

**Statistical Portrayal of the  
Criminal Investigation Function's  
Enforcement Activities From  
Fiscal Year 1999 Through Fiscal Year 2003**

**June 2004**

**Reference Number: 2004-10-115**

**This report has cleared the Treasury Inspector General For Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.**



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

INSPECTOR GENERAL  
for TAX  
ADMINISTRATION

June 29, 2004

MEMORANDUM FOR CHIEF, CRIMINAL INVESTIGATION

*Gordon C. Milbourn III*

FROM: Gordon C. Milbourn III  
Acting Deputy Inspector General for Audit

SUBJECT: Final Audit Report - Statistical Portrayal of the Criminal  
Investigation Function's Enforcement Activities  
From Fiscal Year 1999 Through Fiscal Year 2003  
(Audit # 200410016)

This report presents the results of our review of statistical information that reflects activities of the Criminal Investigation (CI) function from Fiscal Years (FY) 1999 through 2003. The overall objective of this review was to provide statistical information and trend analyses of the CI function statistics since the issuance of the Webster Report<sup>1</sup> in April 1999. The audit was conducted as part of the Treasury Inspector General for Tax Administration's FY 2004 Annual Audit Plan.

Beginning in FY 2002, the CI function began to turn around the negative trends from earlier years. Specifically, the number of subject investigations initiated increased, more time was spent directly on subject investigations, and fewer days were expended to discontinue a subject investigation. These indicators continued to show improvement in FY 2003; however, the number of subjects convicted and sentenced continued to fall. We are optimistic that the improvements in the indicators will continue under the current Commissioner's efforts to increase productivity and if planned increases in special agent staffing materialize.

A major objective of the CI function's strategy the last several years has been increased support of compliance efforts through the increased application of resources on tax administration investigations. This emphasis is reflected by the significant increases from FYs 2001 to 2002 in the number of subject investigations initiated in the Legal Source Tax Crimes Program (52 percent) and those with tax-related violations

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<sup>1</sup> *Review of the Internal Revenue Service's Criminal Investigation Division* (Publication 3388; 4-1999), also known as the Webster Report.

(33 percent). However, the number of legal source tax investigations initiated decreased slightly in FY 2003, while the number of initiated nontax-related illegal source financial crimes and narcotics-related subject investigations increased slightly. Also, the number of subject investigations initiated with tax-related violations remained virtually unchanged in FY 2003.

Members of the Senate Finance Committee (SFC) believe the CI function can and should do more to investigate legal source tax crimes. Members of the SFC have expressed concern that the local United States Attorneys' offices are influencing the CI function's caseload away from legal source tax investigations and toward nontax-related investigations. We are currently conducting a review to evaluate the effectiveness of the CI function's efforts to increase legal source tax investigations and will be addressing how the CI function categorizes its investigations within its Compliance Strategy.<sup>2</sup>

CI function special agents have a reputation of being the best financial investigators in the Federal Government. As a result, they are often asked to participate in investigations with other organizations. Further, the CI function participates in the President's various enforcement initiatives, such as the war on terrorism. These initiatives are important in protecting our nation, but they may not always result in legal source tax or tax-related investigations. Given these other priorities and the challenge of sustaining increased staffing, we believe the CI function will be continually challenged to significantly increase legal source tax investigations while providing the necessary support to other critically important Federal Government initiatives. CI function management must remain vigilant to ensure the progress made in FY 2002 in increasing legal source tax and tax-related investigations continues in future years.

We made no recommendations in this report. However, key CI function management officials reviewed the report and provided comments that were considered prior to its issuance.

Copies of this report are also being sent to the Internal Revenue Service managers affected by the report. Please contact me at (202) 622-6510 if you have questions or Daniel R. Devlin, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 622-8500.

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<sup>2</sup> *Effectiveness of the CI Function's Efforts to Increase Legal Source Cases* (Audit # 200310042).

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### Background

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In recent years, the Internal Revenue Service (IRS) has made tremendous efforts to improve customer service and make it easier for taxpayers to comply with their tax obligations. The IRS also has a variety of criminal and civil sanctions available that can be employed when taxpayers refuse to comply or attempt to evade their tax obligations. The vigorous enforcement of criminal statutes within the Criminal Investigation (CI) function's jurisdiction is an integral component of the IRS' comprehensive efforts to enhance voluntary compliance and foster confidence in the fairness and integrity of the tax system.

The CI function is the only law enforcement organization with the authority to investigate criminal tax violations. Over the last few decades, the Congress and the Department of the Treasury have expanded the CI function's jurisdiction to also cover offenses under money laundering and currency reporting statutes.<sup>1</sup> Accordingly, the CI function has been involved with both legal and illegal source income investigations, including those involving organized crime and narcotics.

In general, legal source investigations involve legal occupations or industries and legally earned income in which the primary motive is the violation of tax statutes. Illegal source investigations involve illegally earned income such as crimes involving money laundering and currency reporting violations. They also involve investigations of violations of the Internal Revenue Code<sup>2</sup> in which other law enforcement agencies participate.

In April 1999, Judge William Webster issued a report<sup>3</sup> of his review of the CI function's operations that had been requested by the Commissioner of the IRS. Judge Webster concluded the CI function had drifted away from its primary mission of investigating criminal violations of the Internal Revenue Code, likely as a result of its expanded investigative authorities and demands to participate in narcotics investigations placed on it by other law

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<sup>1</sup> 18 U.S.C. Sections (§§) 1956 and 1957 (2004) and Title 31 U.S.C., Money and Finance, sections.

