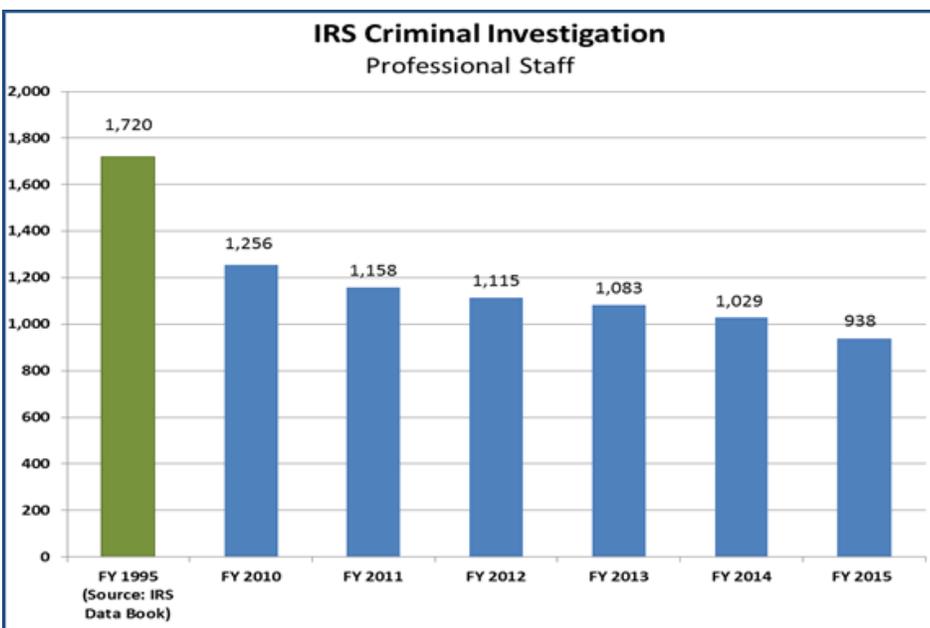
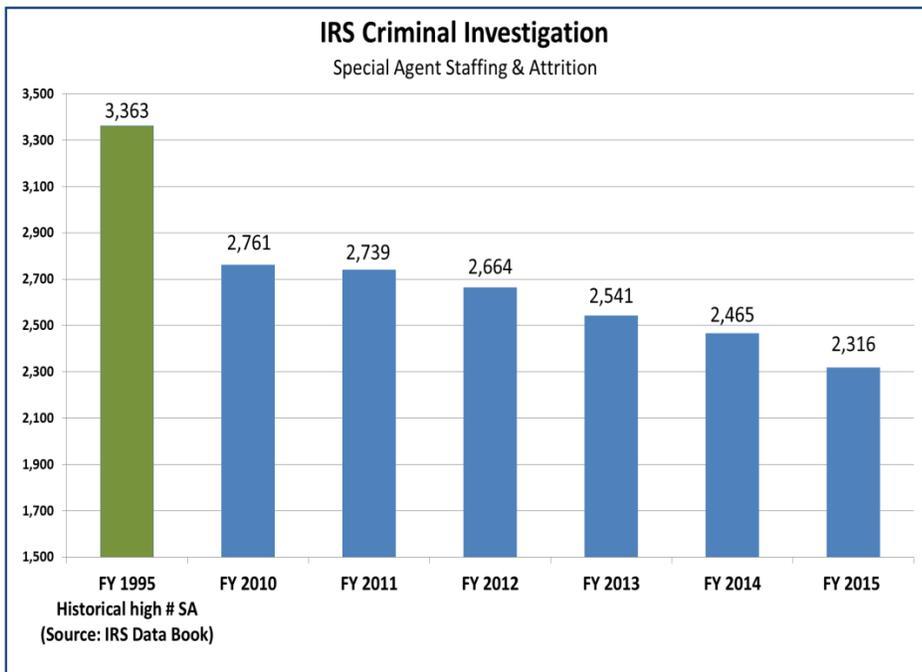
How to Interpret Criminal Investigation Data: Actions on a specific investigation may cross fiscal years; the data shown in investigations initiated may not always represent the same universe of investigations shown in other actions within the same fiscal year.

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Staffing

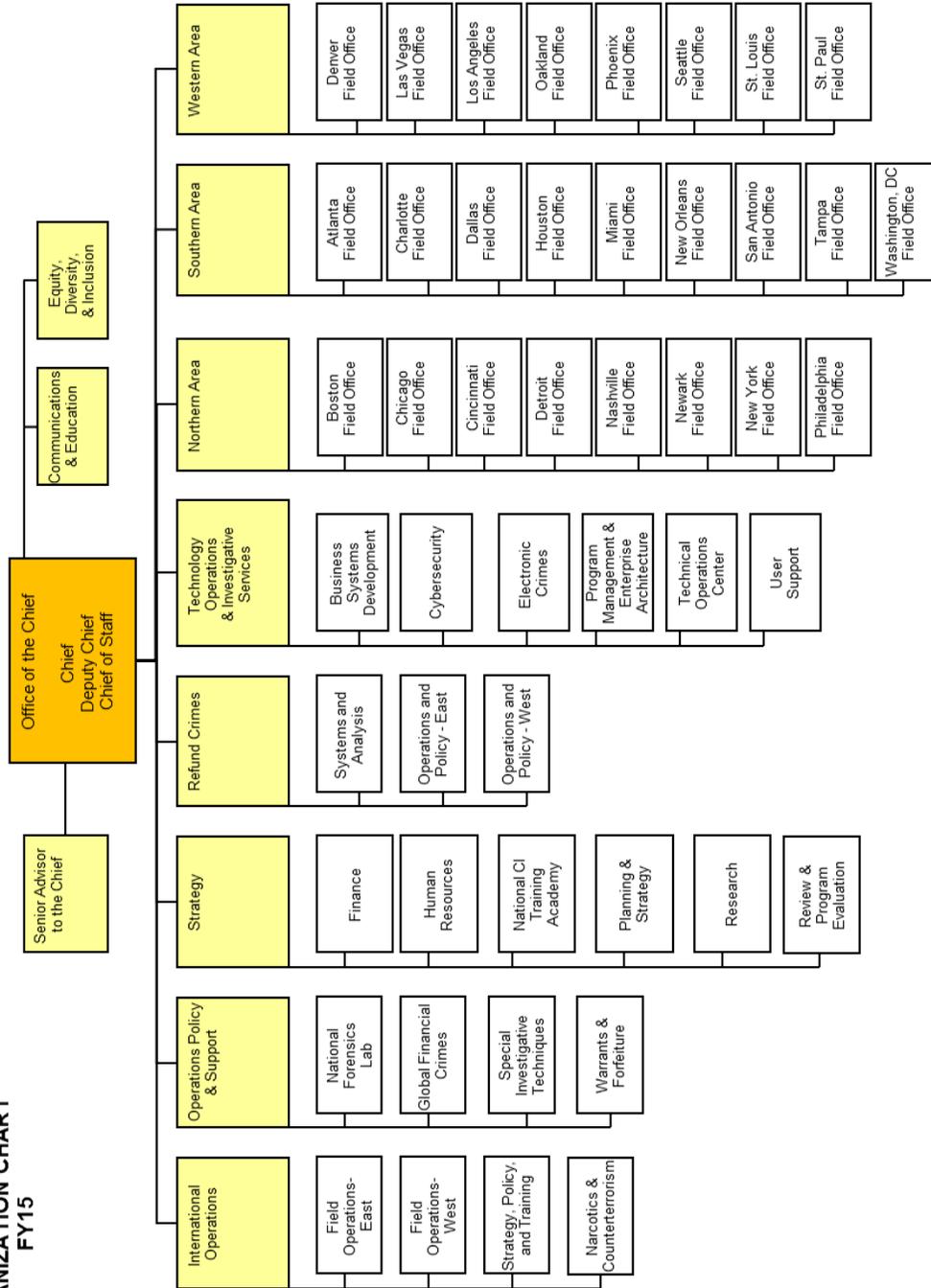
- As of September 30, 2015, IRS CI had 2,316 Special Agents on board, a 6.0% decrease compared to the number of special agents at the conclusion of FY 2014.
- Professional staff personnel on board were 938, reflecting a decrease of 8.8% compared to FY 2014.

(Total CI Staffing in FY 2015 was 3,254, a 6.9% decrease compared to FY 2014).



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IRS-CRIMINAL INVESTIGATION ORGANIZATION CHART FY15



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LEGAL SOURCE TAX CRIMES

CI's primary resource commitment is to develop and investigate legal source tax crimes. Typically, legal source tax crimes are committed by people in legally permissible occupations and industries, and their actions violate tax laws or threaten the tax system. Prosecution of these cases supports the overall IRS compliance goals and enhances voluntary compliance with the tax laws. Some of these investigations are worked with our federal, state and local law enforcement partners, as well as with foreign tax and law enforcement agencies.

Fraud Referral Program

CI places a high degree of emphasis on the fraud referral program. One source of investigations comes from civil IRS divisions in the form of a fraud referral. CI works closely with the civil divisions of Small Business/Self-Employed (SB/SE), Wage and Investment (W&I), Large Business & International (LBI) and Tax Exempt and Government Entities (TEGE). It is through these fraud referrals that CI gets some of our core mission tax investigations. CI is committed to timely evaluation of each fraud referral.

General Tax Fraud

General tax fraud investigations are the backbone of CI's enforcement program and have a direct influence on the taxpaying public's compliance with the Internal Revenue Code. Compliance with the tax laws in the United States depends heavily on taxpayer self-assessment of the amount of tax, voluntary filing of tax returns and remittance of any tax owed. This is frequently termed "voluntary compliance." There are individuals from all facets of the economy, whether corporate executive, small business owner, self-employed or wage earner, who through willful non-compliance do not pay their fair share of taxes. CI special agents use their financial investigative skills to uncover and quantify many different schemes, including deliberately under-reporting or omitting income ("skimming"); keeping two sets of books, or making false entries in books and records; claiming personal expenses as business expenses; claiming false deductions or credits against taxes; or hiding or transferring assets to avoid payment.

Examples of general tax fraud investigations adjudicated in FY 2015 include:

Restaurant Chain Accountant Sentenced For Tax Fraud Scheme

On Aug. 6, 2015, in Philadelphia, Pennsylvania, William J. Frio, of Springfield Township, was sentenced to 60 months in prison, four years of supervised release and ordered to pay \$1.7 million in restitution. Frio pleaded guilty on Jan. 26, 2015, to conspiracy to commit tax evasion, filing false tax returns, loan fraud and aggravated structuring of financial transactions. Frio was an accountant and income tax preparer who provided services to the Nifty Fifty's organization dating back to 1986. Frio and five others, including the restaurant chain's owners and managers, participated in a long-running scheme to avoid paying millions of dollars in personal and employment taxes. The scheme defrauded the IRS by failing to properly account for more than \$15 million in gross receipts. Frio and the owners and principals of Nifty Fifty's conspired in a scheme to use skimmed cash to pay themselves and people and businesses who supplied goods and services to the Nifty Fifty's restaurants. In 2008, Frio submitted a false loan application and other documents to a bank, for a \$417,000 mortgage for his personal residence. Between January 2009 and November 2009, Frio knowingly structured transactions with the bank, totaling more than \$2.6 million, as part of a pattern of illegal activity involving transactions of more than \$100,000 in a 12-month period. Frio used his position as the Nifty Fifty's accountant to embezzle millions of dollars that belonged to the organization.

Former Construction Boss Sentenced for Role In \$58 Million HOA Scheme, Tax Evasion

On Aug. 6, 2015 in Las Vegas, Nevada, Leon Benzer, a former construction boss from Las Vegas, was sentenced to 188 months in prison and ordered to pay restitution of \$13,294,100. Benzer pleaded guilty on Jan. 23, 2015, to conspiracy to commit mail and wire fraud, wire fraud, mail fraud and tax evasion for his role in a scheme to fraudulently gain control of condominium homeowners' associations (HOAs) in the Las Vegas area in order to secure construction and other contracts for himself and others. Benzer admitted that, from about August

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2003 through February 2009, he and an attorney developed a scheme to control the boards of directors of HOAs in the Las Vegas area. As part of the scheme, Benzer and his co-conspirators recruited straw buyers to purchase condominiums and secure positions on HOAs' boards of directors. Benzer paid the board members to take actions favorable to his interests, including hiring his co-conspirator's law firm to handle construction-related litigation and awarding remedial construction contracts to Benzer's company, Silver Lining Construction. Forty-two individuals have been convicted of crimes in connection with the scheme. In addition, beginning around Sept. 25, 2007, Benzer owed the IRS at least \$459,204 for his individual income taxes for tax years 2001 through 2005. However, Benzer willfully attempted to evade the payment of these taxes by preparing and causing to be prepared false financial forms with the IRS in order to conceal income and assets. Also, about Sept. 25, 2007, Benzer owed at least \$705,982 for employment taxes for tax periods Sept. 30, 2003, Dec. 31, 2003 and March 31, 2004 and for unemployment taxes for tax year 2003. Instead of paying these taxes, Benzer willfully attempted to evade payment by opening a bank account in his name to conceal money and assets and preparing and filing false financial forms with the IRS.

Married Lawyer and Doctor Sentenced for Obstructing IRS Audit

On July 31, 2015, in Manhattan, New York, Jeffrey S. Stein and Marla Stein, who are husband and wife, were sentenced to 18 months and 12 months and one day in prison, respectively and ordered to pay restitution of \$344,989 to the IRS for obstructing the IRS. Jeffrey S. Stein, a vascular surgeon, and Marla Stein, a New York personal injury lawyer, reported the profits from their medical and law practices, respectively, on separate Schedules C (Profit or Loss From Business) attached to the joint U.S. Individual Income Tax Returns, Forms 1040, that they filed for the tax years 2009-2012. The Steins provided false and fictitious information to their accountant in order to fraudulently reduce the amount of taxes they would have to pay to the IRS. In February 2013, the IRS notified the Steins that their tax returns for the 2010 and 2011 tax years had been selected for audit. In response to requests by an IRS auditor for documents, the Steins created and provided various fabricated and fictitious

documents and information as part of a corrupt effort to convince the IRS auditor that the expenses claimed on their respective Schedules C were legitimate. Additionally, for the tax years 2007-2013, the Steins failed to inform their accountant that they employed and paid approximately \$15,000 annually in cash wages to a household employee. As a result, the Steins failed to pay to the IRS various employment taxes due and owing to the IRS, and also aided the employee in avoiding detection by the IRS of the employee's failure to report her cash wages to the IRS for the tax years 2007-2013.

Happy's Pizza Founder and Co-Conspirators Sentenced for Multi-Million Dollar Tax Fraud Scheme

On July 10, 2015, in Detroit, Michigan, Happy Asker, of West Bloomfield, was sentenced to 50 months in prison, three years of supervised release and ordered to pay \$2.5 million in restitution to the IRS. Asker was convicted of filing false income tax returns for the years 2006 through 2008, aiding and assisting in the filing of false income and payroll tax returns for the years 2006 through 2009, and corruptly endeavoring to obstruct and impede the administration of the Internal Revenue Code. Asker was the president and founder of Happy's Pizza, a chain of restaurants in Michigan, Ohio and Illinois. From 2004 through 2011, Asker, along with certain franchise owners and employees, executed a systematic and pervasive tax fraud scheme to defraud the IRS. Gross sales and payroll amounts were substantially underreported on numerous corporate income tax returns and payroll tax returns filed for nearly all 60 Happy's Pizza franchise locations. From 2008 to 2010, Asker and his co-conspirators diverted for personal use more than \$6.1 million in cash gross receipts from approximately 35 different Happy's Pizza stores. In total, Asker and certain employees and franchise owners failed to report approximately \$3.84 million of gross income and approximately \$2.39 million in payroll taxes from the various Happy's Pizza franchises to the IRS. Maher Bashi, Happy's Pizza corporate chief operating officer; Tom Yaldo, an owner of numerous franchises; Arkan Summa, an owner of numerous franchises; and Tagrid Bashi, a nominee franchise owner; have been sentenced for their roles in the scheme to terms ranging from three years of supervised release to 24 months of prison and ordered to pay total restitution of \$1,134,222.

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Refund Fraud Program

Refund fraud poses a significant threat to the tax system. Criminal attempts to obtain money from the government under false pretenses via the filing of a fraudulent tax return not only results in the loss of funds needed for vital government programs but can also impact taxpayers confidence in the tax system and their willingness to voluntarily meet tax filing obligations. The Refund Fraud Program is broken down into two distinct categories: the *Questionable Refund Program*, which also includes identity theft investigations and the *Abusive Return Preparer Program*.

The primary focus of the Questionable Refund Program is to identify fraudulent claims for tax refunds. Generally, these schemes involve individuals filing multiple false tax returns supported by false information or using the identifiers of other individuals knowingly or unknowingly.

The Abusive Return Preparer Program investigations generally involve the orchestrated preparation and filing of false income tax returns, in either paper or electronic form, by dishonest preparers who may claim inflated personal or business expenses, false deductions, excessive exemptions, and/or unallowable tax credits. The preparers' clients may or may not have knowledge of the falsity of the returns.

Identity Theft

Identity theft-related crimes continue to be a priority area of investigation for CI. During FY 2015, CI remained committed to investigating egregious identity theft schemes through administrative and grand jury investigations utilizing various field office and multiregional task forces including state/local and federal law enforcement agencies. Currently, CI participates in more than 70 task forces/working groups throughout the country that investigate both financial crimes as well as identity theft crimes.

CI's level of commitment towards the fight against identity theft continues to be evident. There is a designated management official who serves as the National Identity Theft Coordinator. This position is responsible for overseeing CI's national identity theft efforts including formulating policy and procedures. In addition to a national coordinator, there are identity theft coordinators within each of

CI's 25 field offices. CI is a key partner on the Commissioner's Security Summit, which includes the IRS, State Divisions of Taxation, and private sector entities who joined in a collaborative effort to share critical information and ideas to combat tax-related identity theft.

Data Compromises: Data compromises, more commonly referred to as data breaches, have impacted all sectors of society. During FY 2015, CI experienced an increase in tax-related identity theft, which was generally linked to compromised personal identifying information acquired via a variety of situations involving compromised detailed financial data. Twenty-two field offices initiated investigations linked to computer intrusions, account takeovers, and data compromises affecting tax administration. CI continued outreach efforts within the IRS, the law enforcement community, and the private sector to acquire information regarding compromised data that could impact tax administration. This information helped CI to proactively identify or prevent successful false claims for refunds utilizing the stolen data. Additionally, CI continues to participate in a cross-functional working group within the IRS to develop new analytical filters, as well as enhanced victim assistance.

Identity Theft Clearinghouse (ITC): The ITC continues to develop and refer identity theft refund fraud schemes to CI field offices for investigation. The ITC serves as a centralized focal point to address incoming identity theft leads from throughout the country. The ITC's primary responsibilities are analyzing identity theft leads and facilitating discussions between field offices with multi-jurisdictional issues.

Law Enforcement Assistance Program (LEAP): In March 2013, IRS announced that the Law Enforcement Assistance Program, formerly known as the "Identity Theft Pilot Disclosure Program," was expanding nationwide. This program was developed jointly by CI and other IRS counterparts as a result of a significant increase in requests from state and local law enforcement agencies for tax return documents associated with identity theft-related refund fraud. The program allows for the disclosure of tax returns and return information associated with accounts of known and suspected victims of identity theft with the express written consent of those victims. To date, more than 1,100 state and local law enforcement agencies from 48 states have participated in this program. In FY 2015 over 6,700

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requests for assistance were received representing a 119% increase over FY 2014.

Outreach: CI's outreach strategy included hosting or attending educational events focusing on enhanced IT security efforts, tax-related ID theft investigative techniques and other refund-related frauds. Target audience groups included law enforcement partners, private sector entities involved in tax preparation, payroll service industries and IRS personnel. Local and national events included presentations at the International Association of Financial Criminal Investigators, National Association of Attorneys General, American Payroll Association training seminars and tax practitioner events throughout the country. Additional efforts included creating educational materials regarding LEAP and information on the impact of identity theft/data compromises on tax administration. These included fraud alerts, bulletins, and training materials to regional law enforcement information sharing systems, the International Association for Chiefs of Police and the National Sheriff's Association.

Proactive Prevention: CI continues to receive information from private and public sector sources involving compromised personal identifying information. This information is shared with W&I and allows the IRS to analyze and make necessary adjustments to accounts of taxpayers that are likely victims of identity theft. Additionally, CI collaborates with cross functional partners in the development and implementation of analytical filters designed to identify fraudulent claims at filing and prevent further victimization of impacted individuals.

Examples of identity theft investigations adjudicated in FY 2015 include:

Nine Defendants Sentenced in \$24 Million Stolen Identity Tax Refund Fraud Ring

On Sept. 25, 2015, in Montgomery, Alabama, Keisha Lanier, of Newnan, Georgia, was sentenced to 180 months in prison, three years of supervised release and ordered to forfeit \$5,811,406 for her role as the ringleader of a stolen identity tax refund fraud conspiracy. Between January 2011 and December 2013, Lanier and co-conspirator, Tracy Mitchell, led a large-scale identity theft ring that filed more than 9,000 false individual federal income tax returns that claimed more than \$24 million in fraudulent claims for tax refunds. The IRS paid out close to

\$10 million in refunds on these fraudulent claims. The defendants obtained the stolen identities from various sources, including from the U.S. Army, several Alabama state agencies, a Georgia call center and employee records from a Georgia company. Mitchell worked at the hospital located at Fort Benning, Georgia, where she had access to the identification data of military personnel. She stole the personal information of the personnel and used it to file false tax returns. In order to file the false tax returns, the defendants obtained several IRS Electronic Filing Numbers in the names of sham tax businesses. The defendants then applied for bank products, to include blank check stock. The defendants directed the IRS to pay the anticipated tax refunds to prepaid debit cards, by U.S. Treasury checks and to financial institutions, which in turn issued the tax refunds via prepaid debit cards or checks. When the refunds were sent through the financial institutions, the defendants simply printed out the refund checks from the check stock that had been sent to their homes. After the financial institutions stopped the defendants from printing out the tax refund checks, the defendants recruited U.S. Postal Service employees. The corrupt postal employees gave the defendants specific addresses along their postal routes for mailing the U.S. Treasury checks. Once the checks came to the address, the postal employees took the checks and turned them over to the defendants for a fee. The scheme also involved a complex money laundering operation. Almost \$10 million in fraudulent tax refund checks were cashed at several businesses located in Alabama, Georgia and Kentucky. On Aug. 7, 2015, in Montgomery, Alabama, eight residents of Alabama and Georgia were sentenced for their roles in a \$24 million stolen identity refund fraud (SIRF) conspiracy. Sentenced were:

- Tracy Mitchell, 159 months in prison and ordered to pay a forfeiture judgment in the amount of \$329,242, which was seized in cash from her residence;
- Talarious Paige, 60 months in prison;
- Mequetta Snell-Quick, 24 months and one day in prison;
- Latasha Mitchell, 36 months in prison;
- Dameisha Mitchell, 65 months in prison;
- Sharonda Johnson, 24 months in prison;
- Patrice Taylor, 12 months and one day in prison; and
- Cynthia Johnson, two years of probation.

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Florida Man Sentenced for Stolen ID Theft Scheme, Obstruction of Justice

On Aug. 11, 2015, in Richmond, Virginia, Eddie Blanchard, of Miami, Florida, was sentenced to 204 months in prison, three years of supervised release and ordered to pay \$568,625 in restitution for his role in a stolen identity tax refund fraud scheme. Blanchard participated in the Miami-based scheme with three confederates, Ramoth Jean, Junior Jean Merilia, and Jimmy Lord Calixte. The men travelled repeatedly to Richmond in 2012 and used stolen personal identifying information (PII) to file hundreds of fraudulent tax returns, utilizing online tax preparation programs. The men claimed significant refunds on the fraudulent returns and requested the refunds be placed on pre-paid debit cards, which were later mailed to Richmond addresses selected by the conspirators. The scheme began to unravel when a Henrico County, Virginia, police officer encountered Jean removing a box containing stolen PII from a storage unit rented by the co-conspirators. Following Jean's subsequent arrest on June 20, 2013, Blanchard convinced him to mislead federal investigators about the identity of his actual co-conspirators, going so far as to facilitate the creation of a fictional accomplice. Jean ultimately refused to testify before a federal grand jury about this matter. Jean was sentenced on Jan. 9, 2014 to 114 months in prison and subsequently sentenced to an additional eight months on a separate contempt charge for his refusal to testify before the grand jury. Merilia was sentenced on June 19, 2015 to 133 months in prison for his role in the fraud scheme and the subsequent obstruction of justice. Calixte is currently a fugitive.

Four Georgia Residents Sentenced For Filing Over 1,100 Fraudulent Tax Returns

On July 27, 2015, in Albany, Georgia, four defendants were sentenced for their roles in a tax refund fraud conspiracy. Patrice Taylor, of Ashburn, was sentenced to 84 months in prison and ordered to pay \$1,107,802 in restitution to the IRS. Her husband, Antonio Taylor was sentenced to 147 months in prison and ordered to pay \$1,107,802 in restitution to the IRS. Jarrett Jones, of Ty-Ty, Georgia, was sentenced to 20 months in prison and ordered to pay \$94,959 in restitution. Victoria Davis, of Cordele, Georgia, was sentenced to 12 months in prison and ordered to pay \$6,256 in restitution.

Between January 2011 and February 2013, Patrice Taylor conspired with her husband and Jones to file over 1,100 fraudulent tax returns. At least 1,089 of the returns were filed electronically from two IP addresses registered to Patrice Taylor, both located at their home. From January 2012 to October 2012, a cell phone subscribed to Patrice Taylor was used to call the IRS's Automated Electronic Filing PIN Request 114 times. In addition, Patrice Taylor was employed at Tift Regional Hospital and used the personal identifying information of five patients to file fraudulent federal income tax returns. Also, the identities of 531 sixteen-year-olds were used to file fraudulent federal income tax returns. Finally, in January 2012, Patrice Taylor filed a federal income tax return, which included a dependent she was not authorized by law to claim, and requested a refund in the amount of \$6,776.

Ringleader and Conspirators Sentenced in Large-Scale Stolen Identity Refund Fraud Scheme

On July 21, 2015, in Newark, New Jersey, Julio C. Concepcion, of Passaic, was sentenced to 84 months in prison, three years of supervised release and ordered to pay \$5,643,695 in restitution. Concepcion previously pleaded guilty to conspiracy to theft of government funds. Concepcion also pleaded guilty to conspiracy to commit wire fraud in connection with his involvement in a separate mortgage fraud scheme. From about October 2009 through May 2013, Concepcion and others participated in a conspiracy to obtain the personal identifying information of other individuals, including residents of Puerto Rico. Conspirators filed false and fraudulent income tax returns using the stolen information, which generated income tax refund checks. Concepcion got the fraudulent refund checks and recruited others to open bank accounts and deposit the checks, sometimes providing them with false identification in order to do so. Other conspirators were sentenced as follows: Concepcion's two sons, Angel Concepcion-Vasquez and Julio Concepcion-Vasquez were each sentenced to 16 months in prison; Jose Zapata and Romy Quezada were sentenced to three years and two years of probation, respectively; and Reyes Flores-Perez was sentenced to 26 months in prison. From January 2008 through March 2010, Concepcion conspired with others to commit wire fraud, specifically mortgage fraud. Concepcion and others caused people to purchase homes and

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receive mortgages either by using false identification documents or without the intent to live in the homes or pay off the mortgages.

Tampa Tax Fraudster and Wife Sentenced in Identity Theft Tax Fraud Scheme

On June 30, 2015, in Tampa, Florida, Eneshia Carlyle was sentenced to 138 months in prison and three years of supervised release for wire fraud and aggravated identity theft. In addition, Carlyle received a forfeiture money judgment in the amount of \$1,820,759 and ordered to pay restitution in the same amount. Carlyle pleaded guilty on Nov. 26, 2014. On June 19, 2015, her husband, James Lee Cobb III, was sentenced to 324 months in prison, five years of supervised release and ordered to forfeit \$1,820,759 in a money judgment and to pay restitution in the same amount. Cobb pleaded guilty on Dec. 1, 2014 to conspiracy to commit mail and wire fraud, wire fraud, aggravated identity theft, and for being a felon in possession of a firearm as an armed career criminal. Cobb and Carlyle conspired with others to use stolen names, dates of birth, and Social Security numbers to file false tax returns and open pre-paid debit cards. He also obtained "burner" phones using stolen identities. From 2011 through November 2013, Cobb and his co-conspirators filed false tax returns claiming approximately \$3 million in refunds. During the execution of a search warrant at their residence, law enforcement officers recovered lists and medical records containing the personal identifying information of more than 7,000 victims. Many of the victims had their identities stolen from healthcare facilities, including from the James A. Haley VA hospital; the Florida Hospital (formerly known as University Community Hospital); ambulance services in Virginia, Georgia, and Texas; a local

medical billing company; and court records. In addition, a number of deceased victims' names were obtained from genealogy websites. At the time of this offense, Cobb was on supervised release from a prior federal conviction.

Fifteen Georgia Residents Sentenced In Stolen Identity and Tax Fraud Scheme

On June 23, 2015, in Statesboro, Georgia, Stacy Williams, of Statesboro, was sentenced to 94 months in prison, three years of supervised and ordered to pay restitution in the amount of \$84,940. Williams was convicted by jury trial on Sept. 23, 2014 of conspiracy, wire fraud, wrongful disclosure of individually identifiable health information and aggravated identity theft. Williams was the last of 15 federal defendants charged in April 2014 for their roles in a large-scale identity theft and tax fraud scheme. In addition to Williams, the other participants convicted and sentenced as part of this prosecution include:

- Angellica Roberts, Claxton, Georgia, 126 months in prison;
- Katrina Beasley, Claxton, 104 months;
- Terry Gordon, Swainsboro, 81 months;
- Santana Lundy, Statesboro, 69 months;
- Aishia Mills, Statesboro, 27 months;
- Latasha Charles, Statesboro, 57 months;
- Chrystal Harlie, Statesboro, 54 months;
- Martisha Hill, Augusta, Georgia, 42 months;
- Monica Whitfield, Statesboro, 42 months;
- Melissa Whitfield, Statesboro, 40 months;
- Candace Hills, Claxton, 36 months;
- Marquita Watson, Claxton, 18 months;
- Deondray Richardson, Keysville, Georgia, five years of probation; and
- Mary McDilda, Claxton, five years of probation.

The following table provides IRS CI's Identity Theft statistics over the past three fiscal years:

	FY 2015	FY 2014	FY 2013
Investigations Initiated	776	1063	1492
Prosecution Recommendations	774	970	1257
Indictments/Informations	732	896	1050
Sentenced	790	748	438
Incarceration Rate	84.6%	87.7%	80.6%
Average Months to Serve	38	43	38

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Abusive Return Preparer Program

The Abusive Return Preparer Program investigations generally involve the orchestrated preparation and filing of false income tax returns, in either paper or electronic form, by dishonest preparers who may claim: inflated personal or business expenses, false deductions, excessive exemptions, and/or unallowable tax credits. The preparers' clients may or may not have knowledge of the falsity of the returns.

Examples of abusive return preparer program investigations adjudicated in FY 2015 include:

Husband and Wife Tax Preparers Sentenced for Tax and Wire Fraud

On Feb. 20, 2015, in Fort Worth, Texas, Jacqueline Morrison and Gladstone Morrison were each sentenced to 187 months in prison and ordered to pay nearly \$18 million in restitution. The married couple operated Jacqueline Morrison & Associates (JMA) in Arlington and Fort Worth, Texas. A federal jury convicted Jacqueline and Gladstone Morrison each on one count of conspiracy to aid and assist in the preparation and presentation of false and fraudulent tax returns in October 2014. In addition, they were both convicted of aiding and assisting in the preparation, the presentation of false and fraudulent tax returns and wire fraud. The Morrisons were responsible for filing numerous tax returns that were false and fraudulent to increase client refunds. The Morrisons and JMA tax return preparers, who the Morrisons trained, used the false substantial losses reported to offset wage income, resulting in clients recovering all or most of their tax withholding. As part of the conspiracy, the Morrisons developed a series of forms for the client to sign at the time the return was prepared. These forms were intended to protect the Morrisons by placing all the responsibility for any false information on the client. The Morrisons also attempted to profit by using JMA's fraud to build a large client list, which they then leveraged into a franchise agreement with Express Tax Services. However, after they entered the franchise agreement, the IRS terminated the Morrisons' Electronic Filing Identification Numbers (EFINs) because of their fraudulent activities. To conceal that fact, and perpetuate the continuation of the franchise agreement, the Morrisons provided Express Tax Services EFINs that belonged to a business associate. The

franchise agreement included wiring a payment of \$750,000 from Express Tax to the Morrisons. In addition, the Morrisons entered into a separate agreement to sell JMA. Gladstone Morrison misled the buyer about the true nature of JMA's relationship with Express Tax by telling the buyer that the arrangement was nothing more than a "co-branding" or "co-marketing" agreement. By entering into parallel agreements with separate entities — Express Tax and an individual buyer, the Morrisons received payments from both entities for the same asset. When the Morrison's agreements with both Express Tax and the buyer fell apart, they again tried to profit by selling JMA to RealTex Ventures LLC for \$425,000.

Texas Return Preparers Sentenced for Tax Fraud

On May 13, 2015, in Fort Worth, Texas, Ramona C. Johnson and her daughter-in-law, Nekia N. Everson, both tax return preparers, were sentenced to 170 months and 95 months in prison, respectively. Both women were convicted at trial in November 2014. Johnson and Everson were each convicted on conspiracy to aid and assist in the preparation and presentation of a false tax return. Johnson was also convicted of aiding and assisting in the preparation of a false tax return and filing false tax returns. Johnson managed/ operated a tax preparation business in Fort Worth that was known, among other names, as Tax Office One. Johnson's daughter-in-law, Everson, was a return preparer for the business. Johnson and Everson, and those working with them, prepared and filed false and fraudulent tax returns that included various false and fraudulent schedules, deductions, exemptions, and credits with the goal of reducing the amount of taxes owed by the taxpayers and obtaining larger refunds for the taxpayers than they were entitled to receive. As a result of the larger refunds, Johnson and Everson could charge higher fees for preparing returns, build client loyalty, and increase business through client referrals. For calendar years 2009 and 2010, Johnson filed tax returns where she reported total income of \$2,850 and \$16,906, respectively, when she well knew that the income amount was understated in that it did not include income she received for her work preparing tax returns. Between January 2008 and October 2011 Johnson's tax preparation business collected more than \$1.9 million in tax preparation fees from clients.

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Louisiana Tax Return Preparer, 12 Co-Defendants Sentenced For \$10 Million Tax Fraud, Money Laundering Conspiracies

On Nov. 19, 2014, in New Orleans, Jacqueline J. Arias, a tax return preparer from Spruce Pine, Alabama, was sentenced to 97 months in prison, three years of supervised release and ordered to pay restitution of \$10,589,326 for her role in filing false tax returns and money laundering. Arias was also ordered to forfeit nearly \$400,000 in cash that was seized as part of the case. On July 8, 2014, Arias pleaded guilty to conspiracy to defraud the United States, mail fraud and money laundering. Arias admitted to her role in a years-long scheme to defraud the United States by filing false income tax returns that fraudulently claimed large tax refunds. Arias, her husband, and 19 other individuals, all of whom were foreign nationals, as well as her tax preparation business were charged as part of the case. Four defendants are fugitives overseas, and one defendant, recently arrested in Panama, is currently set for trial in December. The defendants below, who all previously pleaded guilty, received the following sentences:

- Cesar Alejandro Soriano, 42 months;
- Oscar Armando Perdomo, 42 months;
- Yoni Perdomo, 38 months;
- Arnulfo Santos-Medrado, 38 months;
- Elsides Edgardo Alvarado-Canales, 36 months;
- Eliecer Obed Rodriguez, 34 months;
- Octavio Josue Perdomo, 34 months;
- Elber Mendoza-Lopez, 34 months;
- Aurelio Montiel-Martinez, 24 months;
- Miller Perdomo-Aceituno, 24 months;
- Santos Martin Hernandez, 24 months; and
- Susana Carillo Mendoza, 19 months

Arias and her co-conspirators filed false returns listing Individual Taxpayer Identification Numbers (ITINs). An ITIN is a tax processing number issued by the Internal Revenue Service (IRS) to individuals who do not have, and are not eligible to obtain, a Social Security Number. Arias was a Certified Acceptance Agent, meaning that she was entrusted by the IRS with the responsibility of reviewing the documentation of an ITIN applicant's identity and alien status for authenticity, completeness and accuracy before submitting their application to the IRS. However, Arias filed false applications for ITINs, false income tax returns, and collected preparation fees from the fraudulently-obtained tax refunds. Arias was also charged with filing false tax returns for her corporation, JB Tax Professional Services, and for herself individually.

Former Arkansas Tax Preparer Sentenced for Preparing Fraudulent Tax Returns

On June 18, 2015, in Little Rock, Arkansas, Christopher T. Craig was sentenced to 46 months in prison, one year of supervised release and ordered to pay \$1,092,177 in restitution to the IRS. On Aug. 25, 2014, Craig pleaded guilty to aiding and assisting in the preparation of fraudulent income tax returns. Craig, in his capacity as a paid return preparer, prepared false employment tax returns on behalf of other taxpayers for tax years 2010 and 2011.

Unknown to the taxpayers, Craig filed the returns in a way that reduced the amount of taxes owed to the IRS by the taxpayers. Craig collected tax payments from the taxpayers for the correct amount of taxes and diverted the difference to between the correct amount owed and the amount paid to the IRS. As a result of Craig's fraudulent conduct, which affected more than 50 victims, the total loss to the government was \$1,092,177.

Rhode Island Tax Preparer Sentenced for Stealing and Selling Identities of Minors

On March 13, 2015, in Providence, Rhode Island, Evelyn Nunez was sentenced to 30 months in prison, two years of supervised release and ordered to pay more than \$1.4 million in restitution, jointly with her co-conspirators, to the IRS and the State of Rhode Island. Nunez pleaded guilty on Dec. 12, 2014, to conspiracy to defraud the government and aggravated identity theft. Co-conspirator, Tashia Bodden was sentenced to 36 months in prison and two years of supervised release and a third defendant, Wendy Molina, received three years of probation, with the first six months as home confinement. The trio's scheme was to steal the personal identifying information of minors named as dependents on legitimate tax returns prepared by the company, NBP Multiservices (NBP), a tax preparation business in Cranston and then sold the information to other tax filers for use on their tax returns in order to increase tax refunds. The Scheme Development Center, a division of the IRS, conducted an analysis of tax returns prepared by individuals working at NBP and identified questionable use of children claimed as dependents. Between January 2008 and February 2012, taxpayers purchased false dependents for approximately \$600 - \$700 per dependent. On numerous tax returns the defendants falsely claimed dozens of children as foster children, nieces and nephews of some of

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their clients. In reality, they had no relation to the taxpayer. The investigation revealed that the scheme defrauded the IRS of more than \$1.34 million and defrauded the State of Rhode Island of more than \$65,500.

Missouri Woman Sentenced for Orchestrating Tax Scheme to Obtain “Free Money”

On June 12, 2015, in East St. Louis, Illinois, Tanya Nichols, of St. Louis, Missouri, was sentenced to 57 months in prison, three years of supervised release and ordered to pay \$603,898 in restitution. Nichols pleaded guilty on March 5, 2015, to conspiracy to obstruct or impair the IRS in the lawful assessment and collection of income taxes and distribution of tax refunds, mail fraud and theft of government property. Nichols prepared fraudulent income tax returns for individual tax filers in order to generate "refundable tax credits," such as the earned income tax credit and the child tax credit. The false tax returns generated a larger tax refund than the filer was entitled to receive. Nichols shared the proceeds generated from the fraudulent returns with the tax filers, while collecting a fee in excess of that typically charged by legitimate tax preparers. Nichols also paid finders' fees to those who recruited tax filers to participate in the scheme. Nichols and her co-conspirators solicited low-income individuals residing in St. Louis and East St. Louis to participate in this refund scheme by promising

IRS tax refunds, sometimes marketed as "free money." Nichols' half-brother Justin Durley, of Hazelwood, Missouri, was charged with theft of government property and was separately sentenced to three months in prison for stealing more than \$3,000.