<sup>2</sup> Title 26 U.S.C.

<sup>3</sup> *Review of the Internal Revenue Service's Criminal Investigation Division* (Publication 3388; 4-1999), also known as the Webster Report.

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enforcement entities. Judge Webster recommended the CI function refocus on its primary mission of investigating criminal violations of the internal revenue laws.

We initiated this review as part of the Treasury Inspector General for Tax Administration's (TIGTA) Fiscal Year (FY) 2004 Annual Audit Plan to provide statistical information pertaining to the CI function's enforcement activities from FY 1999 through FY 2003 and trend analyses of that information. While our trend analyses covered all these periods, our report concentrates on providing a perspective for the 2 most current fiscal years. Our data analyses were done in the TIGTA Chicago, Illinois, office during February and March 2004 using data accumulated by the IRS. The audit was conducted in accordance with *Government Auditing Standards*. However, we relied on information accumulated by the IRS and did not verify its accuracy. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II. A glossary of terms is included in Appendix IV. Detailed charts and tables referred to in the body of the report are included in Appendix V.

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### Some of the Negative Trends From Earlier Years Started Improving in Fiscal Years 2002 and 2003

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Beginning in FY 2002, the CI function began to turn around the negative trends in the number of subject investigations initiated, the number of subject investigations referred for prosecution, the percentage of direct investigative time, and the average number of days expended on discontinued subject investigations and on subject investigations referred for prosecution.<sup>4</sup>

These indicators continued to show improvement in FY 2003, yet the number of subjects convicted and sentenced continued to fall.<sup>5</sup> Although declines in convictions and sentences can be caused by a variety of factors, including the quality of investigations and the Department of Justice workload and priorities, we believe these downward trends reflect a timing issue. Actions on criminal investigations may span more than 1 year, so the more recent declines in convictions and sentences are more

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<sup>4</sup> Appendix V, Figures 3, 6, 14, 15 and 20.

<sup>5</sup> Appendix V, Figures 21 and 23.

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likely to be a function of the decline in the number of subject investigations initiated in previous years. If the CI function continues to expand its numbers of subject investigations and special agents, we would expect the effect on sentences and convictions to improve accordingly.

### **Resources applied to criminal enforcement activity**

Special agent staffing levels increased 6 percent from FYs 2000 to 2002, with over 600 new special agents entering on duty. However, due to attrition, the net increase was only 161 special agents.<sup>6</sup> In addition, the number of special agents working in field offices continued to decrease until FY 2002,<sup>7</sup> as newly hired agents had not yet been assigned to specific field offices.

The CI function expects to substantially increase special agent staffing by approximately 575 in FYs 2004 and 2005. As of the midpoint in FY 2004, 73 new special agents had entered on duty. However, the CI function is losing special agents due to attrition faster than it is replacing them. Despite new hires, the overall number of special agents decreased in FY 2003 and again in the first half of FY 2004, to 2,780.

Sustaining increased staffing in the enforcement areas of the IRS, in general, remains a challenge. Although the CI function expects to increase staffing, the General Accounting Office recently issued testimony<sup>8</sup> concluding that priorities other than enforcement, including unbudgeted expenses, have consumed IRS budget increases and savings over the last several years.

We are concerned that this pattern threatens the continued growth in criminal investigations and related improvements in convictions and sentences.

### **Criminal enforcement activities improved**

Almost all enforcement indicators showed negative trends in FYs 1999 to 2001. In early FY 2001, the CI function's

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<sup>6</sup> Appendix V, Figure 1.

<sup>7</sup> Appendix V, Figure 2.

<sup>8</sup> *Internal Revenue Service: Assessment of Fiscal Year 2005 Budget Request and 2004 Filing Season Performance* (GAO-04-560T, dated March 2004).

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Planning and Strategy section in the Headquarters office conducted focus interviews with one-third of the Special Agents in Charge (SAC)<sup>9</sup> to determine the cause(s) of declines in enforcement indicators. Analyses of data from the Criminal Investigation Management Information System were also done. No single factor was identified for the cause of the decline in productivity.

Criminal enforcement indicators showed improvements in FYs 2002 and 2003. For example,

- The number of subject investigations initiated was 22 percent higher in FY 2003 compared to FY 2001.<sup>10</sup>
- The number of days expended on discontinued subject investigations started to decline from an average of 506 days in FY 2001 to 428 days in FY 2003.<sup>11</sup>
- The percentage of direct investigative time reported in FY 2003 was higher than that in FY 1999.<sup>12</sup>
- The number of open subject investigations per nonsupervisory special agent remained relatively constant at about 1.7 investigations per agent, until increasing to 1.9 per agent in FY 2002. In FY 2003, this figure was 2 investigations per agent.<sup>13</sup>
- In FY 2003, the total number of subject investigations referred for prosecution started to increase.<sup>14</sup>

These measures indicate the CI function is becoming more efficient in carrying out its duties. We believe this is

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<sup>9</sup> Each of the CI function's 35 field offices has a SAC who is responsible for the criminal investigation activities within that office's area.

<sup>10</sup> Appendix V, Figure 3.

<sup>11</sup> Appendix V, Figure 14.

<sup>12</sup> Appendix V, Figure 6.

<sup>13</sup> Appendix V, Figure 12. Special agents may have other types of investigations assigned concurrently with open subject investigations. In FYs 2002 and 2003, the average inventories were 6.99 and 7.48, respectively.

<sup>14</sup> Appendix V, Figure 15.



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### Challenges Remain for the Criminal Investigation Function to Significantly Increase Legal Source Tax Investigations

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attributable to CI management's and the current Commissioner's emphasis on improving productivity.

One of the recommendations in the Webster Report was for the CI function to refocus on its primary mission of investigating criminal violations of the internal revenue laws. The CI function subsequently created a new mission statement to better reflect its primary mission of investigating potential violations of the internal revenue laws. It also developed a compliance strategy to reinforce its primary mission. The strategy is currently comprised of three interdependent programs (Legal Source Tax Crimes, Illegal Source Financial Crimes, and Narcotics-Related Financial Crimes) and explains the CI function's role in the overall compliance efforts of the IRS.

In addition to differentiating between legal and illegal source investigations (as previously discussed in the Background section), the CI function also categorizes investigations as tax-related and nontax-related. A tax-related investigation addresses violations of Title 26 United States Code (U.S.C.) (the Internal Revenue Code) and select sections of Title 18 U.S.C.<sup>15</sup>

A major objective of this strategy for the past several years has been increased support of IRS compliance efforts through the increased application of resources on tax administration investigations. There was also a goal to reduce time spent on narcotics-related investigations to be more in line with reimbursements.<sup>16</sup> This emphasis is reflected by the substantial increase from FYs 2001 to 2002 in the number of subject investigations initiated in the Legal Source Tax Crimes Program (52 percent) and with tax-related violations (33 percent).<sup>17</sup>

However, the number of legal source tax investigations initiated decreased slightly in FY 2003, while the number of nontax-related illegal source financial crimes and

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<sup>15</sup> 18 U.S.C. §§ 286 and 287 (2004), § 371 (2004) relating to a Title 26 violation, and § 371 (2004) relating to a Title 26 and Title 31 violation.

<sup>16</sup> The CI function receives funds for its participation in the Department of Justice's Organized Crime Drug Enforcement Task Force investigations.

<sup>17</sup> Appendix V, Figures 7 and 9.

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narcotics-related subject investigations initiated increased slightly. Also, the number of subject investigations initiated with tax-related violations remained virtually unchanged in FY 2003, while the number of nontax-related subject investigations initiated increased. The changes in nontax-related illegal source and narcotics-related investigations, though modest, indicate the CI function must aggressively continue its efforts to further increase legal source and tax-related investigations to fully achieve the expectations of the Webster Report and to build on the progress made in FY 2002.

### **Congressional interest in criminal investigation activities**

Members of the Senate Finance Committee (SFC) believe the CI function can and should do more to investigate legal source tax crimes. Members of the SFC expressed concern that the local United States Attorneys' (USA) offices are influencing the CI function's caseload away from legal source tax crimes and toward nontax-related investigations. Our analysis of data shows that the USAs' offices generated approximately one-fifth of the subject investigations initiated in FYs 2002 and 2003;<sup>18</sup> 19 and 21 percent, respectively, with approximately one-half of the investigations involving tax-related violations.

In addition, the number of subject investigations initiated from liaison with other government agencies accounted for about one-third of the total subject investigations initiated in FYs 2002 and 2003; 32 and 33 percent, respectively, with a majority of these investigations involving nontax-related violations.

In contrast, the number of subject investigations initiated in which the IRS or the public was the source of the information accounted for about one-third of the investigations initiated in FYs 2002 and 2003; 35 and 34 percent, respectively, and also representing approximately one-half of those with tax-related violations.

Initiating more cases from sources external to the IRS concerns us. The IRS Commissioner has emphasized the urgency of improving enforcement of tax laws at the IRS as

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<sup>18</sup> Appendix V, Figure 10.

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a defining element of tax compliance. Together with the refocused mission emphasized by the Webster Report, we would have expected the CI function to initiate more cases for investigation from IRS examiners and other internally evaluated sources. The static pattern of initiating investigations from these sources in FYs 2002 and 2003 poses a risk to the CI function in increasing the contributions from a vigorous fraud referral program when front-line IRS examiners suspect tax fraud and, ultimately, of achieving the Commissioner's bold vision to energize enforcement at the IRS.

We are currently conducting a review to evaluate the effectiveness of the CI function's efforts to increase legal source tax investigations and will be addressing how the CI function categorizes its investigations within its Compliance Strategy.<sup>19</sup>

### **Reviews of Lead Development Centers and the tax fraud hotline**

We recently raised concerns that the 12 Lead Development Centers (LDC) the CI function established in FYs 2001 and 2002 as a means for increasing legal source tax investigations were not achieving this primary mission.<sup>20</sup> We stated that the LDCs could not influence the growth of legal source tax investigations because they were responding to incoming referrals provided by the CI function's field offices. The Chief, CI, agreed with the recommendations in the report, and a redesign and realignment of the LDC organizational structure was implemented to establish investigative responsibilities for 5 of the 12 LDCs based on the CI function's major strategies and investigative priorities.

In another recent report,<sup>21</sup> we determined the LDCs rarely assigned referrals from the toll-free tax fraud hotline to the

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<sup>19</sup> *Effectiveness of the CI Function's Efforts to Increase Legal Source Cases* (Audit # 200310042).

<sup>20</sup> *Lead Development Centers Do Not Significantly Contribute to Increases in Legal Source Cases* (Reference Number 2003-10-201, dated September 2003).

<sup>21</sup> *The Tax Fraud Hotline Has Not Been an Effective Source for Criminal Tax Investigations* (Reference Number 2003-10-210, dated September 2003).