California Tax Return Preparer Sentenced for Tax Fraud

On July 31, 2015, in Oakland, Runnveer Singh, of Hayward, was sentenced to 24 months in prison, one year of supervised release and ordered to pay \$124,528 in restitution to the IRS. Singh pleaded guilty to aiding and assisting in the preparation of false tax returns. For tax years 2009 through 2011, Singh prepared false tax returns claiming both false and ineligible deductions and credits for clients. By including these items on his clients' tax returns, he caused the IRS to issue inflated tax refunds of at least \$130,435. On Nov. 14, 2012, during a search warrant at Singh's residence, he told IRS Special Agents that he knowingly prepared false tax returns in order to obtain returning customers. Following the execution of the search warrant and his statement to IRS-CI Special Agents, Singh instructed one of his clients to submit both false and ineligible information to an IRS Revenue Agent during the audit of his 2010 income tax return, in order to justify the false and ineligible business expenses Singh reported on the client's 2010 tax return.

The following table provides IRS CI's Abusive Return Preparer Program statistics over the past three fiscal years:

	FY 2015	FY 2014	FY 2013
Investigations Initiated	266	305	309
Prosecution Recommendations	238	261	281
Indictments/Informations	224	230	233
Sentenced	204	183	186
Incarceration Rate	80.4%	86.3%	78.0%
Average Months to Serve	27	28	27

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Questionable Refund Program

The primary focus of the Questionable Refund Program is to identify fraudulent claims for tax refunds. Generally, these schemes involve individuals filing multiple false tax returns supported by false information or using the identifiers of other individuals knowingly or unknowingly.

Examples of questionable refund program investigations adjudicated in FY 2015 include:

Alabama Woman Sentenced for Leading \$4 Million Dollar Stolen Identity Refund Fraud Ring

On June 25, 2015, in Montgomery, Alabama, Tamaica Hoskins, of Phenix City, was sentenced to 145 months in prison, three years of supervised release and ordered to forfeit \$1,082,842 in proceeds from the Stolen Identity Refund Scheme she led. Between September 2011 and June 2014, Hoskins, co-conspirators Roberta Pyatt, Lashelia Alexander and others, used stolen identities to file more than 1,000 false federal income tax returns that fraudulently claimed more than \$4 million in tax refunds. Hoskins obtained stolen identities from various sources. In order to file the false tax returns, Hoskins and Pyatt obtained two Electronic Filing Identification Numbers using sham tax businesses. On behalf of those sham tax businesses, they also applied to various financial institutions for bank products, such as blank check stock. The conspirators directed the IRS to mail U.S. Treasury checks to addresses under their control and to send the tax refunds to prepaid debit cards and financial institutions where the conspirators maintained and controlled bank accounts using the sham tax businesses. When the tax refunds were deposited into the financial institutions, the conspirators printed the refund checks using the blank check stock and cashed the refunds. In January 2014, Alexander, who worked for a Walmart check cashing center in Columbus, Georgia, was approached by several co-conspirators about cashing fraudulent tax refund checks issued in the names of third parties and in return, Alexander would receive a portion of the refunds. Alexander cashed more than \$100,000 in fraudulently obtained third-party refund checks containing forged endorsements. Alexander was sentenced to six

months in prison and five years of probation and ordered to pay restitution of \$110,804 to the IRS. Pyatt received three years of probation and was ordered to pay \$88,155 in restitution to the IRS, joint and several with Hoskins and Alexander.

Texas Men Sentenced for Role in Stolen Identity Refund Fraud Scheme

On Aug. 24, 2015, in Dallas, Reminco Zhangazha was sentenced to 93 months in prison and ordered to pay \$2,648,334, joint and several in restitution. Zhangazha's co-defendant, Tonderai Sakupwanya, was sentenced earlier in 2015 to 87 months in prison and ordered to pay more than \$2.6 million in restitution. In addition, the defendants will forfeit \$10,613 cash seized from Zhangazha's vehicle; \$93,513 cash from an apartment; and \$4,500 from a residence. Zhangazha and Sakupwanya engaged in a scheme to defraud the IRS by obtaining stolen tax refunds that were generated by e-filing false and fraudulent income tax returns. The defendants rented private mailboxes in the names of aliases by using forged United Kingdom passports. They then established bank accounts using the alias names and mailing addresses. The IRS was directed to electronically deposit refunds into bank accounts the defendants established, as well as to be issued by a treasury check and mailed to an address under the control of the defendants. The income tax returns also directed refunds to accounts established at a third-party financial services company that would enable them to issue a check containing the tax refund. These third party checks and the treasury checks were deposited into bank accounts the defendants established. After the checks were deposited, or the tax refunds were electronically deposited, the defendants would withdraw the funds for their own use and benefit.

New York and Arizona Women Sentenced in Identity Theft Tax Fraud Case

On Aug. 5, 2015, in Utica, New York, Elaine Monique Zavalla-Charres, of Winslow, Arizona was sentenced to 72 months in prison, three years of supervised release and ordered to pay \$411,309 in restitution to the IRS. From 2011 through 2013, co-defendant Lacey Hollinger, of Massena, New York, contacted Massena area residents via Facebook and other electronic media to tell them they were eligible for a tax

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refund, even though they were unemployed and had no income, as part of a U.S. government "stimulus program." No such program existed. Several dozen people responded and gave Hollinger their personal identifying information. Hollinger forwarded this information to Charres, who used it to create false and fraudulent tax returns that, with others obtained from Arizona residents, generated over \$400,000 in tax refunds. Charres, Hollinger, and others involved in the fraudulent scheme stole these funds after they were electronically deposited in bank accounts in Arizona. The Massena area residents never saw the fraudulent tax returns. Some received pre-paid debit cards that Charres directed to them but many got nothing, as Charres and Hollinger kept most of the refund money. Hollinger was sentenced on May 22, 2015 to 36 months in prison, three years of supervised release and ordered to pay restitution.

Georgia Pastor Sentenced for Role in Tax Fraud Scheme

On July 9, 2015, in Savannah, Georgia, Xavier Franklin Lewis, former pastor of the Holy Ghost raise and Deliverance Ministries, was sentenced to 119 months in prison, five years of supervised release and ordered to pay \$163,602 in restitution. A jury found Lewis guilty in 2014 for submitting false claims to the IRS, theft of public money, aggravated identity theft, operation of unlicensed money transmitting business and bank fraud. Lewis used a number of separate bank accounts he controlled, including three accounts opened in the name of his church, to negotiate over 90 government-funded tax refund checks. Lewis obtained the checks after they were either generated as the result of submitting a fraudulent income tax return with the IRS or were generated at the legitimate request of a taxpayer, but stolen from the mail before it reached the taxpayer. In total, Lewis fraudulently negotiated nearly \$250,000 worth of government-funded checks.

Final Defendants Sentenced for Stolen Identity Refund Fraud Scheme

On July 27, 2015, in Houston, Texas, Jason Maclaskey, of Spring, and Omar Butt, of Brooklyn, New York, were sentenced to 120

months and 40 months, respectively for their roles in a scheme to steal identities and file fraudulent federal tax returns. A third defendant, Heather Dale, of Grant, Alabama, was previously sentenced to 24 months in prison.

The court also ordered them to pay \$314,868 in restitution. The defendants unlawfully obtained the names, dates of birth and Social Security numbers from 371 taxpayers and used this information to file false tax returns in 2009. The defendants also used this information to set up fraudulent bank accounts and directed the tax refunds to be sent to debit cards in the taxpayers' names. The defendants then withdrew this money using the debit cards at ATMs and by making purchases at various retail stores. Through this conspiracy, the defendants claimed a total of more than \$1.4 million in false tax refunds, succeeded in withdrawing more than \$300,000 before the scheme was uncovered.

Former Accountant Sentenced for Tax Fraud Scheme

On Aug. 7, 2015, in Oakland, California, Robert Thomas Doyle, was sentenced to 51 months in prison, three years of supervised release, and pay \$142,031 in restitution. Doyle pleaded guilty on Feb. 23, 2015, to wire fraud and aggravated identity theft. During 2011, 2012, and 2013, Doyle implemented an identity theft and tax fraud scheme in which he caused the filing of a number of tax returns claiming fraudulent refunds. As part of his scheme, Doyle, a former certified public accountant, created false businesses and claimed false income and expenses for his clients in order to maximize the Earned Income Tax Credit. The fraudulent income and expenses led to a larger-than-allowed claimed refund. Doyle did not ask his clients about any income earned or current or past employment history. Doyle also used the names and social security numbers of former clients to prepare and file false tax returns without these victims' knowledge or consent. On many of the tax returns, Doyle directed the refunds to be mailed to addresses where he could retrieve them or have the refunds electronically deposited into bank accounts that he controlled.

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The following table provides IRS-CI's Questionable Refund Program statistics over the past three fiscal years:

	FY 2015	FY 2014	FY 2013
Investigations Initiated	775	1028	1513
Prosecution Recommendations	780	969	1267
Indictments/Informations	767	928	1056
Sentenced	839	792	485
Incarceration Rate	83.6%	85.5%	76.7%
Average Months to Serve	34	37	35

Abusive Tax Schemes

Within the Abusive Tax Schemes program, CI focuses on the investigation of promoters and clients who willfully participate in domestic and/or offshore tax schemes for the purpose of violating the tax laws. Participants in these abusive schemes usually create structures such as trusts, foreign corporations and partnerships for the purpose of making it appear that a trustee, nominee, non-resident alien or other foreign entity is the owner of the assets and income, when in fact the true ownership and control remains with a United States taxpayer.

Examples of abusive tax scheme investigations adjudicated in FY 2015 include:

Nevada Men Sentenced in Massive Tax Fraud Scheme

In Las Vegas, Nevada, Daniel William Porter, of Chino, California, was sentenced to 55 months in prison and three years of supervised release. Porter was the designer of Tax Break 2000, which sold through the National Audit Defense Network (NADN), and resulted in fraud losses of more than \$36 million and an intended tax loss of more than \$60 million. On March 11, 2015, three others were sentenced for their role in this tax fraud scheme. Alan Rodrigues, NADN's former general manager and executive vice president, was sentenced to 72 months in prison. Weston Coolidge, a businessman who served as NADN's president, was sentenced to 70 months in prison. Joseph Prokop, who served as the National Marketing Director for Oryan Management and Financial Services, a company affiliated with NADN, was sentenced to 18 months in prison. All three men were also

ordered to pay more than \$35 million in restitution to the victims. The evidence at trial established that through NADN, the defendants promoted and sold a product called Tax Break 2000 to customers throughout the United States. They falsely and fraudulently told customers that buying the product would allow them to claim legitimate income tax credits and deductions under the Americans with Disabilities Act (ADA). Although the price of the product that was claimed on the tax returns was \$10,475, the customers only paid between \$2,000 and \$2,695 out-of-pocket. The remainder of the cost was covered by a promissory note that customers were not expected to repay. The defendants knew that the websites provided to customers made little, if any, money from sales commissions and that they did not entitle the purchaser to either a tax credit or any deductions. The defendants taught and directed the tax return preparers working for NADN to prepare thousands of tax returns for customers that claimed the fraudulent tax credit and deductions. From 2001 through approximately May 2004, NADN sold the Tax Break 2000 product more than 18,000 times to thousands of customers. As a result of the defendants' fraud, thousands of NADN customers were audited by the IRS.

Minnesota Business Executive Sentenced on Charges of Conspiracy, Tax Evasion and Failure to File Tax Returns

On May 27, 2015, in Minneapolis, Minnesota, Michael Andrew Schlegel was sentenced to 60 months in prison and three years of supervised release. Schlegel was convicted on March 13, 2014, following a seven-day trial, of conspiracy to defraud the United States, tax evasion, and

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failure to file tax returns. According to the court documents, from 2002 to 2009, Schlegel controlled NatureRich, Inc., a multi-level marketing company that sold natural and health-related products. At various times between 2002 and 2009, Schlegel and co-defendant Bradley Mark Collin received wages and commission payments from NatureRich that totaled more than \$400,000. Schlegel caused NatureRich to pay his commissions to a nominee trust called the "Andrew James Living Trust," from which he then paid his family's expenses. During that time, Schlegel also operated a painting business, receiving more than \$400,000 in income from painting contracts. In 2004, the defendants, through the use of nominee entities, began engaging the "warehouse" banking services of Olympic Business Systems and Century Business Concepts. The defendants also filed misleading federal corporate tax returns in the name of NatureRich in an effort to conceal the true extent of their personal interest in, and the income derived, from NatureRich. In all, the defendants attempted to conceal at least \$3 million in gross income from the IRS, thereby avoiding income taxes on that amount and also avoiding having those funds seized for payment of their previous tax debts. From 2002 through 2010, Schlegel and Collin conspired with others to defraud the United States by obstructing the IRS in its lawful collection and assessment of individual income taxes. Schlegel failed to make any payments toward the back taxes, interest and penalties levied against him in 2000, which totaled more than \$600,000. Schlegel also failed to file federal individual tax returns for tax years 2002-2009. On Nov. 4, 2014, Bradley Mark Collin was sentenced to 24 months in prison and three years of supervised release.

Four Pennsylvania Family Members Sentenced for Tax Fraud

On July 23, 2015, in Allentown, Pennsylvania, four Lancaster County family members were sentenced to prison for their participation in a long-term, complex and concerted effort to avoid taxation. In October 2010, Chester A. Bitterman Jr. and his sons, Craig L. Bitterman, C. Grant Bitterman and Curtis L. Bitterman, were convicted of conspiracy to defraud the United States. Craig Bitterman was additionally convicted of obstruction of justice. Prior to sentencing, the defendants paid \$437,000 in restitution to the IRS. The four were sentenced as follows: Craig L. Bitterman was sentenced to

36 months in prison; C. Grant Bitterman was sentenced to 21 months in prison; Curtis L. Bitterman was sentenced to 21 months in prison; and Chester A. Bitterman Jr. was sentenced to three years' probation. According to court documents, from 1996 to 2005, the Bittermans owned and operated the Bitterman Scale Company. To conceal their income and assets from the IRS, the Bittermans used aliases, offshore bank accounts and a complex series of sham paper transactions to disguise income. The defendants transferred their personal and business assets to sham trusts purchased from the Commonwealth Trust Company, an organization that marketed trust products to clients for the purpose of avoiding federal income tax payment. The trusts were used to make it appear as though the defendants had little or no assets or income. In reality, the defendants retained complete access and control over their funds.

Non-filer Investigations

Taxpayers who fail to file income tax returns and effectively stop paying income tax, pose a serious threat to tax administration and the American economy. Their actions undermine public confidence in the Service's ability to administer the tax laws fairly and effectively. Criminal Investigation devotes investigative resources to individuals who simply refuse to comply with the law.

Examples of non-filer investigations adjudicated in FY 2015 include:

Pennsylvania Lawyer Sentenced For Tax Evasion and Fraud Scheme

On Sept. 10, 2015, in Philadelphia, Randolph Scott, of Doylestown, was sentenced to 48 months in prison, three years of supervised release and ordered to pay restitution of \$2,317,917. Scott pleaded guilty on March 25, 2015, to mail fraud, tax evasion and attempting to interfere with administration of Internal Revenue laws and failure to file income tax returns. Scott was an attorney and maintained a law office, Randolph Scott Associates, in Warrington. His practice included estate and probate matters. Between December 2005 and October 2011, while representing an estate, Scott diverted approximately \$2,317,917 of estate funds to his law office accounts. Because

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the estate was valued at more than \$6 million at the time of the decedent's death in 2005, federal law required that a federal estate tax return be filed which would have resulted in approximately \$520,351 being paid to the IRS. Scott deliberately failed to file the required form in order to maintain sufficient money in the estate to pay its beneficiaries and to avoid detection of the theft. After the estate's executor died in 2009, Scott failed to disclose the executor's death so that Scott could continue to receive money intended for the estate at his law firm. Scott would then forge the deceased executor's signature and deposit funds intended for the estate into accounts under his control. Scott had the successor executor sign a document renouncing the position of successor executor so that Scott could continue to forge the signature of the deceased executor and divert money belonging to the estate.

North Carolina Businessman Sentenced for Income Tax Evasion

On Sept. 21, 2015 in Winston-Salem, Thomas Tilley, a millionaire businessman, was sentenced to 32 months in prison, one year of supervised release and ordered to pay \$7,676,757 in restitution to the IRS. Tilley pleaded guilty on Nov. 21, 2014, to corruptly endeavoring to impede and obstruct the administration of the Internal Revenue Code. Starting in 1993 and continuing through at least 2010, Tilley sent the IRS fraudulent financial instruments in an attempt to fraudulently discharge his tax debt; used nominee and sham trusts to purchase and sell real estate to conceal his assets; and placed false liens on properties to impede the IRS' collection of his tax debt. Tilley also failed to file federal and state income tax returns for tax years 1994 through 2013, despite earning substantial income. Specifically, in 2009, Tilley claimed a net worth as high as \$30 million and annual income of \$822,000 on a financial statement. Tilley obstructed justice by providing misleading information to probation and the court after pleading guilty and revoked his acceptance of responsibility credit based on this conduct.

Former Nebraska Man Sentenced for Failing to File Tax Returns

On Aug. 25, 2015, in Omaha, Chet Lee West, of Nebo, North Carolina, was sentenced to 51 months in prison, three years of supervised release and ordered to pay \$439,515 in restitution. West was convicted on Feb. 25, 2015

after a jury found him guilty of tax evasion relating to tax years 2007, 2008 and 2009. From 2007 through 2009, West earned taxable income of approximately \$272,224 while living and working in Omaha, Nebraska. Upon that income West had a tax due and owing of approximately \$52,824. West willfully evaded his personal income taxes by failing to file federal individual income tax returns for tax years 2007 through 2009. After being informed by the IRS that he was required to file federal income tax returns, West continued to submit information to his employer in an attempt to avoid the withholding of any employment taxes from his pay, including numerous letters and purported affidavits stating his position that he was not subject to taxation on his income. Between 2007 through 2009, West deposited personal income into bank accounts opened in the names of companies he created in an effort to hide and conceal his income from the IRS. West had not filed federal individual income tax returns since at least the 2000 taxable year.

Employment Tax Fraud

Employment tax evasion schemes can take a variety of forms. Some of the more prevalent methods of evasion include "pyramiding," employee leasing, paying employees in cash, filing false payroll tax returns or failing to file payroll tax returns. Employment taxes include federal income tax withholding, social security taxes, and federal unemployment taxes. Some business owners withhold taxes from their employees' paychecks, but intentionally fail to remit those taxes to the IRS.

Examples of employment tax fraud investigations adjudicated in FY 2015 include:

Former CEO Sentenced for \$25 Million Fraud Scheme

On June 8, 2015, in Nashville, Tennessee, L. Brian Whitfield, formerly of Franklin, was sentenced to 240 months in prison and three years of supervised release. Whitfield was also ordered to pay a \$1.8 million money judgment and more than \$25.9 million in restitution. On Nov. 7, 2014, a jury found Whitfield guilty of conspiracy, wire fraud, theft from an employee benefit program, filing a false tax return, and money laundering. Whitfield controlled the finances and funds of the Sommet Group LLC, a payroll processing company that operated in

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Franklin, Tennessee. From 2008 until 2010, Whitfield diverted millions of dollars of client funds that had been earmarked to fund client employee retirement accounts, to pay health claims, and to pay taxes. Whitfield diverted millions of dollars to prop up affiliated companies that he controlled, spent millions of dollars to acquire the naming rights of Nashville's professional hockey arena and paid for personal expenses. Whitfield also vastly underreported wages and taxes on Sommet's quarterly employer tax return that he personally prepared and filed. Across six quarters from 2008 through 2010, Whitfield's actions resulted in an underpayment of more than \$20 million in taxes.

Owner of Employee Leasing Company Sentenced for Immigration and Tax Fraud Scheme

On July 23, 2015, in Philadelphia, Pennsylvania, Kim Meas, of Cambodia, was sentenced to 30 months in prison and ordered to pay \$1.7 million in restitution to the IRS and \$23 million in forfeiture. On Nov. 24, 2014, Meas pleaded guilty to conspiracy to commit an offense against the United States, transporting illegal aliens and failure to collect and pay federal income and employment taxes. Meas was the managing director of LS Services Corporation, an employee leasing company. Meas negotiated labor leasing contracts with various companies that leased temporary workers from LS. Meas established approximately 14 shell companies to create the illusion that the workers who LS leased to other companies were employees of the shell corporations. As such, the shell corporations, and not LS, would be responsible for collecting and paying employment and income taxes for the employees. Meas attempted to make it impossible for the IRS to determine the identity of the employer of the illegal aliens, as well as the amount of employment and income taxes that the employer of the illegal aliens was required to pay. The companies that leased employees from LS did not withhold federal income taxes on the wages paid to the employees, nor did these companies collect and pay to the IRS, employment taxes on the income earned by the workers.