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field offices for evaluation, even though its review indicated these referrals could reveal significant fraud allegations and thus should be given consideration. The Chief, CI, believed the hotline call sites provided only a limited number of informant communications that met criminal prosecution potential, but agreed the CI function had a shared responsibility to provide instructions and guidance on potential informant communications to the Wage and Investment Division, the business owner of the hotline call site function.

While we believe the proposed corrective actions in the two TIGTA reports will assist the CI function in its efforts to increase legal source tax investigations, competing priorities with other initiatives will place limitations on the CI function's ability to significantly increase legal source and tax-related investigations. CI function special agents have a reputation of being the best financial investigators in the Federal Government workforce. As a result, they are often asked to participate in investigations with other organizations. Further, the CI function participates in the President's various enforcement initiatives, such as the war on terrorism. These initiatives are important in protecting our nation but may not result in legal source tax or tax-related investigations.

Given these competing priorities, we believe the CI function will be faced with the continuous challenge to increase legal source tax investigations while providing the necessary support to other critically important Federal Government initiatives. CI function management must remain vigilant to ensure the progress made in FY 2002 in increasing legal source tax and tax-related investigations continues in future years.

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**Appendix I**

**Detailed Objective, Scope, and Methodology**

The overall objective of this review was to provide statistical information and trend analyses of the Criminal Investigation (CI) function statistics since the issuance of the Webster Report<sup>1</sup> in April 1999 and the subsequent reorganization of the CI function in July 2000.

To accomplish our objective, we reviewed Internal Revenue Service (IRS) data publications and the CI function's management information to analyze data and identify trends. We relied on information accumulated by the IRS and the CI function in established reports and the CI function's management information system and did not verify its accuracy. The major issues we focused on included:

- Special Agent Staffing.
- Investigation Initiations.
- Open Investigations.
- Investigation Closures.
- Investigations Referred for Prosecution.
- Subsequent Legal Actions.
- Compliance Strategy Programs.

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<sup>1</sup> *Review of the Internal Revenue Service's Criminal Investigation Division* (Publication 3388; 4-1999), also known as the Webster Report.

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**Appendix II**

**Major Contributors to This Report**

Daniel R. Devlin, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs)

John R. Wright, Director

Thomas J. Brunetto, Acting Director

Diana M. Tengesdal, Audit Manager

Donald L. McDonald, Senior Auditor

Niurka M. Thomas, Auditor

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**Appendix III**

**Report Distribution List**

Commissioner C  
Office of the Commissioner – Attn: Chief of Staff C  
Deputy Commissioner for Services and Enforcement SE  
Chief Counsel CC  
National Taxpayer Advocate TA  
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Director, Office of Program Evaluation and Risk Analysis RAS:O  
Office of Management Controls OS:CFO:AR:M  
Audit Liaison: Chief, Criminal Investigation SE:CI:S:PS

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**Appendix IV**

**Glossary of Terms**

**Compliance Strategy** – The Criminal Investigation (CI) function strategy comprised of three interdependent program areas: Legal Source Tax Crimes, Illegal Source Financial Crimes, and Narcotics-Related Financial Crimes.

**Criminal Investigation Management Information System (CIMIS)** – A database that tracks the status and progress of criminal investigations and the time expended by special agents.

**Direct Investigative Time** – Time spent by special agents conducting investigations and other law enforcement activities.

**Discontinued Investigation** – A subject investigation that resulted in a determination there was no prosecution potential.

**Elapsed Days** – The number of days between the initiation of a subject investigation to another date such as the date discontinued or date referred for prosecution.

**Field Special Agent** – A special agent in 1 of the CI function's 35 field offices.

**Fraud Detection Center** – A CI function organization responsible for identifying and detecting refund fraud, preventing the issuance of false refunds, and providing support for the CI function field offices.

**Grand Jury Investigation** – Investigation conducted through the use of a Federal grand jury to determine if a subject should be charged with a crime. The use of the Federal grand jury to investigate the potential crime(s) may be initiated by the CI function or by an attorney for the Federal Government.

**Illegal Source Financial Crimes** – Those crimes involving illegally earned income. They include crimes involving money laundering, 18 United States Code (U.S.C.) Sections (§§) 1956 and 1957, sections of U.S.C. Title 31, Money and Finance, and U.S.C. Title 26 violations investigated in conjunction with other agencies.

**Inventory/Agent** – The number of open subject investigations divided by the number of field special agents whose salary grade level is 13 or below and having various position descriptions including those of coordinator and reviewer.

**Legal Source Tax Crimes** – Those crimes involving legal industries and occupations and legally earned income.



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**Narcotics-Related Financial Crimes** – Those crimes involving tax and money laundering that are related to narcotics and drug trafficking.

**Primary Investigation** – An evaluation of an allegation that an individual or entity is in noncompliance with the internal revenue laws and related financial crimes.

**Referred for Prosecution** – A subject investigation that resulted in the determination of prosecution potential referred to the Department of Justice.

**Special Agent** – CI function law enforcement employee who investigates potential criminal violations of the internal revenue laws and related financial crimes.

**Subject Investigation** – An investigation of an individual or entity alleged to be in noncompliance with the laws enforced by the Internal Revenue Service and having prosecution potential.

**Subject Seizure Investigation** – An investigation to locate and seize assets that are subject to seizure or forfeiture under various U.S.C. titles and sections such as 26 U.S.C. § 7302 or 18 U.S.C. §§ 981, 982, or 984.

**Tax-Related Violation** – A violation involving a Title 26 section or one of the following Title 18 sections: § 286, § 287, or § 371 associated with a Title 26 violation, or § 371 associated with a Title 26 and a Title 31 violation.

**Title 18** – U.S.C. Title 18, Crimes and Criminal Procedure. Various sections of Title 18 apply to violations that are within the jurisdiction of the CI function. Examples include § 286, Conspiracy to Defraud the Government with Respect to Claims; § 287, False, Fictitious, or Fraudulent Claims; § 371, Conspiracy to Commit Offense or to Defraud United States; and §§ 1956 and 1957, Laundering of Monetary Instruments and Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity. The most common section investigated under this statute is money laundering.

**Title 26** – U.S.C. Title 26, Internal Revenue Code.

**Title 31** – U.S.C. Title 31, Money and Finance. Several sections of Title 31 apply to violations that are within the jurisdiction of the CI function. Examples include § 5322, Criminal Penalties (for willful violations of Title 31 sections), and § 5324, Structuring Transactions to Evade Reporting Requirement Prohibited.

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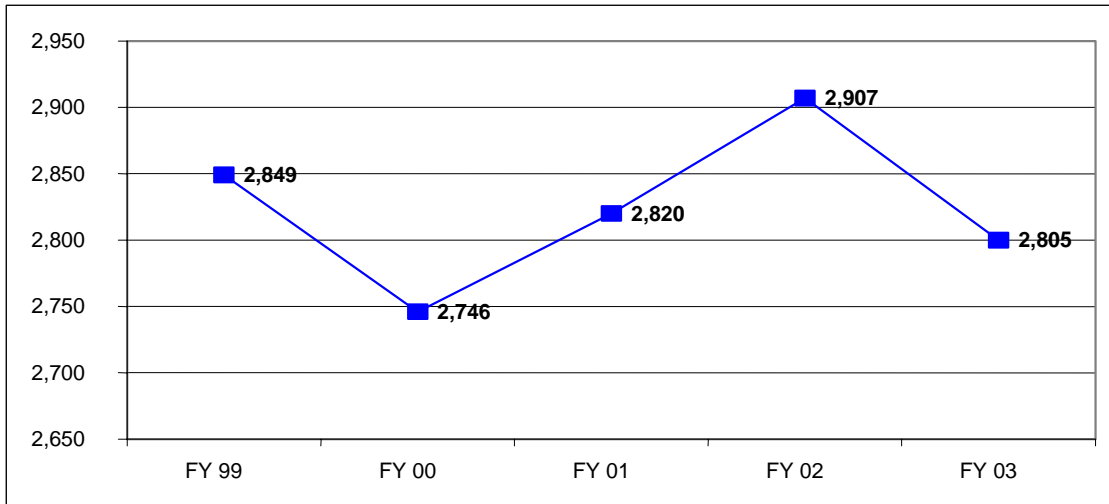
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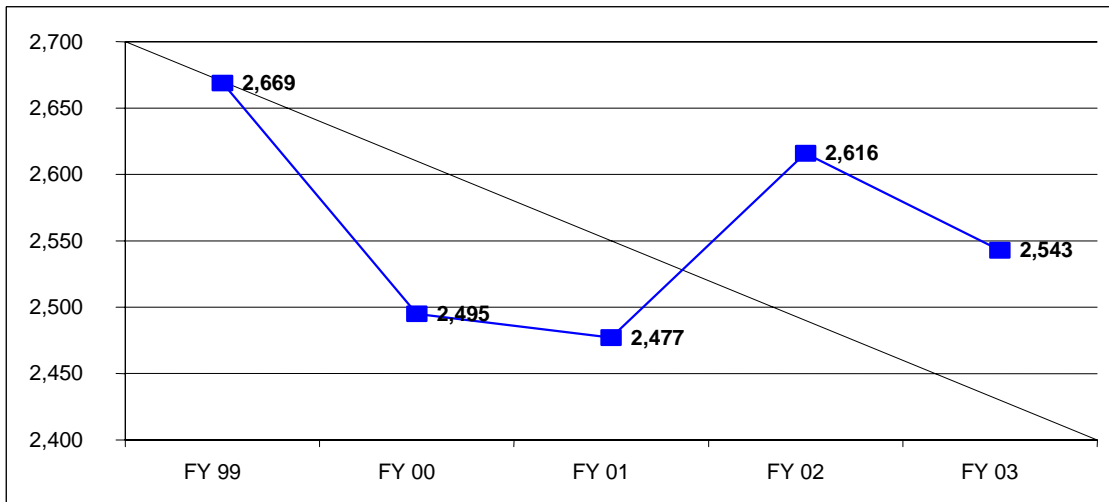
## Statistical Portrayal of the Criminal Investigation Function's Enforcement Activities From Fiscal Year 1999 Through Fiscal Year 2003

**Figure 1: Special Agent Staffing at the End of Each Fiscal Year.**



Source: Internal Revenue Service (IRS) Data Books, Publication 55B.