Tennessee Man Sentenced for Federal Tax Offenses

On July 9, 2015, in Knoxville, Zebbie Joe Usher, III, was sentenced to 70 months in prison, three

years of supervised release and ordered to pay \$29,174,931 in restitution to the IRS. On June 2, 2014, Usher pleaded guilty to tax evasion and conspiracy to commit tax evasion. Usher was previously the chief executive officer of Service Provider Group and was involved in the management of a number of companies, known as professional employer organizations (PEOs). These companies were engaged in the employee leasing and payroll processing business. The PEOs collected federal payroll taxes from employees and were required to turn over those funds to the IRS in a timely manner. However, Usher and others used the funds for other company and personal expenses. In an attempt to avoid discovery of their nonpayment of payroll taxes, Usher and his co-conspirators submitted false documents to the IRS.

Florida Man Sentenced for Payroll Tax Fraud

On July 10, 2015, in Miami, Sonny Austin Ramdeo, of Sunrise, was sentenced to 240 months in prison, three years of supervised release and ordered to pay \$21,442,173 in restitution. Ramdeo previously pleaded guilty to wire fraud and money laundering. From as early as 2005, Ramdeo was employed as the payroll supervisor at Promise Healthcare, Inc. and Success Healthcare Group, both of which owned and operated hospital facilities throughout the United States. As payroll supervisor for these two companies, Ramdeo was responsible for overseeing the payment of bi-weekly wages and related payroll taxes for approximately 4,000 employees. To execute this scheme, Ramdeo incorporated PayServ Tax Inc., and thereafter represented to officers and employees of Promise Healthcare and Success Healthcare that his company would handle the transfer of local, state and federal payroll taxes to the proper agencies. Instead of forwarding all of the monies due to the taxing authorities for employee payroll taxes, Ramdeo stole and embezzled the funds resulting in a \$21 million dollar underpayment. By stealing the payroll tax money, Ramdeo caused hospitals to lay off employees, adversely affected the maintenance and operations of 17 acute care hospitals, jeopardized services provided to patients, challenged investors' security, and reduced the amount of money the taxing authorities actually collected. Ramdeo used the proceeds from this fraudulent scheme in order to finance a now defunct charter airline company.

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Former Minnesota Real Estate Developer Sentenced for Tax Evasion, Mail and Wire Fraud

On Sept. 9, 2015, in Minneapolis, Bartolomea Joseph Montanari, formerly of Bayport, was sentenced to 78 months in prison, ordered to pay mandatory restitution of \$100,000 and, pay more than \$1.5 million as a special assessment for the taxes, interest, and penalties owed. On Nov. 25, 2014, a federal jury found Montanari guilty of tax evasion, mail fraud and wire fraud. From 2009 until January 2012, Montanari willfully evaded

the payment of employment and excise taxes owed by him and the three businesses he controlled. One of the ways Montanari avoided paying taxes was by transferring over \$1.1 million into a bank account in the name of Bella Luca Properties LLC, a shell company used by Montanari to pay personal expenses. Montanari

evaded payment of more than \$700,000 in taxes. In December 2009, when the IRS attempted to collect taxes and Trust Fund Recovery Penalties (TFRPs), Montanari filed a fraudulent financial statement making numerous misrepresentations to the IRS to avoid paying the taxes he owed.

Montanari also falsely claimed to be living in Bayport, Minnesota, when, in truth, he had already moved into a \$1.4 million house he was purchasing in Knoxville, Tennessee. In addition, Montanari lied about the sale price of a Caterpillar bulldozer that he needed to purchase for one of his companies. Montanari submitted a falsified invoice to the dozer financing company, which issued a check for the dozer for \$100,000 more than the true purchase price. Montanari kept the extra \$100,000 and used it as a down payment for his house in Tennessee.

ILLEGAL SOURCE FINANCIAL CRIMES

The Illegal Source Financial Crimes Program encompasses all tax and tax-related, money laundering and currency violations. These investigations are focused on individuals deriving income from illegal sources, such as dollars obtained through embezzlement, bribery, and illegal gambling operations. The individuals can be legitimate business owners but obtain their income through illegal means. These investigations are also focused on methods through which individuals seek to “launder” their income by making it appear that the income is from a legitimate source. Frequent money laundering techniques include the manipulation of currency reporting requirements, layering of transactions and international movement of funds. In these types of investigations, CI works hand-in-hand with our federal, state, and local law enforcement partners, as well as with foreign tax and law enforcement agencies.

Financial Institution Fraud

This program addresses criminal violations involving fraud against banks, savings and loan associations, credit unions, check cashers, and stockbrokers. Criminal Investigation is a major contributor in the effort to combat financial institution fraud, and the United States Attorneys’ recognize CI’s financial investigative expertise in

this complex area. The ability to bring income tax and money laundering charges augments prosecutors’ effectiveness in combating fraud committed against financial institutions, whether the violators work within or outside of the institution.

Examples of financial institution fraud investigations adjudicated in FY 2015 include:

North Carolina Land Developer and Co-Defendants Sentenced in \$23 million Bank Loan Scheme

On June 25, 2015, in Asheville, Keith Vinson, of Arden, was sentenced to 216 months in prison, three years of supervised release and to pay \$18,384,584 in restitution. A federal jury convicted Vinson in October 2013 of conspiracy, bank fraud, wire fraud, and money laundering conspiracy. Vinson was sentenced for his role in a scheme involving the development of Seven Falls, a golf course and luxury residential community in Henderson County, North Carolina. On June 2, 2015, five additional individuals were sentenced for their roles in the scheme. Avery Ted “Buck” Cashion III, of Lake Luke, was sentenced to 36 months in prison, three years of supervised release and ordered to pay \$14,266,256 in restitution. Raymond M. “Ray” Chapman, of Brevard, was sentenced to 36

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months in prison, three years of supervised release and ordered to pay \$14,266,256 in restitution. Thomas E. "Ted" Durham Jr., former president of the failed Pisgah Community Bank, of Fletcher, was sentenced to 30 months in prison, three years of supervised release and ordered to pay \$6,237,453 in restitution. Aaron Ollis, a former licensed real estate appraiser, of Arden, was sentenced to two years of probation, including 12 months and one day home detention, and ordered to pay \$10,199,106 in restitution. In addition, George M. Gabler, a former Certified Public Accountant from Fletcher, was sentenced to two years of probation and fined \$5,000. Trial evidence and statements made in court, beginning in 2008, the defendants conspired and obtained money from several banks through a series of straw borrower transactions, in order to funnel monies to Vinson and his failing development of Seven Falls. To advance this scheme Vinson, Chapman, Cashion and others recruited local bank officials including George Gordon "Buddy" Greenwood and Ted Durham, who at the time were presidents of banks. When bank officials realized that they had reached their legal lending limits with respect to some of the straw borrowers, additional straw borrowers were recruited to the scheme to make additional loans. Seven Falls and another luxury residential golf development by Vinson failed, resulting in millions in property losses. In addition, two banks failed and were taken over by the FDIC. Previously, Buddy Greenwood was sentenced to 42 months in prison.

Former Bank Executive Sentenced for Role in Conspiracy and Fraud Involving Investment Contracts

On May 18, 2015, in Asheville, North Carolina, Phillip D. Murphy, a former Bank of America executive, was sentenced to 26 months for his role in a conspiracy related to bidding for contracts for the investment of municipal bond proceeds and other municipal finance contracts. On Feb. 10, 2014, Murphy pleaded guilty to participating in multiple fraud conspiracies and schemes with various financial institutions and brokers from as early as 1998 until 2006. Murphy conspired with employees of Rubin/Chambers Dunhill Insurance Services Inc., also known as CDR Financial Products, a broker of municipal contracts and others. Murphy also pleaded guilty to conspiring with others to make false entries in

the reports and statements originating from his desk, which were sent to bank management. Murphy conspired with CDR and others to increase the number and profitability of investment agreements and other municipal finance contracts awarded to Bank of America. Along with bid rigging, Murphy and his co-conspirators submitted numerous intentionally false certifications that were relied upon by both municipalities and the IRS. These false certifications misrepresented that the bidding process had been conducted in a competitive manner that was in conformance with U.S. Treasury regulations. These false certifications caused municipalities to award contracts to Bank of America and other providers based on false and misleading information. The false certifications also impeded and obstructed the ability of the IRS to collect revenue owed to the U.S. Treasury.

Florida Businessman Sentenced for \$44 Million Bank Fraud Conspiracy

On April 13, 2015, in Orlando, Florida, Pedro "Pete" Benevides was sentenced to 108 months in prison and ordered to forfeit \$44,059,565, including bank accounts containing about \$40 million in cash and two exotic sports cars. In addition, Benevides was also ordered to pay full restitution to the financial institutions that were the victims of his offense. From about 2005 through September 2008, Benevides obtained 20 commercial and residential loans and lines of credit from several federally insured financial institutions. Benevides obtained the fraudulent loans by providing the financial institutions with documents that, among other things, contained false information concerning his income and assets or the business that he used to obtain the loans and lines of credit. Once he received the loans, Benevides used the fraudulently obtained funds for his own purposes, including paying the interest and principal on other, earlier loans that he had obtained in order to continue the fraudulent scheme, paying business expenses, paying the other co-conspirators involved in the scheme, and funding living expenses for himself and his family.

Former Federal Credit Union Employee Sentenced for Bank Fraud and Filing False Tax Returns

On March 25, 2015, in Valdosta, Georgia, Kelly Yawn was sentenced to 41 months in prison and

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ordered to pay \$628,539 in restitution to the fraud victims and \$139,865 to the IRS. On Jan. 6, 2015, Yawn pleaded guilty to bank fraud and filing false tax returns. Between February 2008 and November 2011, while employed by a federal credit union Yawn accessed the credit union's computer system to prevent electronic transactions (ACH) and written share drafts from posting to her account. Using that scheme, Yawn was able to misdirect for her own benefit more than 900 share drafts and more than 1,200 ACH transactions, totaling more than \$499,000 that were paid from credit union funds. Yawn took additional actions to cover up the transactions so that they would not be discovered by the credit union or outside auditors by posting fraudulent deposits to credit union accounts. Yawn also filed federal income tax returns for 2008 through 2011 and failed to include the money she received from the scheme on her federal tax returns as income in those years.

Ohio Man Sentenced for Defrauding Credit Union

On Feb. 23, 2015, in Cleveland, Ohio, John Struna, of Concord Township, was sentenced to 43 months in prison and ordered to pay more than \$2.3 million in restitution. Struna was also ordered to forfeit a restaurant he owned, a condominium and a 2014 Mazda. Struna previously pleaded guilty to conspiracy to commit bank fraud, bank fraud, making false statements and money laundering. Struna defrauded the Taupa Lithuanian Credit Union, based in Cleveland, out of \$2.3 million. Credit union CEO Alex Spirikaitis, former teller Michael Ruksenas and Vytas Apanavicius were previously found guilty for their roles in conspiracies related to defrauding the credit union. Struna maintained both personal and corporate accounts at Taupa dating back to 1995. He began a conspiracy with Spirikaitis in 2002 and continued through 2013, during which time Spirikaitis caused Taupa to make approximately 46 fraudulent transfers into Struna's accounts. In 2011, Struna requested and received \$112,105 from Spirikaitis for the purchase of a condominium located in Fort Myers, Florida. At no time did Struna submit any credit applications or loan documents. The fraudulent transfers totaled approximately \$2.3 million. From 2002 through 2013, Struna repaid only approximately \$15,000 of the \$2.3 million Spirikaitis transferred into his accounts.

Co-Conspirators Sentenced for Bank Fraud

On Feb. 5, 2015, in New Bern, North Carolina, Joseph Grecco, of DuBois, Pennsylvania, was sentenced to 30 months in prison and three years of supervised release. Grecco pleaded guilty on March 12, 2014 to conspiracy to commit bank fraud. On Jan. 8, 2015, Ronald Doerrer, of Kure Beach, North Carolina, was sentenced to 18 months in prison and three years of supervised release. On Aug. 8, 2014, Edward A. Yates, of Wilmington, North Carolina, was sentenced to 12 months and one day in prison and three years of supervised release. A fourth co-defendant, and leader of the conspiracy, Ronald Hayden Kotler, remains at large. Kotler and Doerrer operated a company, Commercial Loan Solutions (CLS) from 2006 to 2009. CLS offered its services as a broker to provide bank financing for individuals and companies, in exchange for hefty fees, ranging from 15% to 25% of the loan amount. As part of the conspiracy, Kotler and Doerrer helped clients falsify loan applications by submitting false tax returns and vastly inflating the individuals' business income and assets. The scheme involved obtaining money, funds, credits, and other things of value from financial institutions by providing them with materially false information and making fraudulent representations and promises. The financial institutions suffered losses in excess of \$4.5 million as a result of the scheme.

Public Corruption

CI continues to pursue investigations involving individuals who violate the public's trust. The individuals include both elected and appointed officials from all levels of government, including local, county, state, federal and foreign officials. Public corruption investigations encompass a wide variety of criminal offenses including bribery, extortion, embezzlement, illegal kickbacks, tax fraud and money laundering.

Examples of public corruption investigations adjudicated in FY 2015 include:

Former Chief of Staff to Connecticut House GOP Minority Leader Sentenced for Kickback Arrangement

On Aug. 27, 2015, in Hartford, Connecticut, George Gallo, of East Hampton, was sentenced

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to 12 months and one day in prison, three years of supervised release and ordered to pay restitution of \$117,266. On April 27, 2015, Gallo pleaded guilty to one count of mail fraud. Gallo was an employee of the state of Connecticut as the chief of staff to the minority leader of the Connecticut House of Representatives. As part of his responsibilities, Gallo was responsible for the campaign program of the House Republican Campaign Committee (“HRCC”). Gallo made an arrangement with a political campaign direct mail vendor that he would steer business to them through the HRCC program. In exchange, the company would make payments to Gallo equal to 10 percent of the revenue that the company received from candidates participating in the program. Meanwhile, Gallo made false representations to the minority leader of the Connecticut House of Representatives and others that he did not receive any compensation from any HRCC sponsored vendor. From 2008 through 2012, the political campaign direct mail vendor mailed checks made payable to the Vinco Group, a Cromwell based limited liability company in which Gallo was the sole member, totaling approximately \$117,266.

Former Baltimore City Official Sentenced for Bribery Scheme

On June 23, 2015, in Baltimore, Maryland, Barry Stephen Robinson, of Accokeek, was sentenced to 12 months and a day in prison, three years of supervised release and ordered to pay forfeiture of \$20,000. Robinson was chief of the Division of Transit and Marine Services of the Baltimore City Department of Transportation. In this position, Robinson supervised Baltimore City’s “Circulator” and “Water Taxi” programs and had authority to approve contracts with advertisers and vendors and to purchase and pay for goods and services. In January 2014, Robinson offered to cancel \$60,000 of debt in return for \$20,000 in cash. From January 23 to March 11, 2014, Robinson received four cash payments of \$5,000 each. In return, Robinson provided a signed letter on Baltimore City letterhead falsely stating that the \$60,000 debt had been paid. In 2011, Robinson arranged for Baltimore City to purchase 13 bus shelters from a Canadian company for \$249,290. On April 9, 2014, Robinson illegally sold and accepted \$70,000, in return for the city’s bus shelters. Seeking to disguise the source of the bribery proceeds, Robinson deposited the cash bribe payments he received into two bank accounts in the name of another person. He

used a portion of the proceeds for home improvements and other items. The intended loss to the City of Baltimore from Robinson’s schemes was approximately \$310,000.

Former Illinois Public Health Chief of Staff Sentenced

On June 23, 2015, in Springfield, Quinshaunta R. Golden, of Homewood, was sentenced to 96 months in prison, three years of supervised release and ordered to pay \$1,000,000 in restitution to the Illinois Department of Public Health (IDPH), jointly with Roxanne Jackson. On April 10, 2014, Golden pleaded guilty to taking bribes and kickbacks. Golden served as Chief of Staff at IDPH from 2003 to early 2008. From 2006 to 2008, Golden used her agency position to direct approximately \$11 million in grant funds to three not-for-profit organizations and a for-profit corporation controlled by Leon Dingle Jr. As part of the scheme, Golden directed that Roxanne Jackson, a former IDPH administrator, be hired as a paid consultant for Dingle and the three not-for-profit entities. As a result, approximately \$772,500 in grant funds disbursed to the three not-for-profit entities was paid to Jackson from July 2007 to April 2008. Golden required that Jackson pay her one-half of whatever she received, less any funds to be withheld for payment of taxes, which were never paid. Golden also directed that Jackson work as a paid consultant for VIP Security. Golden caused approximately \$2 million in contract funds to be paid by IDPH to VIP Security and again required Jackson to give her kickback payments. On June 12, 2015, Roxanne Jackson was sentenced to 25 months in prison and ordered to pay \$1,000,000 jointly with Golden for her part in the bribery and kickback scheme and filing false income tax returns. Dingle, and his wife Karin, both of Chicago, were convicted of conspiracy to defraud, mail fraud and money laundering will be sentenced at a later date.

Former Executive Director of the Virgin Islands Legislature Sentenced for Bribery and Extortion

On May 14, 2015, in St. Thomas, U.S. Virgin Islands, former executive director of the Virgin Islands Legislature, Louis “Lolo” Willis was sentenced to 60 months in prison. On Nov. 19, 2014, a jury in the Virgin Islands convicted Willis of federal programs bribery and extortion under color of official right. Willis was the executive director of the Legislature between 2009 and

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2012. His responsibilities included oversight of the major renovation of the Legislature building and awarding and entering into government contracts in connection with the project. Willis was also responsible for authorizing payments to the contractors for their work. Willis accepted bribes, including \$13,000 in cash and checks, from contractors in exchange for using his official position to secure more than \$350,000 in work for the contractors and to ensure they received payment upon completion.

Four Sentenced for Role in Rocky Boy's Corruption Probe

On March 11, 2015, in Great Falls, Montana, Mark Craig Leischner and Tammy Kay Leischner, of Laurel, were sentenced to 24 months in prison and three years' supervised release. Mark Leischner was also ordered to pay \$281,313 in restitution, and Tammy Leischner was ordered to pay \$375,092 in restitution. Mark Leischner pleaded guilty to embezzlement of over \$200,000 in funds from the Chippewa Cree Tribe Rodeo Association, federal student financial aid fraud, and obstruction of justice. Tammy Leischner pleaded guilty to aiding the embezzlement of \$311,000 in federal funds, bankruptcy fraud, federal student financial aid fraud, and blackmail. Tammy Leischner's brother, Dr. James Howard Eastlick, was also sentenced to 72 months in prison, three years supervised release and ordered to pay \$424,800 in restitution. Eastlick, the former psychologist for the Rocky Boy Health Clinic pleaded guilty to charges of bribery relating to a federally funded program, bribery of a councilman and income tax evasion. On March 10, 2015, Bruce Sunchild, was sentenced to 34 months in prison, three years supervised release, and ordered to pay \$370,088 in restitution. Sunchild pleaded guilty to bribery, embezzlement and tax evasion. All four sentencing were a result of the Rocky Boy's Corruption Probe.

Former Virginia Governor and First Lady Sentenced for Public Corruption

On Jan. 6, 2015, in Richmond, Robert F. McDonnell, former Virginia governor, was sentenced to 24 months in prison and two years of supervised release. On Feb. 20, 2015, in Richmond, the former First Lady of Virginia, Maureen G. McDonnell, was sentenced to 12 months and one day in prison. The McDonnells were convicted on Sept. 4, 2014, following a jury

trial of conspiracy to commit honest-services wire fraud and conspiracy to obtain property under color of official right. From April 2011 through March 2013, the McDonnells participated in a scheme to use the former governor's official position to enrich themselves and their family members by soliciting and obtaining payments, loans, gifts and other things of value from Star Scientific and Jonnie R. Williams Sr., then CEO of Star Scientific. The McDonnells obtained these items in exchange for the former governor performing official actions to legitimize, promote and obtain research studies for Star's products, including the dietary supplement Anatabloc. The McDonnells obtained from Williams more than \$170,000 in direct payments as gifts and loans, thousands of dollars in golf outings, and numerous items. As part of the scheme, Robert McDonnell arranged meetings for Williams with Virginia government officials, hosted and attended events at the Governor's Mansion designed to encourage Virginia university researchers to initiate studies of Star's products and to promote Star's products to doctors, contacted other Virginia government officials to encourage Virginia state research universities to initiate studies of Star's products, and promoted Star's products and facilitated its relationships with Virginia government officials. The McDonnells attempted to conceal the things of value received from Williams and Star by routing gifts and loans through family members and corporate entities controlled by the former governor to avoid annual disclosure requirements.