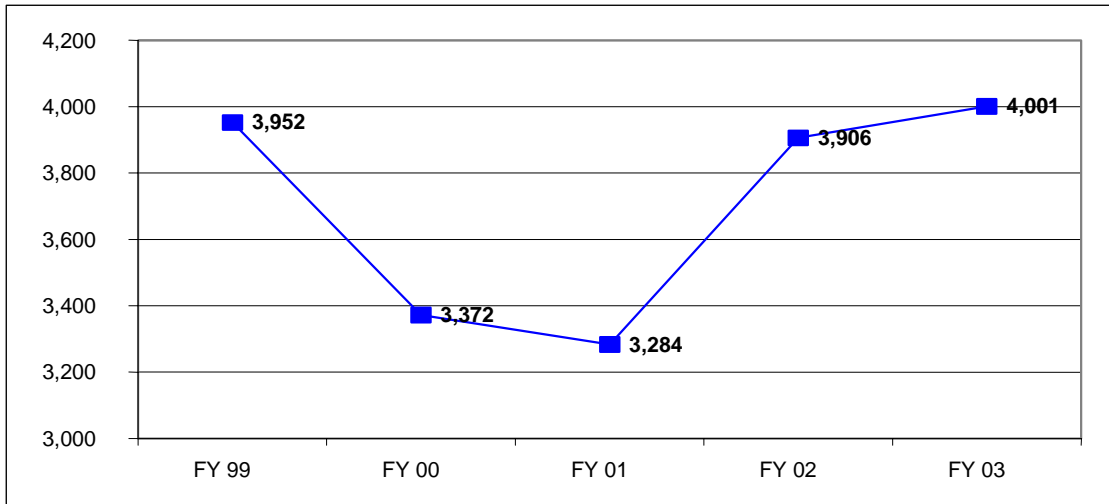
**Figure 2: Field Special Agent Staffing at the End of Each Fiscal Year.**



Source: The Criminal Investigation (CI) function's Business Performance Review reports.

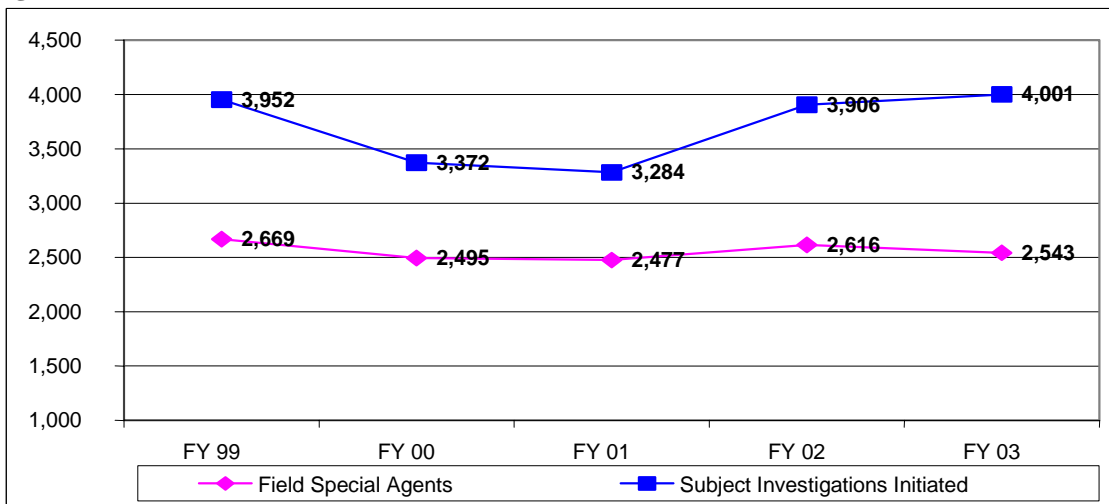
## Statistical Portrayal of the Criminal Investigation Function's Enforcement Activities From Fiscal Year 1999 Through Fiscal Year 2003

**Figure 3: Number of Subject Investigations Initiated Each Fiscal Year.<sup>1</sup>**



Source: IRS Data Books, Publication 55B.

**Figure 4: Field Special Agent Staffing at the End of Each Fiscal Year and the Number of Subject Investigations Initiated Each Fiscal Year.**

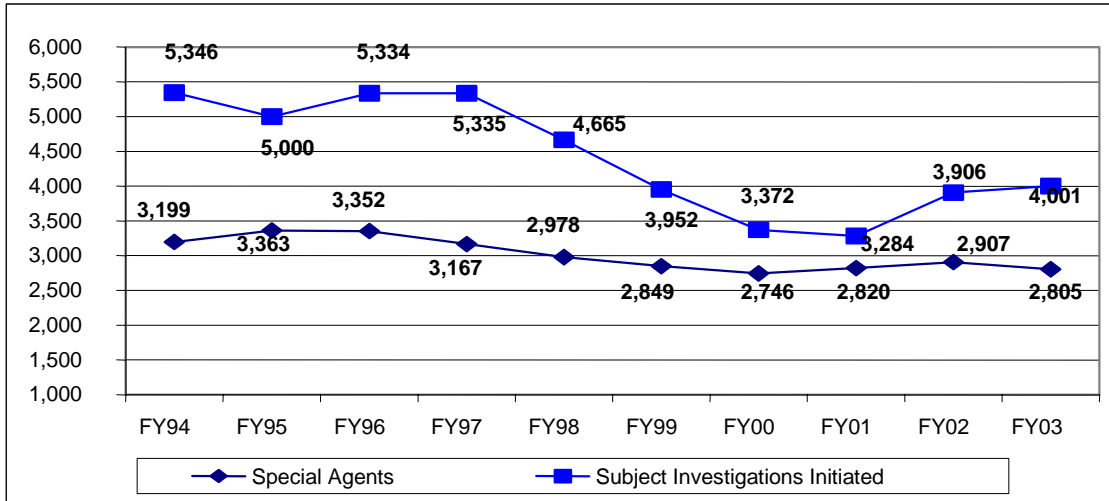


Source: IRS Data Books, Publication 55B, for subject investigations initiated. The CI function's Business Performance Review reports for field special agent staffing.

<sup>1</sup> Since actions on a specific subject investigation may cross fiscal years, the data shown in charts may not always represent the same universe of investigations shown in other charts.

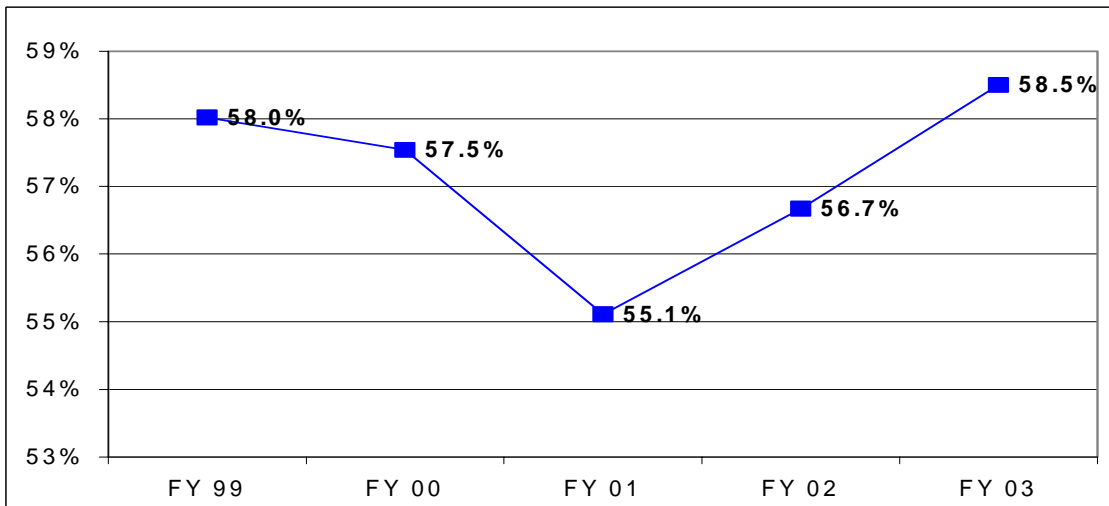
## Statistical Portrayal of the Criminal Investigation Function's Enforcement Activities From Fiscal Year 1999 Through Fiscal Year 2003

**Figure 5: Special Agent Staffing at the End of Each Fiscal Year and the Number of Subject Investigations Initiated Each Fiscal Year: 10-Year Trend.**



Source: IRS Data Books, Publication 55B. CI function enforcement statistics derived from the IRS Internet web site for Fiscal Years 1994 through 1998 subject investigations initiated.

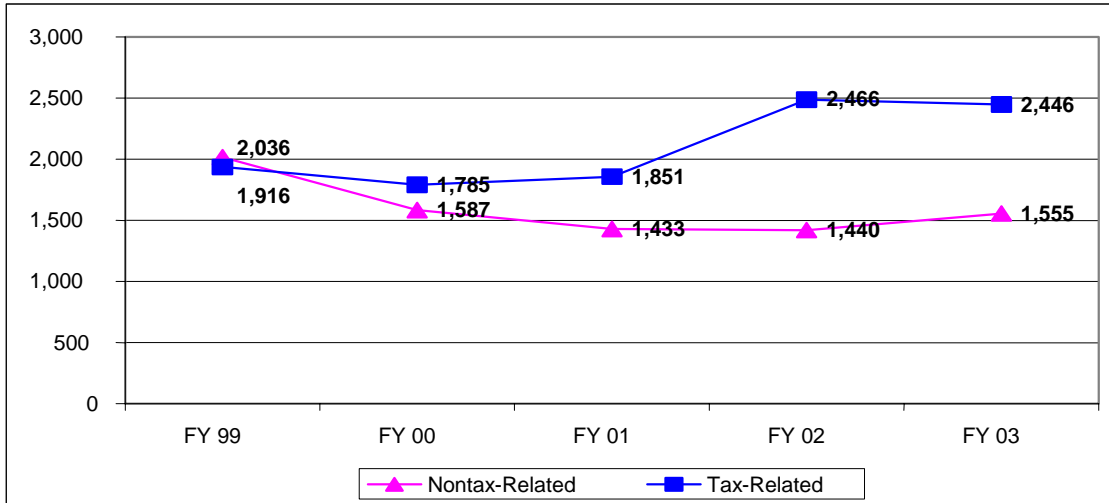
**Figure 6: Special Agent Direct Investigative Time Expended Each Fiscal Year.**



Source: Criminal Investigation Management Information System (CIMIS) Report 2, Total Time by Criminal Investigation Program and Activity.

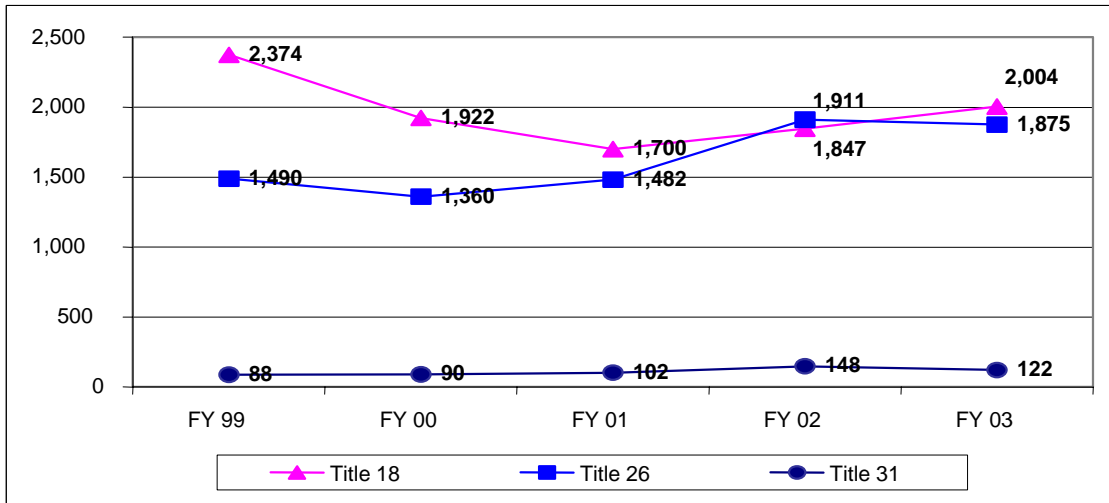
## Statistical Portrayal of the Criminal Investigation Function's Enforcement Activities From Fiscal Year 1999 Through Fiscal Year 2003