Corporate Fraud

The Corporate Fraud program concentrates on violations of the Internal Revenue Code (IRC) and related statutes committed by publicly traded or private corporations, and/or by their senior executives. Some of the specific criminal acts within a corporate fraud investigation include falsifying and fabricating or destroying company records for the purpose of falsifying tax returns, financial statements or reports to regulatory agencies or investors. It also includes conduct by executives to enrich themselves by attempting to derive unauthorized compensation through unapproved payments or bonuses, payment of personal expenses with corporate funds or bogus loans. Many corporate fraud investigations are joint efforts involving other federal agencies.

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Examples of corporate fraud investigations adjudicated in FY 2015 include:

Former CEO Sentenced for \$25 Million Fraud Scheme

On June 8, 2015, in Nashville, Tennessee, L. Brian Whitfield, formerly of Franklin, was sentenced to 240 months in prison and three years of supervised release. Whitfield was also ordered to pay a \$1.8 million money judgment and more than \$25.9 million in restitution. On Nov. 7, 2014, a jury found Whitfield guilty of conspiracy, wire fraud, theft from an employee benefit program, filing a false tax return and money laundering. Whitfield controlled the finances and funds of the Sommet Group LLC, a payroll processing company that operated in Tennessee. From 2008 until 2010, Whitfield diverted millions of dollars of client funds that had been earmarked to fund client employee retirement accounts to pay health claims and to pay taxes. Instead of using these client funds as Sommet had promised, Whitfield diverted millions of dollars to prop up affiliated companies that he controlled, spent millions of dollars to acquire the naming rights of Nashville's professional hockey arena and to pay personal expenses. Whitfield also vastly underreported wages and taxes on Sommet's quarterly employer tax return that he personally prepared and filed. Across six quarters from 2008 – 2010, Whitfield's actions resulted in an underpayment of more than \$20 million in taxes. In July 2013 D. Edwin Todd, a part owner of Sommet, pleaded guilty to conspiracy in this case, and Marsha Whitfield, Sommet's vice president of payroll, pleaded guilty to conspiracy and wire fraud. On June 25, 2015, Marsha Whitfield was sentenced to five years of probation with the first six months spent in a half-way house and ordered to pay \$3,736,653 in restitution. Todd awaits sentencing.

Washington Man Sentenced for Evading Taxes on Money Stolen from Investors

On June 10, 2015, in Spokane, Washington, Michael Peter Spitzauer, of Kennewick, Washington, was sentenced 48 months in prison, one year of supervised release and ordered to pay \$10,365,000 in restitution to the victims of his fraud scheme, and \$2,585,177 in restitution to the IRS. Spitzauer previously pleaded guilty to filing a false tax return and failing to file a tax return. Spitzauer served as the CEO and

President of Green Power, Inc., a biodiesel fuel business, which Spitzauer asserted possessed the technology to turn waste into biofuel. Spitzauer defrauded various investors by representing that he would maintain their investment deposits in accounts controlled by an attorney, and not be utilized without the parties' written agreement. In fact, Spitzauer controlled the bank accounts, and spent the investors' deposits in unauthorized ways, such as on luxury goods and repaying prior investors who sought return of their funds. Spitzauer also defrauded additional investors by falsely representing that their funds would be used to pay state agency fees or insurance bonds. From 2007 to 2013, Spitzauer stole more than \$10.3 million from the various victims, who reside across the globe, including in China, Spain, the Netherlands, Ireland, Australia, Slovenia, Canada, Texas, and Maryland. Spitzauer filed false tax returns for tax years 2007 and 2009, when he reported that he received no income and failed to disclose the funds he fraudulently obtained from his investors, which totaled approximately \$4.5 million in taxable income for 2007 and 2009. For tax year 2008, Spitzauer failed to file a tax return, despite receiving approximately \$3.2 million in taxable income, which represented funds he stole from the defrauded investors. As a result, Spitzauer evaded the assessment of approximately \$2.5 million in taxes.

Associates of Bernard L. Madoff Investment Securities Sentenced for Roles in the Fraud

On Dec. 15, 2014, in Manhattan, New York, Joann Crupi, who managed hundreds of millions of dollars in fictitious investments for Bernard L. Madoff Investment Securities LLC, was sentenced to 72 months in prison, four years of supervised release and ordered to forfeit \$33.9 billion. Several other employees of Bernard L. Madoff's fraudulent investment advisory business were recently sentenced, including Daniel Bonventre, the former Director of Operations, who was sentenced on Dec. 8, 2014, to 120 months in prison, two years of supervised release and ordered to forfeit more than \$155.5 billion. Annette Bongiorno, the manager of the fraudulent investment advisory business, was sentenced on Dec. 9, 2014, to 72 months in prison, two years of supervised release and ordered to forfeit more than \$155 billion. Bonventre was previously convicted of securities fraud, bank fraud, tax fraud, falsifying

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the books and records of Madoff Securities, making false filings with the United States Securities and Exchange Commission, and conspiracy. Bongiorno and Crupi were convicted of securities fraud, falsifying the books and records of Madoff Securities, conspiracy and tax fraud. Crupi was also convicted of bank fraud. Bongiorno, an employee of the business for 40 years, managed hundreds of investment advisory accounts, supervised employees and was for many years the head of the fraudulent investment business. While managing several investment accounts, Bongiorno and Crupi backdated the purchase dates of purported trades so that they could control the amount of gains reflected in the investment advisory accounts, including, at least on one occasion, a back-dated trade of more than 12 years. Bonventre, while responsible for maintaining and supervising the production of the principal internal accounting documents, directed that false entries be made that concealed the scope of fraudulent investment advisory operations and understated liabilities by billions of dollars. Finally, Bonventre, Bongiorno and Crupi also filed false income tax returns on their own behalf, in which they failed to report income they received from Madoff Securities.

California Investment Manager Sentenced for \$33 Million Ponzi Scheme

On Dec. 17, 2014, in Salt Lake City, Utah, Robert L. Holloway, of San Diego, was sentenced to 225 months in prison and ordered to pay \$15.2 million in restitution for orchestrating a \$33 million Ponzi scheme resulting in \$15.2 million in losses to investors. Holloway was found guilty on Aug. 5, 2014, of wire fraud and making a false income tax return. Holloway served as the chief executive officer and managing partner of US Ventures LC between May 2005 and April 2007. From October 2005 until at least April 2007, Holloway recruited investors by making false representations, including that US Ventures used proprietary trading software that was consistently profitable, that US Ventures generated returns of 0.8% per trading day and that US Ventures would retain a 30% share of investors' profits as a management fee. Holloway also generated and distributed reports to investors showing false daily returns on their investments. Between October 2005 and April 2007, contrary to the returns shown on the false reports, US Ventures lost more than \$10 million in trading, and the "profit" figures on the

investor reports were fabricated. US Ventures raised more than \$33 million from investors for its purported trading activities. Holloway and US Ventures made "profit distributions" to investors from funds solicited from new investors, and Holloway misappropriated investors' funds for a variety of personal expenses. During 2006 alone, Holloway diverted more than \$1.2 million in investor funds to a "business" account that he used as a personal account and falsely claimed a gross income of only \$27,500 on his personal tax return.

Gaming

CI focuses on the enforcement of tax, money laundering and related financial crimes to combat illegal activity within the gaming industry, as well as to uncover and shutdown illegal gaming operations. The use of the Internet has greatly increased the reach of domestic and international gaming operations. Illegal gambling operations can be found in a number of different forms, including bookmaking, numbers, online gaming and some charitable gaming operations. CI's gaming program consists of a two-faceted, proactive approach to industry compliance. First is the investigation of entities suspected of violating tax, money laundering, or related laws. Second are liaison activities with federal, state, and tribal gaming boards, licensing commissions, industry regulators, gaming operators, gaming industry suppliers, and other law enforcement. A critical component of both facets is CI's coordination with the civil functions of the IRS in addressing trends and concerns in the gaming industry.

Examples of gaming investigations adjudicated in FY 2015 include:

Brothers Sentenced on Gambling Charges

On April 15, 2015, in Rochester, New York, Joseph Ruff was sentenced to 41 months prison and three years of supervised release. Joseph Ruff was also ordered to forfeit \$1,230,489 in addition to other funds and a lakefront residence. On March 25, 2015, in Rochester, Mark Ruff, of Connecticut, was sentenced to 108 months in prison, three years of supervised release and ordered to forfeit \$230,000. Both men were previously convicted of conducting an illegal gambling business and conspiracy to commit

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money laundering. Mark Ruff conducted an illegal gambling business with his brother, Joseph, and Paul Borrelli, both of Rochester. The gambling operation involved sports betting through multiple offshore internet gambling websites. Mark Ruff also conspired with his brother and others to launder \$230,000 in illegal gambling proceeds. Mark Ruff transferred the gambling proceeds from Rochester to an associate in Connecticut to conceal their source by depositing proceeds into a credit line and making subsequent cash withdrawals and writing checks from the credit line for himself and his brother. Those checks included \$40,000 to a local country club for Joseph Ruff that the federal government seized Aug. 11, 2014. On Sept. 8, 2015, Borrelli was sentenced to eight months home confinement, three years of supervised release and pay a judgement of \$1.2 million.

Leader of Sports Betting Ring Sentenced on Racketeering and Related Charges

On Feb. 17, 2015, in Philadelphia, Pennsylvania, Joseph Vito Mastronardo Jr., of Meadowbrook, was sentenced to 20 months in prison, three years of supervised release and ordered to forfeit approximately \$3.7 million. Mastronardo pleaded guilty on Jan. 31, 2014, to conspiring to participate in a racketeering enterprise (RICO), conducting an illegal gambling business, conducting four conspiracies to launder money, interstate travel in aid of racketeering, transmitting wagering information and aggravated structuring of cash deposits. Mastronardo Jr. was the leader of the Mastronardo Bookmaking Organization, a multi-million dollar sports betting operation with bettors throughout the United States. At its peak, the Mastronardo Bookmaking Organization had more than 1,000 bettors and was generating millions of dollars a year. Between Jan. 1, 2005 and Jan. 1, 2011, the organization used Internet websites and telephone numbers that allowed bettors to place sports bets on football, baseball, basketball, golf, horse racing and other sporting events. Residents of Costa Rica staffed the Internet websites and answered the telephones. In 2006 and 2010, law enforcement seized more than \$2.1 million that Mastronardo hid in and around his home, including in specially-built secret compartments and in PVC pipes that were buried in his backyard. The Mastronardo Bookmaking Organization laundered the gambling proceeds by using a check cashing agency, two private bank accounts and numerous international bank accounts. On

occasion, Mastronardo Jr. also provided instructions so that a losing bettor could pay a gambling debt through a charitable donation.

Colorado Man Sentenced for Running an Illegal Gambling Business

On Jan. 5, 2015, in Denver, Colorado, Kerwin Dale Sande was sentenced to 15 months in prison and three years of supervised release. In addition, Sande agreed to the forfeiture of \$2 million in cash and assets for conspiring to own and operate an illegal gambling business and money laundering. Starting in the summer of 2006 and continuing through October 2013, Sande operated a gambling business out of his home. His business focused primarily on sports bookmaking, which included wagers on a variety of sporting events to include major league baseball games and golf, as well as professional and collegiate football, basketball and hockey. Sande recruited, entertained and interacted with bettors at exclusive golf and country clubs. He assigned a given bettor a credit limit within which the bettor was authorized to place bets and accepted bets through various means including on the telephone, through at least five or more "bet-takers", and over the internet using an off-shore internet betting website which he controlled. The website was housed and maintained through computer servers registered in Costa Rica. Sande collected gambler's debts in a variety of ways including taking cash payments directly from bettors at golf clubs, private parties or other public locations. He also accepted checks from bettors that would commonly be made out to his company, KDS Enterprises., Inc., as well as collecting wire transfers. Sande paid bettors their winnings in cash, but occasionally he would write checks and he would sometimes send cash payments directly to bettors using federal express where he would conceal the cash in the sealed pages of a magazine. Sande drove and owned several high-end sports and luxury cars, a number of which contained built-in, hidden lock boxes which he utilized to transport and transfer large sums of bulk currency for his unlawful gambling operation.

Three Sentenced in Illegal Gambling Operation in Guam

On Oct. 8, 2014, in Hagatna, Guam, three individuals were sentenced in a criminal conspiracy to conduct an illegal gambling business at the former MGM Spa in Tamuning. Jimmy Hsieh was sentenced to 24 months in

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prison and ordered to pay a \$423,640 money judgment. In addition, Hsieh agreed to forfeit \$178,113 from personal accounts and that three of his condos are subject to possible forfeiture proceedings. Hsieh pleaded guilty to gambling conspiracy and money laundering. William Perez, the manager and supervisor of the MGM poker operation in 2010, was sentenced to six months in prison, six months home confinement and three years of supervised release for conspiring to operate the illegal gambling business. Pauline Perez was sentenced to one year of probation and community service. According to court documents, from at least January 2006 until December 2010, the defendants conspired to offer card games of chance, including baccarat and poker, at the MGM Spa building. The defendants took a percentage of the winnings from each game. They knowingly conducted financial transactions involving the proceeds from the illegal gambling operation.

Insurance Fraud & Healthcare Fraud

The Insurance Fraud Program addresses criminal tax and money laundering violations relative to insurance claims and fraud perpetrated against insurance companies. Insurance fraud covers a wide variety of schemes, including phony insurance companies, offshore/unlicensed Internet companies and staged auto accidents.

The Healthcare Fraud Program involves the investigation of individuals who bill healthcare insurance companies for medical expenses never incurred or for unnecessary medical procedures and medical equipment.

Examples of insurance fraud and healthcare fraud investigations adjudicated in FY 2015 include:

New York Pharmacist Sentenced for Multimillion-Dollar Medicare/Medicaid Fraud Scheme

On March 26, 2015, in Manhattan, New York, Purna Chandra Aramalla, of Port Washington, was sentenced to 36 months in prison, ordered to forfeit \$7,503,605, pay restitution to his victims in the same amount, file amended tax returns for the years 2010 through 2012 and pay back taxes

and applicable penalties. Aramalla was sentenced for conducting a scheme to defraud Medicaid, Medicare, and the New York State-funded AIDS Drug Assistance Program (“ADAP”) through the purchase and sale of illegally diverted prescription drugs, including HIV medication. Aramalla was also sentenced for tax evasion. Aramalla, a pharmacist, owned and operated A Fair Deal Pharmacy Inc. in Queens, New York, and Quality Drug Inc. in the Bronx, New York. Using these pharmacies, Aramalla carried out a multimillion-dollar scheme to defraud the New York State Medicaid, Medicare, and ADAP programs through the sale of diverted prescription drugs, that is, drugs not obtained from legitimate sources. Further, Aramalla signed and filed a false U.S. Individual Income Tax Return, Form 1040, for the 2011 calendar year. Aramalla falsely underreported business income by \$2,164,545 which resulted in tax due and owing of \$757,591.

Dallas County Man Sentenced for Role in Staged Accident Fraud Scheme

On Jan. 5, 2015, in Dallas, Texas, Leroy Nelson, of DeSoto, Texas, was sentenced to 108 months in prison and ordered to pay \$4,973,046 in restitution and agreed to forfeit several vehicles, a motor home, a boat and trailer and real estate. Nelson pleaded guilty in March 2014 to mail fraud and engaging in illegal monetary transactions. Beginning in 2005 and continuing through 2012, Nelson engaged in a scheme to defraud automobile insurance companies by fabricating and submitting false and fraudulent claims for damage to technical equipment damaged in fictitious road accidents. As part of the scheme, Nelson promised cash payments to individuals he recruited for them to falsely report to their automobile insurance company that, while driving, they inadvertently damaged a piece of equipment. Nelson would instruct the individual on how to make the telephone call to the insurance company. Nelson then prepared and submitted the claims for property damage in the name of a “DBA” he created. The claim would include a photo of the equipment and a fictitious repair estimate that Nelson prepared. Nelson opened private mailboxes in numerous states to receive the insurance checks. The mailboxes were opened under an assumed business name that Nelson used as the owner of the damaged equipment in the claims. Nelson also used the addresses of two warehouses in

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Dallas and directed that mail received at the private mailboxes be forwarded to one of those two addresses. The cumulative total of the insurance claims prepared and submitted to insurance companies by Nelson from 2005 to 2012 totaled approximately \$5 million.

Three Chiropractors Sentenced in Staged Automobile Accident Scheme

On Oct. 14, 2014, in West Palm Beach, Florida, three chiropractors were sentenced for their participation in a massive staged automobile accident scheme. Kenneth Karow, of West Palm Beach, was sentenced to 132 months in prison; Hermann J. Diehl, of Miami, was sentenced to 108 months in prison; and Hal Mark Kreitman, of Miami Beach, was sentenced to 96 months in prison. All three men were convicted of mail fraud and money laundering. Between October 2006 and December 2012, the defendants and their co-conspirators staged automobile accidents and caused the submission of false insurance claims through chiropractic clinics they controlled.

Former Owner and Operator of New York Health Clinics Sentenced for \$30 Million Medicare Fraud Scheme

On Aug. 25, 2015, in Manhattan, New York, Oscar Huachillo was sentenced to 87 months in prison, three years of supervised release and ordered to pay \$3,454,244 in restitution and \$31,177,987 in forfeiture, including forfeiture of approximately \$14 million of assets that were seized at or around the time of Huachillo's arrest in August 2013. Huachillo previously pleaded guilty to orchestrating a scheme to defraud Medicare out of more than \$31 million and evading more than \$3.4 million in federal income taxes by falsely underreporting his income. Huachillo set up and operated multiple health care clinics in New York City that purported to provide injection and infusion treatments to Medicare-eligible HIV/AIDS patients, but that were, in reality, health care fraud mills that routinely billed Medicare for medications that were never provided or were provided at highly diluted doses, and that were often unnecessary because the person being "treated" did not medically need the treatments. In addition, Huachillo willfully evaded over \$3.4 million in taxes owed to the IRS during the tax years 2009 through 2011 by falsely underreporting his taxable income, including income he had obtained through fraudulent Medicare claims.

Michigan Oncologist Sentenced for Healthcare Fraud, Money Laundering

On July 10, 2015, in Detroit, Michigan, Farid Fata, of Oakland Township, was sentenced to 540 months in prison and ordered to forfeit \$17.6 million. Fata, a Detroit area hematologist-oncologist, pleaded guilty in September 2014 to health care fraud, conspiracy to pay or receive kickbacks and money laundering. Fata was a licensed medical doctor who owned and operated a cancer treatment clinic, Michigan Hematology Oncology P.C. (MHO), which had various locations in Michigan. He also owned a diagnostic testing facility, United Diagnostics PLLC, located in Rochester Hills, Michigan. Fata prescribed and administered unnecessary aggressive chemotherapy, cancer treatments, intravenous iron and other infusion therapies to 553 individual patients in order to increase his billings to Medicare and other insurance companies. Fata then submitted approximately \$34 million in fraudulent claims to Medicare and other insurers for these unnecessary treatments. Furthermore, Fata used the proceeds of the health care fraud at his medical practice, MHO, to promote the carrying on of additional health care fraud at United Diagnostics, where he administered unnecessary and expensive positron emission tomography (PET) scans for which he billed a private insurer.

Doctors, Salesman Sentenced for Accepting Bribes for Test Referrals

In the course of a long-running and elaborate scheme operated by Biodiagnostic Laboratory Services LLC (BLS), of Parsippany, New Jersey, its president and numerous associates, 38 people – 26 of them doctors – have pleaded guilty in connection with the bribery scheme, which its organizers have admitted involved millions of dollars in bribes and resulted in more than \$100 million in payments to BLS from Medicare and various private insurance companies. The defendants sentenced so far include:

- On July 8, 2015, Frank Santangelo, of Boonton, was sentenced to 63 months in prison, three years of supervised release and ordered to forfeit more than \$1.8 million
- On June 23, 2015, Douglas Bienstock, of Wayne, was sentenced to 37 months in prison, one year of supervised release and ordered to pay a \$75,000 fine and forfeit \$79,695.

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- On June 17, 2015, Len Rubinstein, of Holmdel, was sentenced to 37 months in prison, one year of supervised release, ordered to forfeit \$250,000 and pay a \$10,000 fine.
- On June 2, 2015, Richard Goldberg, of Weston, Connecticut, was sentenced to 20 months in prison, three years of supervised release and ordered to pay a \$5,000 fine. Gary Leeds, of Greenwich, Connecticut, was sentenced to 20 months in prison, one year of supervised release and ordered to pay a \$15,000 fine. Goldberg and Leeds must each forfeit \$108,000.
- On May 5, 2015, Eugene DeSimone, of Eatontown, and Franz Goyzueta, of New York, were each sentenced to 37 months in prison and one year of supervised release. Additionally, DeSimone was ordered to forfeit \$260,500 and Goyzueta was ordered to forfeit \$72,000.
- On March 31, 2015, Wayne Lajewski, of Madison, and Glenn Leslie, of Ramsey, were sentenced to 14 months and 24 months in prison, respectively. In addition to the prison term, both were sentenced to one year of supervised release and fined \$10,000.
- On Dec. 16, 2014, Demetrios Gabriel, of Brooklyn, New York, was sentenced to 37 months in prison, one year of supervised release and fined \$75,000.

Former President of Houston Hospital, Son and Co-Conspirator Sentenced in \$158 Million Medicare Fraud Scheme

On June 9, 2015, in Houston, Texas, Earnest Gibson III, former president of a Houston hospital, his son, Earnest Gibson IV, and Regina Askew, a co-conspirator, were sentenced to 540 months, 240 months and 144 months in prison, respectively, for their roles in a \$158 million Medicare fraud scheme. In addition, Gibson III was ordered to pay restitution in the amount of \$46,753,180; Gibson IV was ordered to pay restitution in the amount of \$7,518,480; and Askew was ordered to pay restitution in the amount of \$46,255,893. On Oct. 20, 2014, following a jury trial, Gibson III, Gibson IV and Askew were each convicted of conspiracy to commit health care fraud, conspiracy to pay and receive kickbacks, as well as related counts of paying or receiving illegal kickbacks. Both father and son were also convicted of conspiracy to commit money laundering. Co-defendant Robert

Crane, a patient recruiter, was also convicted of conspiracy to pay and receive kickbacks, and is scheduled to be sentenced in December 2015. Gibson IV is the operator of Devotions Care Solutions, a satellite psychiatric facility of Riverside General Hospital and Askew is the owner of Safe and Sound group home. From 2005 until June 2012, the defendants and others engaged in a scheme to defraud Medicare by submitting to Medicare, through Riverside and its satellite locations, approximately \$158 million in false and fraudulent claims for partial hospitalization program (PHP) services. A PHP is a form of intensive outpatient treatment for severe mental illness. However, Medicare beneficiaries for whom the hospital billed Medicare did not qualify for, or need, PHP services. Moreover, the Medicare beneficiaries rarely saw a psychiatrist and did not receive intensive psychiatric treatment. Gibson III paid kickbacks to patient recruiters and to owners and operators of group care homes, including Askew, in exchange for those individuals delivering ineligible Medicare beneficiaries to the hospital's PHPs. Gibson IV also paid patient recruiters, including Robert Crane and others, to deliver ineligible Medicare beneficiaries to the specific PHP he operated. Another co-conspirator, Mohammad Khan, was sentenced on May 21, 2015, to 480 months in prison for his role in the scheme. William Bullock, Leslie Clark, Robert Ferguson, Waddie McDuffie and Sharonda Holmes, who were involved in paying or receiving kickbacks, also have pleaded guilty to participating in the scheme and await sentencing.

Southern California Medical Supply Company Owner Sentenced for Medicare Fraud Scheme

On May 13, 2015, in Los Angeles, California, Olufunke Ibiyemi Fadojutimi, of Carson, was sentenced to 48 months in prison and ordered to pay \$4,372,466 in restitution, with a co-defendant. Fadojutimi was convicted by a jury on July 31, 2014, of conspiracy to commit health care fraud, health care fraud and money laundering. Fadojutimi, a registered nurse and the former owner of Lutemi Medical Supply, fraudulently billed Medicare for more than \$8 million of durable medical equipment that was not medically necessary. Specifically, between September 2003 and May 2010, Fadojutimi and others paid cash kickbacks to patient recruiters

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in exchange for patient referrals, and additional kickbacks to physicians for fraudulent prescriptions for medically unnecessary durable medical equipment, such as power wheelchairs. Fadojutimi and others then used these prescriptions to support fraudulent claims to Medicare. As a result of this fraud scheme, Fadojutimi and others submitted approximately \$8.3 million in false and fraudulent claims to Medicare, and received almost \$4.3 million on those claims.

Bankruptcy Fraud

According to the United States Bankruptcy Court, there were 860,182 bankruptcy filings in FY 2015. Bankruptcy fraud results in serious consequences that undermine public confidence in the system and taint the reputation of honest citizens seeking protection under the bankruptcy statutes. Since the IRS is often a creditor in bankruptcy proceedings, it is paramount that tax revenues be protected.

Examples of bankruptcy fraud investigations adjudicated in FY 2015 include:

Connecticut Couple Sentenced for Bankruptcy and Tax Fraud Schemes

On Aug. 3, 2015, in Hartford, Connecticut, Jason Sheehan, of New Haven, was sentenced to 37 months in prison and three years of supervised release for engaging in an extensive bankruptcy and tax fraud scheme. Sheehan's wife, Glorvina Constant was sentenced to one year of probation for participating in a related mortgage fraud scheme. Restitution will be determined at a later date. On Oct. 8, 2014, Sheehan pleaded guilty to willful failure to collect, account for and pay tax, embezzlement from a bankruptcy estate and making a false declaration statement under penalty of perjury in a bankruptcy case. On Oct. 7, 2014, Constant pleaded guilty to conspiracy to commit bank fraud. Sheehan was the sole member of a limited liability company known as Infinistaff, LLC, which provided temporary workers to employers. In September 2010, Infinistaff filed a voluntary chapter 11 bankruptcy petition. As part of the bankruptcy case, Sheehan filed operating reports that falsely claimed that another company was being paid to process Infinistaff's payroll checks, and prepare and file its payroll tax returns and tax payments although the arrangement was terminated at that time. Sheehan filed these reports in order to

conceal his embezzlement of more than \$1 million from Infinistaff's bankruptcy estate. In addition, between 2011 and 2013, Infinistaff failed to account for and pay to the IRS more than \$2.5 million in employment taxes the company had withheld from employee paychecks, and also failed to pay approximately \$1.4 million in employer payroll taxes. Constant received Infinistaff payroll checks totaling \$354,000 during the bankruptcy proceedings even though she performed no work for the company. Additionally, in 2013, Constant purchased a home using proceeds from a mortgage loan she obtained from a local bank, as well as approximately \$260,000 embezzled by Sheehan from the Infinistaff bankruptcy estate. On two mortgage loan applications Constant falsely stated that she was employed by Infinistaff and earned a substantial salary.

Former Arkansas Business Developer Sentenced For Fraud

On Oct. 28, 2014, in Fort Smith, Arkansas, Brandon Lynn Barber, of New York, New York, was sentenced to 65 months in prison and three years of supervised release. On July 31, 2013, Barber pleaded guilty to conspiracy to commit bankruptcy fraud, conspiracy to commit bank fraud and money laundering. From approximately 2005 through 2009, Barber was involved in several schemes to defraud banks, creditors and the Federal Bankruptcy Court. Barber provided false financial information and statements to banks for loans to finance the Legacy Condominium building and the Bellafont project in Fayetteville. Barber also concealed assets and income from creditors and the bankruptcy court by transferring funds to other co-defendants or accounts controlled by them and using those funds for his own personal benefit and expenses.

Former Leader and Former Chief Executive Officer of Hindu Temple of Georgia Sentenced for Fraud and Obstruction

On April 13, 2015, in Atlanta, Georgia, Annamalai Annamalai, aka Dr. Commander Selvam, aka Swamiji Sri Selvam Siddhar, former leader of the now defunct Hindu Temple of Georgia and a resident of Baytown, Texas, was sentenced to 327 months in prison. Annamalai was convicted on Aug. 25, 2014 for bank fraud and tax fraud offenses. Co-defendant Kumar Chinnathambi, also of Baytown, was arrested and pleaded guilty to conspiracy to commit

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bankruptcy fraud on July 17, 2014. Chinnathambi was sentenced on May 1, 2015 to 24 months in prison, three years of supervised release and jointly ordered to pay \$318,781 in restitution. Around Oct. 12, 2008, Chinnathambi was listed as the Chief Executive Officer of the Hindu Temple of Georgia, a position previously held by Annamalai. On or about Aug. 30, 2009, another individual was listed as the Chief Financial Officer and Secretary. About Aug. 31, 2009, the Hindu Temple filed for Chapter 11 bankruptcy. Annamalai signed the voluntary petition for bankruptcy on behalf of the Hindu Temple as President and Chief Executive Officer. About a Nov. 9, 2009, five days after a trustee was appointed to oversee the Hindu Temple's property in bankruptcy, Chinnathambi registered new temple with the Georgia Secretary of State, called Shiva Vishnu Temple of Georgia, Inc. (Shiva Vishnu), which listed the other individual as the Chief Executive Officer. About Nov. 12, 2009, Annamalai, Chinnathambi and another individual opened a bank account in the name of Shiva Vishnu. From about Nov. 25, 2009, through about Oct. 25, 2010, Annamalai and Chinnathambi caused credit card receipts and donations that were intended for the Hindu Temple to be diverted and deposited into Shiva Vishnu's bank account, without disclosing the funds to the trustee charged with control of the debtor Hindu Temple's property in bankruptcy, or creditors of the Hindu Temple or the United States Trustee. Annamalai was also convicted on obstruction and false statements in connection with the grand jury investigation and the bankruptcy proceeding. Annamalai transmitted a fraudulent email to an IRS CI

Special Agent, which was falsely made to appear as if the email had been written and authored by a witness of the criminal investigation. Annamalai submitted a false affidavit to the grand jury, and a false affidavit to the Bankruptcy Court in connection with the Hindu Temple's bankruptcy proceeding.

Prominent Businessman for Private Consulting Group Sentenced after Bilking Elderly Victim of \$1.1 Million

On March 31, 2015, in Portland, Oregon, Robert L. Keys was sentenced to 70 months in prison, three years of supervised release, and ordered to pay \$1.1 million in restitution. Keys pleaded guilty on Sept. 9, 2014 to wire fraud, money laundering and bankruptcy fraud. In 2008, as Keys' business ventures were failing, he turned to one of his long-term clients, a widow in her mid-80s, and persuaded her to loan \$1.1 million to co-defendant William Kearney, now deceased. Keys lied to his client about the terms of the loan, such as the existence of treasury bonds as collateral for the loan, and he failed to disclose important facts to her in order to fraudulently obtain money for his benefit and that of Kearney. Keys also received over \$100,000 in kickbacks as part of the scheme. Those kickbacks were wired to him by Kearney the day after Keys persuaded his client to loan Kearney the \$1.1 million. In addition, Keys and his wife filed for bankruptcy in 2010, and Keys fraudulently attempted to discharge \$148 million in debt by lying to the Bankruptcy Court, concealing assets and income, and filing false documents with the court.

INTERNATIONAL OPERATIONS

The immense growth in the utilization of global financial markets presents new challenges to tax administration worldwide. CI's Office of International Operations (IO) promotes a comprehensive international strategy in responding to global financial crimes and provides support in combating offshore tax evasion. Since the means to evade taxes and commit fraud is not limited by sovereign borders, international collaboration is vital to CI's efforts to combat offshore tax evasion and fraud committed by individuals.

CI has special agent attachés strategically

stationed in 10 foreign countries. Attachés continue to build strong alliances with our foreign government and law enforcement partners. These strong alliances provide CI with the ability to develop international case leads and to support domestic investigations with an international nexus. CI attachés are especially focused on promoters from international banking institutions who facilitate United States taxpayers in evading their United States tax requirements. There are several senior analysts assigned to CI headquarters who are responsible for managing program areas designed to generate investigative leads.

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In 2015 IO created the Investigation Development and Support Unit (IDS). The IDS is a newly created section of IO that was formed when the former International Lead Development Center (ILDC), Offshore Voluntary Compliance group and the Counterterrorism Center (CTC) were merged together and placed under one management structure. This new unit is located in the Office of International Strategy and Policy. The new unit continues to offer its resources to the field in a case support capacity while also focusing on developing significant financial investigations independent of the leads being received.

The growth of the CI footprint internationally has increased the opportunities for case development. The IDS is specifically tasked with conducting research on potential international criminal investigations. In addition, CI has personnel assigned to Interpol and the International Organized Crime Intelligence and Operations Center (IOC-2) to combat the threats posed by international criminal organizations, assist in joint investigations and the apprehension of international fugitives.

As part of IO, the Narcotics and Counterterrorism section provides policy guidance and operational coordination support to the field for the investigation of domestic and international narcotics traffickers and related money laundering organizations and investigations of individuals and organizations believed to be involved in, or supporting, terrorist activities.

Examples of international investigations adjudicated in FY 2015 include:

Tax Return Preparers Sentenced for Hiding Offshore Account and Assisting Wealthy Clients to Hide Millions in Secret Accounts

On Aug. 10, 2015, in Los Angeles, California, David Kalai was sentenced to 36 months in prison, three years of supervised release, with a condition of home confinement to last the entire term of release, and ordered to pay a \$286,000 fine. Nadav Kalai, David Kalai's son, was sentenced to 50 months in prison, three years of supervised release and ordered to pay a \$10,000 fine. The Kalais were principals of United Revenue Service Inc. (URS), a tax return preparation business with 12 offices located throughout the United States. On Dec. 19, 2014,

the Kalais were convicted of conspiracy to defraud the IRS and two counts of willfully failing to file a Report of Foreign Bank and Financial Accounts (FBAR). The Kalais advised and assisted their high net-worth clients in concealing millions of dollars of assets and income in secret foreign bank accounts and filing false federal income tax returns. The Kalais also maintained a secret offshore account of their own at Bank Leumi in Luxembourg in the name of a foreign sham corporation and failed to disclose the account to the IRS or the U.S. Treasury. The Kalais purposefully prepared false individual income tax returns for their URS clients that did not disclose the clients' foreign financial accounts nor report the income earned from those accounts. In order to conceal the clients' income, ownership and control of assets from the IRS, the Kalais incorporated offshore companies in Belize and elsewhere and helped clients open secret bank accounts at the Luxembourg locations of two Israeli banks, Bank Leumi and Bank B. Three URS clients who testified at the Kalais' trial have pleaded guilty to tax felonies arising from their participation in the scheme. The Kalais each failed to file an FBAR for calendar years 2008 and 2009 with respect to a foreign account held at Bank Leumi in Luxembourg.

Commerzbank AG Pleads Guilty to Violating U.S Economic Sanctions and Bank Secrecy Act

On March 12, 2015, in Washington, D.C., Commerzbank AG, a global financial institution headquartered in Frankfurt, and its U.S. branch, Commerzbank AG New York Branch, entered into a deferred prosecution agreement for violations of the International Emergency Economic Powers Act (IEEPA) and the Bank Secrecy Act (BSA) and agreed to pay a total of \$1.45 billion. Commerzbank admitted and accepted responsibility for its criminal conduct in violation of IEEPA and the BSA, and Commerz New York admitted its criminal conduct in violation of the BSA. According to court documents, Commerzbank AG processed billions of U.S. dollar transactions through the U.S. financial system on behalf of Sudanese and Iranian entities subject to U.S. economic sanctions from 2002 to 2008. In addition, since 2008, and continuing until at least 2013, Commerz New York violated the BSA and its implementing regulations. Specifically, Commerz New York failed to maintain adequate

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policies, procedures and practices to ensure its compliance with U.S. law, including its obligation to detect and report suspicious activity. As a result of the wilful failure of Commerz New York to comply with U.S. law, a multibillion-dollar securities fraud was operated through Commerzbank and Commerz New York. Olympus, a Japanese-based manufacturer of medical devices and cameras, used Commerzbank and Commerz New York to perpetrate a massive accounting fraud. Commerz New York, through its branch and affiliates in Singapore, loaned money to off-balance-sheet entities created by or for Olympus to perpetrate the accounting fraud. Commerz New York transacted more than \$1.6 billion in furtherance of the fraud.

New York Man Sentenced for Role in Multimillion-Dollar International Cybercrime Scheme

On April 14, 2015, in Trenton, New Jersey, Oleg Pidtergerya, of Brooklyn, New York, was sentenced to 92 months in prison, three years of supervised release and ordered to pay restitution of \$1,758,127 and a forfeiture judgment of \$250,000. Pidtergerya, a member of an international cybercrime, identity theft and credit card fraud conspiracy, previously pleaded guilty to wire fraud conspiracy and conspiracy to commit access device fraud and identity theft. Oleksiy Sharapka, of Kiev, Ukraine, allegedly directed the conspiracy with the help of Leonid Yanovitsky, also of Kiev. Pidtergerya managed a cash-out crew in New York for Sharapka and Yanovitsky. The conspirators used information hacked from customer accounts held at more than a dozen banks, brokerage firms, payroll processing companies and government agencies in an attempt to steal at least \$15 million from American customers. Conspiring hackers first gained unauthorized access to the bank accounts of customers then Sharapka and Yanovitsky diverted money from the hacked accounts to bank accounts and pre-paid debit cards they controlled. They employed crews of individuals known as “cashers” to withdraw the stolen funds from the fraudulent accounts by, among other ways, making ATM withdrawals and fraudulent purchases in New York, Massachusetts, Georgia and elsewhere. Pidtergerya was aware the fraudulent accounts and cards were created without the consent of the individuals in whose names they were opened. Pidtergerya coordinated ATM and bank

withdrawals of the stolen funds. He then sent the proceeds of the fraud to Sharapka and Yanovitsky in Ukraine.

Former SSA Employee and Eight Others Sentenced In Fraudulent Income Tax Refund Scheme

On March 11, 2015, in Atlanta, Georgia, Marcus Behling, of Powder Springs, Georgia, was sentenced to 39 months in prison and ordered to pay \$698,249 in restitution for his role in the scheme. From approximately January 2011 until March 2012, Shawn Brown led a criminal organization that used stolen personal identification information from more than 1,000 victims, along with fake wage and withholding information, to prepare and electronically file fraudulent returns claiming more than \$5 million dollars in tax refunds. Brown and co-conspirator Maurice Pollock recruited Ronald Bennett, an employee of the United States Social Security Administration (SSA) in Jacksonville, Florida, to improperly access an SSA computer database to steal identities. Brown also recruited Christopher Edwards, an employee of an asset recovery company, to steal identities from a computer database he accessed through his employer. The stolen identities obtained by Bennett and Edwards were used to file fraudulent income tax returns. Brown also recruited Sergey Krayev, a naturalized U.S. citizen from Moldova, to employ individuals in Russia to file fraudulent income tax returns. More than 70 fraudulent returns were filed from Russia and refunds associated with those returns were electronically deposited into bank accounts Brown controlled. On March 6, 2015, Shawn Brown was sentenced to 160 months in prison and ordered to pay \$1,230,021 in restitution. Also sentenced on March 6 were:

- Maurice Pollock to 70 months in prison and ordered to pay \$888,697 in restitution;
- Jonathan Stubbs to 73 months in prison and ordered to pay \$659,599 in restitution;
- Nyron Nelson to 37 months in prison and ordered to pay \$98,671 in restitution;
- Kelly Lonas to 29 months in prison and ordered to pay \$98,671 in restitution;
- Ronald Bennett to 27 months in prison and ordered to pay \$3,000 in restitution;
- Christopher Edwards to 24 months in prison and ordered to pay \$9,265 in restitution; and
- Sergey Krayev to 12 months' probation and ordered to pay \$31,036 in restitution.

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Massachusetts Man Sentenced for Role in Multimillion-Dollar International Cybercrime Scheme

On Oct. 24, 2014, in Trenton, New Jersey, Robert Dubuc, of Malden, was sentenced to 21 months in prison, three years of supervised release and ordered to pay restitution of \$338,685. Dubuc previously pleaded guilty to wire fraud conspiracy and conspiracy to commit access device fraud and identity theft. Dubuc was a member of an international cybercrime, identity theft and credit card fraud conspiracy that used information hacked from customer accounts held at more than a dozen banks, brokerage firms, payroll processing companies and government agencies to attempt to steal at least \$15 million from American customers. Dubuc controlled a cash-out crew in Massachusetts for the organization. Conspiring hackers first gained unauthorized access to the bank accounts of customers then diverted money to other bank accounts and pre-paid debit cards they controlled. They implemented a sophisticated “cash-out” operation, employing crews of individuals known as “cashers” to withdraw the stolen funds from the fraudulent accounts, among other ways, by making ATM withdrawals and fraudulent purchases. Dubuc was aware the fraudulent accounts and cards were created without the consent of the individuals in whose names they were opened. He coordinated ATM and bank withdrawals of the stolen funds and sent proceeds of the fraud to co-conspirators in the Ukraine.

Two Colombian Citizens Sentenced for International Money Laundering Conspiracy

On July 20, 2015, in Miami, Florida, Leonardo Forero Ramirez and Ubaner Alberto Acevedo Espinosa were sentenced to 37 months and 18 months in prison, respectively, and ordered to serve one year of supervised release. Both defendants previously pleaded guilty to conspiracy to commit money laundering. Both Acevedo and Forero were Colombian citizens residing in Bogota. During 2008 and 2009, Acevedo handled customer accounts at a stock brokerage firm that offered accounts that could be used by customers to receive deposits, wire transfers, and other credit or money, and to disburse the funds through wire transfers and cash or other withdrawals. The stock brokerage firm was authorized to receive funds in U.S. dollars, provided that they were properly

documented and justified as being for legitimate business transactions. Forero was one of Acevedo's customers. During the course of his participation in this scheme, Forero received approximately \$1.2 million from IRS undercover accounts that he passed on to the people designated to receive it. Acevedo was involved in the transfer of approximately \$335,000 from IRS undercover accounts in the United States to the stock brokerage firm in Colombia, and the conversion of the dollars into pesos and the subsequent withdrawal of the monies by Forero. Both Acevedo and Forero knew that the money was derived from criminal activity.

Creator and Operator of the “Silk Road” Website Sentenced

On May 29, 2015, in Manhattan, New York, Ross Ulbricht, aka “Dread Pirate Roberts,” of San Francisco, California, was sentenced to life in prison and ordered to forfeit \$183,961,921. On Feb. 5, 2015, Ulbricht was found guilty of distributing narcotics, distributing narcotics by means of the Internet, conspiring to distribute narcotics, engaging in a continuing criminal enterprise, conspiring to commit computer hacking, conspiring to traffic in false identity documents, and conspiring to commit money laundering. Ulbricht created Silk Road in January 2011, and owned and operated the underground website until it was shut down by law enforcement authorities in October 2013. Silk Road served as a sophisticated and extensive criminal marketplace on the Internet where unlawful goods and services, including illegal drugs of virtually all varieties, were bought and sold regularly by the site's users. While in operation, Silk Road was used by thousands of drug dealers and other unlawful vendors to distribute hundreds of kilograms of illegal drugs and other unlawful goods and services to more than 100,000 buyers, and to launder hundreds of millions of dollars deriving from these unlawful transactions. Ulbricht sought to anonymize transactions on Silk Road by operating Silk Road on a special network of computers on the Internet, distributed around the world, designed to conceal the true IP addresses of the computers on the network and thereby the identities of the networks' users. Ulbricht also designed Silk Road to include a Bitcoin-based payment system that concealed the identities and locations of the users transmitting and receiving funds through the site.

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Former Bechtel Executive Sentenced in Connection with Kickback Scheme

On March 23, 2015, in Greenbelt, Maryland, Asem Elgawhary, of Potomac, Maryland, was sentenced to 42 months in prison and ordered to forfeit \$5.2 million. Elgawhary, the former principal vice president of Bechtel Corporation and general manager of a joint venture operated by Bechtel and an Egyptian utility company, pleaded guilty on Dec. 4, 2014, to mail fraud, conspiracy to commit money laundering, obstruction and interference with the administration of the tax laws. From 1996 to 2011, Elgawhary was assigned by Bechtel as the general manager at Power Generation Engineering and Services Company (PGESCO), a joint venture between Bechtel and Egypt's state-owned and state-controlled electricity company, known as EEHC. PGESCO assisted EEHC in identifying possible subcontractors, soliciting bids and awarding contracts to perform power projects for EEHC. Elgawhary accepted a total of \$5.2 million from three power companies, who paid to secure a competitive and unfair advantage in the bidding process. One of the power companies, Alstom S.A., pleaded guilty on Dec. 22, 2014, to violations of the Foreign Corrupt Practices Act (FCPA) in connection with a scheme to pay bribes to foreign officials, including Elgawhary, in various countries. Elgawhary attempted to conceal the kickback scheme by routing the payments through various off-shore bank accounts under his control. In addition, Elgawhary obstructed and interfered with tax laws by failing to report any of the kickback payments as income for the tax years 2008 through 2011 and providing false information about foreign bank accounts.

Narcotics and Counterterrorism

CI's Narcotics and Counterterrorism Program support the goals of the President's Strategy to Combat Transnational Organized Crime, the U.S. National Drug Control Strategy, the National Money Laundering Strategy, and the U.S. Government's National Counterterrorism Strategy. CI contributes to the strategies by seeking to reduce or eliminate the profits and financial gains of individuals, entities, and Transnational Criminal Organizations (TOC) involved in the financing of terrorism, narcotics trafficking, and money laundering. CI Special Agent's expertise in "following the money" is vital

to fulfilling the goals of U.S. government narcotics and counterterrorism strategies. CI special agents utilize their unique financial investigative expertise to trace the profits from an illegal activity back to an individual or criminal organization.

CI is an integral partner in combatting the trafficking of narcotics and the financing of terrorism by investigating criminal violations of the Internal Revenue Code, Bank Secrecy Act and Federal Money Laundering statutes. Since its inception in 1982, CI has participated in the Organized Crime Drug Enforcement Task Force (OCDETF) program by focusing its narcotics efforts almost exclusively on high-priority OCDETF cases where its contributions have the greatest impact. The FY 2015 goal for CI's Direct Investigative Time (DIT) in narcotics investigations ranged between 11-12.5% of the agency's total DIT. At fiscal year-end, CI achieved its goal with a final rate of 11.4% of DIT charged to narcotics investigations. In addition, the FY 2015 goal of 90% of all narcotics investigation dedicated to the OCDETF program was reached with a final 91.4%.

CI's Narcotics Program also supports the National Drug Control Strategy and the National Money Laundering Strategy through the assignment of CI personnel to the White House Office of National Drug Control Policy as well as the assignment of personnel to multi-agency task forces, including OCDETF, OCDETF Fusion Center (OFC), High Intensity Drug Trafficking Area (HIDTA), High Intensity Financial Crimes Area (HIFCA), Drug Enforcement Administration Special Operations Division, (SOD), and the El Paso Intelligence Center (EPIC).

The goals of the U.S. Government's National Counterterrorism Strategy are guided by several key principles, including but not limited to harnessing every tool at the U.S. Government's disposal, including intelligence, military, and law enforcement. The CI special agent's expertise in tracking financial records is vital to the goal to disrupt, dismantle, and prosecute individuals, entities and TOC groups that finance terrorism. CI contributes to the strategy's goal by having its special agents use their financial investigative expertise to identify and investigate terrorism financing schemes. CI also supports the U.S. Government's National Counterterrorism

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Strategy by assigning personnel to a number of FBI-led Joint Terrorism Task Forces (JTTF). Due to CI's mission and current limited resources, it's unable to participate in all of the JTTFs. However, CI plays a prominent role in many investigations of individuals and organizations believed to be involved in or supporting international terrorist activities. During FY2015, CI partnered with IRS's Tax Exempt and Government Entities (TEGE) to identify then investigate and/or sanction tax exempt, 501(c)(3), entities that are knowingly facilitating the financing of terrorist activity through their entity's financial infrastructure. Furthermore, CI's IDS proactively develops terrorism related investigative leads for investigation by CI special agents. The IDS also provides investigative support to CI special agents that investigate terrorism cases.

Examples of narcotics and counterterrorism investigations adjudicated in FY 2015 include:

Pill Mill Operator and Two Others Sentenced for Conspiracy to Dispense Controlled Substances

On Aug. 27, 2015, in Chattanooga, Tennessee, Barbara Lang, aka "Aunt Bea," of Rossville, Georgia, was sentenced to 280 years in prison. Lang was convicted of conspiring to distribute and dispense Schedule II and IV controlled substances, outside the scope of professional practice and not for a legitimate medical purpose; maintaining a premise for the purpose of distributing controlled substances; and structuring financial transactions to evade reporting requirements. Lang's daughter, Faith Blake, pleaded guilty to conspiring to illegally distribute drugs through pain clinics she operated, obstructing the IRS and failing to appear for a federal court proceeding. Sentencing for Blake is set for later this year. Dr. Jerome Sherard, a medical director, pleaded guilty to conspiring to illegally distribute drugs and was sentenced to 60 months in prison and ordered to forfeit \$192,956. Charles Larmore, a nurse practitioner, pleaded guilty to conspiring to illegally distribute drugs and was sentenced to 156 months in prison, fined \$20,000 and ordered to forfeit \$375,829.

Drug Trafficker Sentenced for Drug Distribution and Money Laundering Conspiracies

On July 23, 2015, in Greenbelt, Maryland,

Anthony Torrell Tatum, of Arlington, Virginia, was sentenced to 324 months in prison for conspiracy to distribute cocaine and heroin, possession of a gun in furtherance of a drug trafficking offense and money laundering conspiracy. Tatum was ordered to pay a \$108 million money judgment, as well as a forfeiture order for personal property seized during the investigation, including \$328,700 in assorted jewelry, over \$1 million in cash or deposited in bank accounts and a luxury vehicle. From at least January 2011 through his arrest on Sept. 6, 2013, Tatum conspired with Ishmael Ford-Bey and others to distribute cocaine and heroin. In May 2013, Tatum rented a storage unit in Maryland using an alias. Between August 2013 and October 2013, search warrants were executed at several locations and uncovered large quantities of cocaine, heroin, drug paraphernalia, weapons, cash, jewelry and heat sealers. Latent fingerprints recovered from the heat sealers were identified as belonging to Tatum and Ford-Bey. At one location, law enforcement discovered a fake driver's license bearing Tatum's picture. Tatum was present at the location and arrested. In an effort to disguise and hide their drug proceeds, Tatum and others created numerous business entities, including 1001 Solutions, Beauty International Supply, Inc. and Going Green Towing, which had little, if any, legitimate business. They set up bank accounts in the names of each business and deposited their drug proceeds into those business accounts. Tatum used the drug proceeds to purchase several vehicles and expensive jewelry.

North Carolina Man Sentenced For Narcotics Distribution and Money Laundering

On July 15, 2015, in Wilmington, James Rodrequias Pressley, of Dunn, was sentenced to life in prison and five years of supervised release. Pressley was convicted by jury trial for conspiracy to distribute and possess with intent to distribute cocaine base (Crack) and five kilograms or more of cocaine and conspiracy to commit money laundering. From at least 1999 to 2012, Pressley was a drug trafficker responsible for possessing and distributing crack cocaine and cocaine. Pressley received these narcotics from several suppliers. Pressley used numerous others to distribute his drugs throughout eastern North Carolina. Between Dec. 12, 2011, and Feb. 1, 2012, investigative agents used a confidential informant to conduct several controlled purchases of crack cocaine from

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Pressley. Several of the controlled buys occurred at Pressley's residence. The IRS determined that Pressley had no verifiable employment history during the time of the offense; however, between June 12, 2009, and Aug. 17, 2010, Pressley purchased several properties in Dunn for a total of \$10,500. Pressley subsequently made additions and/or renovations to the properties valued at \$12,000. Pressley used these properties to sell and store cocaine and crack cocaine, and store proceeds from his drug-trafficking activities. During the drug conspiracy, Pressley ostensibly operated a legitimate music business, Blackbird Entertainment (BE), as well as a landscaping business in Dunn. Pressley used drug proceeds to pay for concerts and production costs in an attempt to promote BE. He also used \$7,860 in drug proceeds to purchase equipment for his landscaping business. In order to conceal the source of illegal proceeds, between Jan. 5, 2009 and Nov. 22, 2011, Pressley made deposits totaling \$29,805 to the bank account of his girlfriend, deposits totaling \$20,060, to his landscaping account, and deposits totaling \$15,000 to his account at Bank of America. Investigators also determined that between Sept. 5, 2009, and Feb. 28, 2011, Pressley used \$26,912 in drug proceeds to purchase at least three vehicles.

Head of a Gulf Cartel Sentenced for Drug Trafficking, Money Laundering

On June 30, 2015, in Beaumont, Texas, Juan Francisco Saenz-Tamez, of Camargo, Tamaulipas, Mexico, was sentenced to 360 months in prison and ordered to pay a money judgment of \$100 million. Saenz-Tamez pleaded guilty on Jan. 13, 2015 to distribution and possession with intent to distribute cocaine, conspiracy to distribute and possession with intent to distribute marijuana, and conspiracy to commit money laundering. A federal investigation into the large-scale trafficking of illegal drugs from Mexico into the Eastern District of Texas revealed that Saenz-Tamez was responsible for the shipment of one-half ton of cocaine and 90 tons of marijuana into the area and then onto locations across the nation. As a result of this scheme, \$100 million was laundered by Saenz-Tamez and his drug trafficking organization.

Former Ringleader of Albuquerque-Based Drug Trafficking Organization Sentenced

On July 28, 2015, in Albuquerque, New Mexico,

Christopher Roybal, the former leader of an Albuquerque-based drug trafficking organization, was sentenced to 168 months in prison, five years of supervised release and required to pay a \$184,080 money judgment. On Feb. 25, 2015, Roybal pleaded guilty to a second superseding indictment, charging him with participating in a cocaine trafficking conspiracy, three money laundering conspiracies, and a substantive money laundering offense. Christopher Roybal admitted that between Aug. 2011 and Dec. 2012, he conspired with others to distribute large quantities of cocaine in Albuquerque and Las Vegas. He also admitted participating in three conspiracies that laundered the proceeds of his drug trafficking organization. One conspiracy involved the transportation of drug proceeds from Albuquerque to California to pay for marijuana that was distributed by Christopher Roybal's organization. The second and third conspiracies involved the laundering of Christopher Roybal's drug proceeds through accounts at a bank and a credit union. Roybal agreed to forfeit his Albuquerque residence and a 1967 Chevrolet Camaro. The charges filed in the case were the result of a 16-month multi-agency investigation into a drug trafficking organization headed by Roybal.

Law School Graduate Sentenced for Conspiring to Launder Drug Money

On April 23, 2015, in Kansas City, Kansas, Mendy Read-Forbes, a law school graduate, was sentenced to 240 months in prison. Read-Forbes, of Platte City, Missouri, pleaded guilty to conspiracy. In March 2012, Read-Forbes began meeting with an agent posing as a drug dealer. Read-Forbes, a law school graduate who was not licensed to practice law, operated Forbes & Newhard Credit Solutions, Inc., a nonprofit corporation registered in Missouri to provide educational and social welfare services. The agent told Read-Forbes he had assets to conceal from the sale of marijuana. She said she could use her legal training and her connections with federal attorneys and law enforcement officers to help him launder the money. She told the agent she would launder his cash by running it through her business. The plan also involved her listing the agent as an employee of her business and putting him on her company's board of directors. As part of the scheme, she created a fictitious company called Maximus Lawn Care LLC. Over the course of the investigation, she laundered more than \$200,000

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in purported drug funds. She also agreed to invest \$40,000 of her money with the agent for the purchase of marijuana.

Austinite Sentenced for Attempting to Travel to Syria to Join ISIL/ISIS

On June 5, 2015, in Austin, Texas, Michael Wolfe (aka "Faruq") was sentenced to 82 months in prison and five years of supervised release for attempting to provide material support and resources to a foreign terrorist organization. In June 2014, Wolfe pleaded guilty to the charge, admitting that from Aug. 2013 to June 17, 2014, he planned to travel to the Middle East to provide his material support to the Islamic State of Iraq and the Levant (ISIL), also known as the Islamic State of Iraq and al-Sham/Syria (ISIS). Wolfe previously acknowledged that he applied for and

acquired a U.S. passport, participated in physical fitness training, practiced military maneuvers and made efforts to conceal his communications about his plans to travel overseas to engage in violent jihad. Wolfe also purchased airline tickets so that he could travel to Europe to meet an FBI undercover employee, whom the defendant then believed would facilitate travel to Syria through Turkey. In furtherance of his attempt to provide material support to ISIL, Wolfe travelled to Houston and was apprehended on June 17, 2014, on the jet-way, as he attempted to board a flight to Toronto, Canada. His ticketed itinerary had him traveling through Iceland and arriving in Copenhagen, Denmark, on June 18, 2014. He then planned to make his way to Syria to join with ISIL and engage in the armed conflict.

The following table provides IRS CI's International Operations statistics over the past three fiscal years:

	FY 2015	FY 2014	FY 2013
Investigations Initiated	186	226	284
Prosecutions Recommendations	168	203	214
Indictments/Informations	166	199	184
Convictions	145	150	149
Incarceration Rate	78.4%	80.0%	70.4%
Average Months to Serve	36	57.9	51

MONEY LAUNDERING AND BANK SECRECY ACT (BSA)

In partnership with other law enforcement agencies and the Department of Justice, CI seeks to protect the United States financial system through the investigation and prosecution of individuals and organizations that are attempting to launder their criminally derived proceeds. CI also seeks to deprive individuals and organizations of their illegally obtained cash and assets through effective use of the federal forfeiture statutes. In money laundering cases, the money involved is earned from an illegal enterprise and the goal is to give that money the appearance of coming from a legitimate source. Money laundering is one means by which criminals evade paying taxes on illegal income by concealing the source and the amount of profit.

The Third Party Money Laundering (3PML) initiative was created in 2014 in conjunction with the Treasury Executive Office for Asset Forfeiture. In FY 2015, 3PML case initiations

continued to increase. Major Case funding continues to be made available to combat the high costs generally associated with these complex financial investigations with asset forfeiture potential.

CI has also been working in conjunction with Department of Treasury to comply with the Financial Action Task Force (FATF) audit of the United States. The objectives of the FATF are to

set standards and promote effective implementation of legal, regulatory and operational measures for combating money laundering, terrorist financing and other related threats to the integrity of the international financial system.

Virtual Currency

Since 2013, CI has pursued investigations into

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the use of virtual currency for illicit purposes. Virtual currency is any medium of exchange that operates like a fiat currency but does not have legal tender status in any jurisdiction. As with any money, virtual currency can be used in a wide variety of crimes involving tax fraud, money laundering, and other financial crimes. CI has had substantial roles in many virtual currency investigations. One example is the investigation of Carl Mark Force, a corrupt DEA agent who transferred bitcoins into his personal wallet while investigating Silk Road. CI was able to successfully follow the bitcoin transfers through the blockchain.

In FY 2015, IRS-CI continued to focus on financial crimes that involved virtual currency by collaborating with FinCEN and other federal law enforcement agencies to identify the movement of illegal monies utilizing virtual currency. In addition, IRS-CI continued its collaboration efforts with other Business Operating Divisions (BOD) within IRS to include SB/SE and LBI to evaluate the effect of the virtual currency guidance issued by IRS in March 2014 and to investigate those individuals who use virtual currency as a tool to evade taxes.

CI is a member of IRS' Virtual Currency Issue Team that looks into issues related to virtual currency, including how taxpayers can use virtual currency as a tool to evade the payment of taxes. On Sept. 17, 2015, IRS-CI participated in a formal CENTRA virtual currency course with the IRS Virtual Currency Issue team. The Financial Crimes section has also provided virtual currency presentations to several CI field offices to give a basic awareness of virtual currency, how it works and how it has been used for illicit purposes. In FY 2016 IRS-CI will continue to provide training into virtual currency and incorporate advanced training that will include how to analyze the blockchain.

In FY 2016, CI will continue to focus on financial crimes that involve virtual currency by collaborating with FinCEN and other federal law enforcement agencies to identify the movement of illegal monies utilizing virtual currency. In addition, CI will continue its collaboration efforts with other BODs. CI will also seek to work with private companies and organization, such as Coinbase and the Blockchain Alliance to stay current on the threats posed by the use of virtual currency.

Bank Secrecy Act

The Bank Secrecy Act (BSA) mandates the reporting of certain currency transactions conducted with a financial institution, the disclosure of foreign bank accounts, and the reporting of the transportation of currency across United States borders. Through the analysis of BSA data, CI has experienced success in identifying significant and complex money laundering schemes and other financial crimes. CI is the largest consumer of BSA data. The CI BSA Program has grown substantially since its inception in the early 2000s when CI helped establish the initial 41 Suspicious Activity Report Review Teams (SAR-RT). The mission then, as it is today, was to scrutinize BSA data to identify and target significant illicit financial criminal activity. The current BSA program is comprised of participation in 94 SAR-RTs (one in each judicial district and led by the responsible U.S. Attorney Office), and sponsorship and management of 55 Financial Crimes Task Forces (FCTF) throughout the country. The FCTF involves collaboration between CI and state or local law enforcement agencies for the purpose of identifying and investigating specific geographic area illicit financial crimes, including BSA violations, money laundering, narcotics trafficking, terrorist financing and even tax evasion. More than 150 state or local agencies have joined FCTFs across the country and have detailed more than 350 law enforcement officers to become Task Force Officers. The Task Force Officers are granted the authority to investigate money laundering and BSA violations under the direction of CI. All task force investigations are conducted at the federal level and IRS-CI policies regarding authorized investigative techniques, enforcement actions, and seizures are followed by all the participants. CI strengthens the BSA program area by maintaining excellent working relationships with anti-money laundering officials within the financial industry. Additionally, CI also maintains excellent relationships with IRS civil functions responsible for Title 31 Compliance and other external sources. These relationships are developed at the headquarters and field office levels through outreach activities.

In addition, during FY 2015, CI hosted two bank forums to help strengthen relationships with officials within the financial industry. The bank forums provide an opportunity for CI and the Anti-Money Laundering officials to discuss emerging trends of criminal activity.

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In FY 2015, FinCEN approved two Geographic Targeting Orders (GTOs). On Oct. 2, 2014, FinCEN approved a GTO for certain businesses located within the Los Angeles Fashion District. The order imposes additional reporting and recordkeeping obligations on certain trades and businesses located within the Los Angeles Fashion District. The GTO will enhance the IRS' ability to identify and pursue cases against person and businesses engaged in the illicit movement of U.S. currency to Mexico and Columbia using the black market peso exchange, sometimes known as trade based money laundering. In February 2015, the order was extended for another 180 days. On April 21, 2015, FinCEN approved a GTO for the Miami area (including surrounding counties) to enforce additional record keeping requirements on check cashing businesses/MSBs. To help combat identity theft and refund fraud, FinCEN added additional requirements for cashing Treasury checks and Refund Anticipation Loans (RAL). Additional record keeping requirements include but are not limited to requesting the customer provide two forms of identification, a photo ID and a fingerprint on the check.

Examples of money laundering investigations adjudicated in FY 2015 include:

Long-Time Drug Trafficker and Money Launderer Sentenced

On Sept. 14, 2015, in Anchorage, Alaska, Steven Nicholas Taylor was sentenced to 180 months in prison and five years of supervised release. Taylor agreed to forfeit and abandon any interest in his Seattle home. Taylor previously pleaded guilty to conspiracy to distribute controlled substances and conspiracy to commit money laundering. In a separate, but related, case arising in Missouri, Taylor was sentenced on his plea of guilty to drug trafficking conspiracy. Taylor and his accomplices were major sources of cocaine in Alaska going back 20 years. In the late 1990's, Taylor was convicted of drug conspiracy, money laundering, and interstate travel in aid of racketeering, and served 121 months in federal prison. In 2009, shortly after court-ordered supervision was terminated in the Seattle case, Taylor resumed drug trafficking operations with several of same accomplices, and supplied cocaine and other drugs to Alaska and Missouri. In the Alaska case, Taylor directed the activities of Timothy Northcutt, Joseph Irving, Etienne Devoe, Leonard Charles, Joshua Haynes, and others. In

total, Taylor admitted to supplying between 15 and 50 kilograms of cocaine to Alaska, as well as an additional 5 to 15 kilograms to Missouri. Taylor also directed and instructed his co-conspirators on money laundering for the continuation of Taylor's drug conspiracy operation, from which Taylor was the primary beneficiary. Devoe, Northcutt, Leonard, and Charles participated in the money laundering activities, including exchanging text messages with Taylor on how to launder the money, and what bank accounts to use. Taylor's co-defendants in the case received the following sentences: James Brown, Sr., 56 months, Leonard D. Charles, 60 months; Etienne Q. Devoe, 126 months; Shawn Cortez Cloyd, 36 months; Timothy W. Northcutt, 72 months; Joshua J. Haynes, 30 months; Gabrielle P. Haynes, 18 months; Joseph E. Irving, 21 months.

Second Missouri Man Sentenced for \$1.2 Million K2 Distribution

On Sept. 8, 2015, in Springfield, Eric Scott Reynolds, of Lebanon, was sentenced to 72 months in prison. On Oct. 15, 2015, Reynolds pleaded guilty to his role in a mail fraud conspiracy and a money laundering conspiracy that involved the distribution of more than \$1.2 million of synthetic marijuana, commonly referred to as K2, from a head shop in Lebanon, Missouri. Reynolds was employed at Lucky's Novelties and distributed synthetic drugs from the head shop. His brother and co-defendant, Stephen Brian Reynolds, of Camdenton, was the owner of Lucky's Novelties. Stephen Reynolds was sentenced on June 29, 2015, to 72 months in prison and ordered to forfeit \$1,167,990, as well as real estate, funds in bank accounts, approximately \$128,000 that was seized from his residence, a car, motorcycle, and several guns. Both men participated in the conspiracy to commit mail fraud from March 1, 2011, to Dec. 11, 2012. They defrauded the Food and Drug Administration and the public by using mail deliveries in a conspiracy to distribute several products that were labeled as "incense" or "potpourri" and "not for human consumption," when in reality these substances were synthetic marijuana intended for human consumption as a drug. In addition, between Sept. 15, 2011, and July 25, 2012, Stephen and Eric Reynolds deposited \$1,245,761 in proceeds from the distribution of K2 into bank accounts and a safety deposit box.

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California Woman Sentenced for Role in Offshore Sweepstakes Scheme

On Aug. 11, 2015, in Asheville, North Carolina, Patricia Diane Clark, of Sacramento, California, was sentenced to 130 months in prison and ordered to pay \$642,032 in restitution and to forfeit the same amount jointly with her co-defendants. Clark pleaded guilty to conspiracy to commit wire fraud, wire fraud and conspiracy to commit money laundering. From about 2007 through February 2013, Clark and her co-conspirators called U.S. residents from Costa Rican call centers, falsely informing them that they had won a cash "sweepstakes." The victims, many of whom were elderly, were told that in order to receive the prize, they had to send money for a purported "refundable insurance fee." Clark picked up money from the victims and sent it to her co-conspirators in Costa Rica. Clark also managed others who picked up money from the victims in the US and she kept a portion of the victims' payments. Once the victims sent money, Clark's co-conspirators contacted the individuals again and falsely informed them that the prize amount had increased, either because of a clerical error or because another prize winner was disqualified. The victims then had to send more money to pay for "new" fees to receive the larger sweepstakes prize. The attempts to collect additional money from the victims continued until an individual either ran out of money or discovered the fraudulent nature of the scheme. Clark, along with her co-conspirators, was responsible for approximately \$640,000 in losses to more than a hundred U.S. citizens.

Two Colombian Citizens Sentenced for International Money Laundering

On July 20, 2015, in Miami, Florida, Leonardo Forero Ramirez and Ubaner Alberto Acevedo Espinosa were sentenced to 37 months and 18 months in prison, respectively, and ordered to serve one year of supervised release. Both defendants previously pleaded guilty to conspiracy to commit money laundering. Both Acevedo and Forero were Colombian citizens residing in Bogota. During 2008 and 2009, Acevedo handled customer accounts at a stock brokerage firm that offered accounts that could be used by customers to receive deposits, wire

transfers, and other credit or money, and to disburse the funds through wire transfers and cash or other withdrawals. The stock brokerage firm was authorized to receive funds in U.S. dollars, provided that they were properly documented and justified as being for legitimate business transactions. Forero was one of Acevedo's customers. During the course of his participation in this scheme, Forero received approximately \$1.2 million from IRS undercover accounts that he passed on to the people designated to receive it. Acevedo was involved in the transfer of approximately \$335,000 from IRS undercover accounts in the United States to the stock brokerage firm in Colombia, and the conversion of the dollars into pesos and the subsequent withdrawal of the monies by Forero. Both Acevedo and Forero knew that the money was derived from criminal activity.

Pennsylvania Man Sentenced for Violating Drug, Gun and Money Laundering Laws

On July 7, 2015, in Pittsburgh, Omali P. McKay, a citizen of Trinidad who formerly resided in Lower Burrell and Arnold, was sentenced to 180 months in prison, five years of supervised release and ordered to forfeit vehicles, a residence and \$272,000 in cash. McKay was previously convicted of violating narcotics, firearms and money laundering laws. McKay conspired with others from 2006 to Aug. 25, 2012, to distribute cocaine and crack cocaine. McKay admitted possessing, with intent to distribute, cocaine seized from his Lower Burrell residence on Aug. 25, 2012, while simultaneously possessing an assault rifle in furtherance of the drug crime. Finally, McKay admitted to conspiring with others to launder his drug trafficking proceeds. He used those laundered funds to purchase the Lower Burrell residence for \$243,000 in cash in August 2011.

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The following tables provide IRS CI's money laundering and Bank Secrecy Act (BSA) statistics over the past three fiscal years:

Money Laundering Investigations	FY 2015	FY 2014	FY 2013
Investigations Initiated	1436	1312	1596
Prosecution Recommendations	1301	1071	1377
Indictments/Informations	1221	934	1191
Sentenced	691	785	829
Incarceration Rate	84.1%	82.2%	85.4%
Average Months to Serve	65	66	68

Bank Secrecy Act (BSA) Investigations*	FY 2015	FY 2014	FY 2013
Investigations Initiated	613	809	922
Prosecution Recommendations	519	677	771
Indictments/Informations	533	608	693
Sentenced	557	535	453
Incarceration Rate	72.4%	74.8%	70.6%
Average Months to Serve	31	35	36

*BSA statistics include investigations from Suspicious Activity Report (SAR) Review Teams, violations of BSA filing requirements, and all Title 31 and Title 18-1960 violations.

Frivolous Arguments Working Group

In FY 2013, CI created a working group to develop recommendations on tracking investigations and sharing information about potential safety concerns against the law enforcement community, IRS employees and other government officials. Some members of the sovereign citizen movement espouse frivolous arguments opposing the tax laws, as well as other laws.

Examples of frivolous argument investigations adjudicated in FY 2015 include:

Tax Defier Sentenced for Failing to Pay Federal Taxes

On Aug. 4, 2015, Minneapolis, Minnesota, Tami Mae May was sentenced to 24 months in prison for failing to pay federal taxes for more than seven years. May pleaded guilty on June 9, 2014, to obstruction of due administration of Internal Revenue laws. From 1998 through 2004, May failed to file any income tax returns for the excavating business she ran with her husband, despite that fact that the business earned substantial income during that time. When notified by the IRS in April 2005 that the business owed tax debt, penalties and interest,

May embarked on an eight-year campaign of frivolous filings, in an effort to obstruct the administration of Internal Revenue laws. May filed a host of fake documents with the IRS, including a "zero income" tax return, Forms 1099-OID falsely claiming that her husband had made payments to various IRS Revenue Officers, falsely claiming that the Mays or their business had received "original issue discounts" and had "federal tax withheld" by various banks and credit card companies, and forms claiming that the Mays were not United States Citizens, but instead were permanent residents of the "Kingdom of Heaven." May also made nonsensical tax-defier-scheme-related statements to the IRS, including that her social security number was her "corporate fiction's" social security number, that her family's business was a foreign trust of which she was the trustee, and that there is no such thing as money.

Members of Sovereign Citizen Movement Sentenced for Scheme to Defraud the IRS

On June 18, 2015, in Phoenix, Arizona, Gordon Leroy Hall, of Mesa, Arizona, was sentenced to 96 months in prison. Gordon Hall's business partner, Brandon Adams, of Albuquerque, New Mexico, was sentenced to 40 months in prison. Gordon Hall's son, Benton Hall, was sentenced to 27 months in prison. Gordon Hall partnered

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with Adams after they met at various seminars associated with the sovereign citizen movement. They devised a plan to create fictitious money orders to submit to the IRS in an attempt to eliminate Hall's and Hall's clients' tax debts. The scheme operated out of Hall's office and home in Mesa, Arizona, where Hall's children, including Benton Hall, acted as office managers. Adams created all of the fictitious money orders based on information provided by Hall's staff. In all, Hall and Adams created and caused the submission to the IRS of 149 fictitious money orders totaling approximately \$93 million.

Tax Fraud Promoters Sentenced for Conspiring to Defraud Internal Revenue Service

On May 20, 2015, in Salt Lake City, Utah, Gerrit Timmerman III, of Midvale, was sentenced to 48 months in prison and three years of supervised release. Carol Jean Sing, of Henderson, was sentenced to 36 months in prison and three years of supervised release. In February 2015, Timmerman and Sing were convicted at trial by a federal jury of conspiracy to defraud the United

States. Between April 23, 2004 and March 5, 2007, Timmerman and Sing conspired to defraud the United States by marketing "corporations sole" as part of their scheme to evade the assessment and payment of federal income taxes. Timmerman and Sing falsely told their clients that corporations sole were exempt from United States income tax laws, had no obligation to file tax returns and had no obligation to apply for tax exempt status. They further claimed that individuals taxable by assigning it to the corporation sole, could draw a tax-free stipend from their corporation sole, and could render property immune from IRS collection activity by transferring property to the corporation sole. Sing used Trioid International Group Inc. as a resident could render their own income non-agent for corporations sole and other business entities for their clients. Timmerman assisted others in evading their state and federal income tax liabilities and recommended the corporation sole to his clients as another way to impair the IRS. Both defendants referred customers to one another and paid each other referral fees.

WARRANTS AND FORFEITURE

Criminal Investigation uses asset forfeiture statutes to disrupt and dismantle criminal enterprises by seizing and forfeiting their assets or property used or acquired through illegal activities. Criminal Investigation also maintains an active fugitive program and coordinates information with other law

enforcement agencies in order to identify and apprehend fugitives from justice where the fugitive has been charged with violations of the Internal Revenue laws and related offenses. The chart below summarizes the seizures and forfeitures during Fiscal Year 2015.

The charts below show the number of investigations involved and the number of assets seized and forfeited.

Seizures		
Count of Investigations	Count of Assets	Total Asset Appraisal Value
276	866	\$638,275,025

Forfeitures		
Count of Investigations	Count of Assets	Total Forfeited Value
385	1,055	\$4,305,844,067

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Examples of investigations involving forfeitures during FY 2015 include:

Edgar Paltzer (New York FO) - On Nov. 25, 2014, a Stipulation and Order of Settlement was filed forfeiting more than \$12 million, to the United States. Edgar Paltzer was an attorney in Switzerland who also operated as a financial intermediary. In his capacity as a financial intermediary, Paltzer assisted U.S. taxpayer clients in maintaining undeclared accounts in Switzerland. Paltzer pleaded guilty to conspiring with certain U.S. taxpayers and others to defraud the IRS of taxes due and owing and filing false tax returns.

DaVita Inc. (Denver FO) – On Jan. 13, 2015, a Final Judgement was filed forfeiting \$39 million to the United States. DaVita Healthcare Partners, Inc. is one of the leading providers of dialysis services in the United States and agreed to pay \$350 million to resolve claims that it violated the False Claims Act by paying kickbacks to induce the referral of patients to its dialysis clinics. DaVita has also agreed to a Civil Forfeiture in the amount of \$39 million based upon conduct related to two specific joint venture transactions entered into in Denver, Colorado. DaVita is headquartered in Denver, Colorado and has dialysis clinics in 46 states and the District of Columbia.

BNP Paribas S.A. (Washington DCFO) – On May 1, 2015, BNP Paribas was sentenced to a

five-year term of probation and ordered to forfeit more than \$3.9 billion. BNP Paribas is the largest bank in France and one of the five largest banks in the world in terms of total assets. The sentencing is the first time a financial institution has been convicted and sentenced for violations of U.S. economic sanctions and the total financial penalty including the forfeiture and criminal fine is the largest financial penalty ever imposed in a criminal case.

Victor Anthony Nottoli (Oakland FO) – On May 31, 2015, Nottoli forfeited more than \$6.6 million to the United States. Nottoli pleaded guilty to conspiracy to defraud the United States by interfering with the lawful governmental regulatory and enforcement functions of FDA and DEA and one count of causing misbranded smokable synthetic cannabinoids (SSC) to be introduced into interstate commerce.

ING Bank N.V. (Washington DC FO) – On June 19, 2015, ING Bank, N.V., forfeited \$309.5 million to the United States. ING Bank, N.V., entered into a Deferred Prosecution Agreement in the District of Columbia on June 12, 2012. ING Bank, N.V. was charged with conspiring to violate the International Emergency Economic Powers Act (IEEPA) and the Trading with the Enemy Act (TWEA).

NATIONAL FORENSICS LABORATORY

The IRS CI National Forensic Laboratory (NFL) has been discussing accreditation for more than 25 years, closely following changes in forensic laboratory accreditation programs. However, developments within the forensic community, particularly over the course of the last five years, have made the need to earn accreditation unavoidable. For the past two years the NFL has dedicated significant time and resources preparing for the accreditation process.

For example, since the start of FY 2014, a total of eight manuals and 29 forms have been drafted, reviewed, and finalized. Multiple internal audits have been conducted by laboratory personnel to ensure compliance with new laboratory policies and procedures

as well as the accreditation standards. Laboratory team members also audited case files and prepared the laboratory space to accommodate the on-site assessors.

A pre-assessment was held in February 2015, resulting in very few opportunities for improvement being noted. The official assessment was held in May 2015 and the laboratory received compliments from the assessment team on the quality of the work performed by our employees. Accreditation was officially awarded on May 26, 2015—almost three months before the projected timeline date. Although the NFL is a small branch of CI, its work is critical in ensuring the efficient processing of crucial evidence in our investigations.

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TECHNOLOGY OPERATIONS AND INVESTIGATIVE SERVICES

Technology continues to play an important investigative role as the sophisticated nature of financial crimes changes and evolves. CI's Technology Operations & Investigative Services (TOIS) division is responsible for outfitting Special Agents with the most effective technologies to do their job and supporting CI's financial investigations by collecting and analyzing its reams of digital evidence. TOIS' Electronic Crimes Office has special agents trained in the recovery and preservation of hardware and software evidence. In Fiscal Year 2015, the amount of seized electronically stored information/data for investigations totaled over 1,400 terabytes.

The majority of CI Special Agent-Computer Investigative Specialists (CIS) are certified in the use of top-level forensic software, thus raising proficiency and providing an important certification for judicial proceedings. Forensic training for mobile devices continues to be a pressing emphasis for TOIS' Electronic Crimes Office. In FY 2015, Special agent-CISs saw a 30% annual increase in the number mobile devices (non-laptop) that needed to be forensically imaged and analyzed.

The vision of TOIS is to provide innovative solutions that make the CI crime fighter more effective.

Electronic Crimes Statistics for FY 2015

Electronic Crimes Enforcement Statistics	FY15 Totals
Total Operations/Search Warrants	419
Total Sites	650
Total CISs Deployed	638
Total Systems Imaged	4319
Total Volume of Data (terabytes)	1439

TOIS' Four Strategic Themes:

1. Mobile Information Availability: CI Special Agents use their smartphones to access more data about their cases than ever, so that more time is spent in the field than in the office.

2. Office Anywhere Collaboration: ATLAS, CI's investigative support tool, enables Special Agents to collaborate and de-conflict on cases across the country by having one common application to store and organize their investigations. ECE, CI's digital evidence collection and analysis tool, centrally stores digital evidence using the latest in virtual environment technologies.

3. More Efficiently Operating Technology: TOIS engages in activities to reduce its year-over-year operations and maintenance costs as part of being a steward of scarce financial resources

4. Supporting the Advancement of Financial Investigations through Technology: CI's Lead and Case Analytics tool identifies the criminal relationships and schemes behind the illicit activities that thwart our nation's tax system. TOIS's special agent-CIS's will leverage their technical forensic expertise to build CI's cybercrime knowledge and capability.