**Figure 7: Number of Subject Investigations Initiated Each Fiscal Year for a Tax-Related or Nontax-Related Violation.**



Source: CI function enforcement statistics derived from the IRS Internet web site.

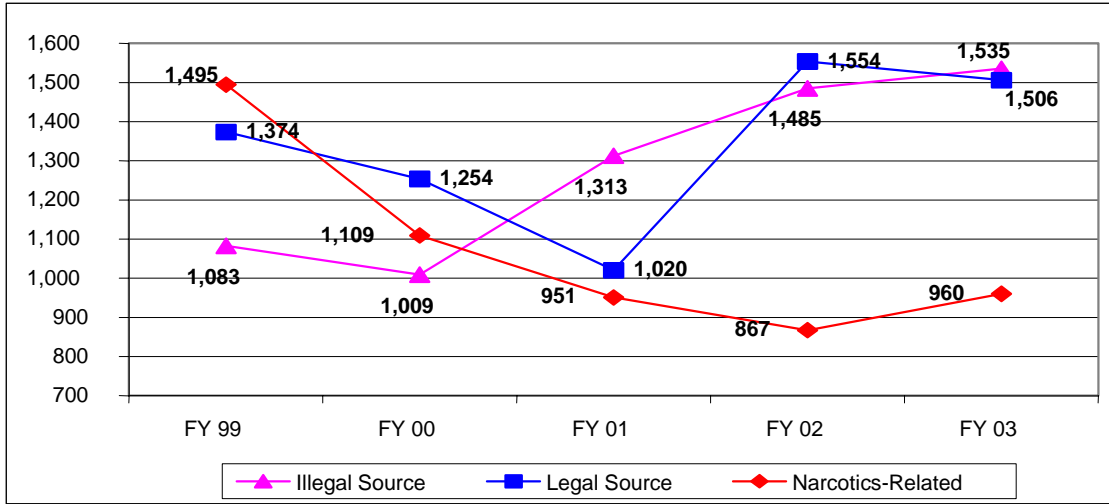
**Figure 8: Number of Subject Investigations Initiated Each Fiscal Year by Principle United States Code Title.**



Source: CIMIS Report 11, Program Summary Analysis.

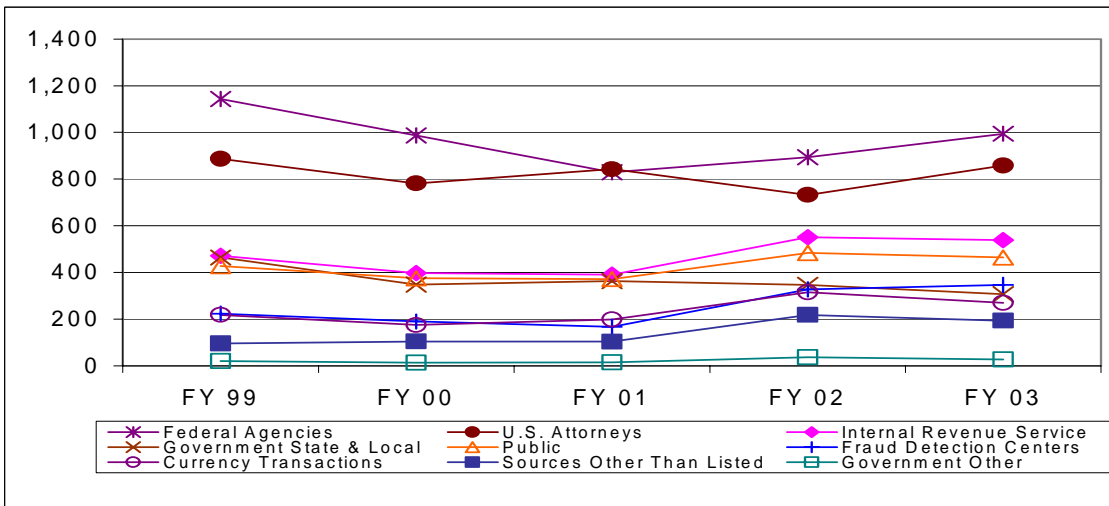
## Statistical Portrayal of the Criminal Investigation Function's Enforcement Activities From Fiscal Year 1999 Through Fiscal Year 2003

**Figure 9: Number of Subject Investigations Initiated Each Fiscal Year by Compliance Strategy Program.**



Source: IRS Data Books, Publication 55B. The CI function's Business Performance Review report for Fiscal Year 1999.

**Figure 10: Number of Subject Investigations Initiated Each Fiscal Year by Source of the Allegation or Information.**

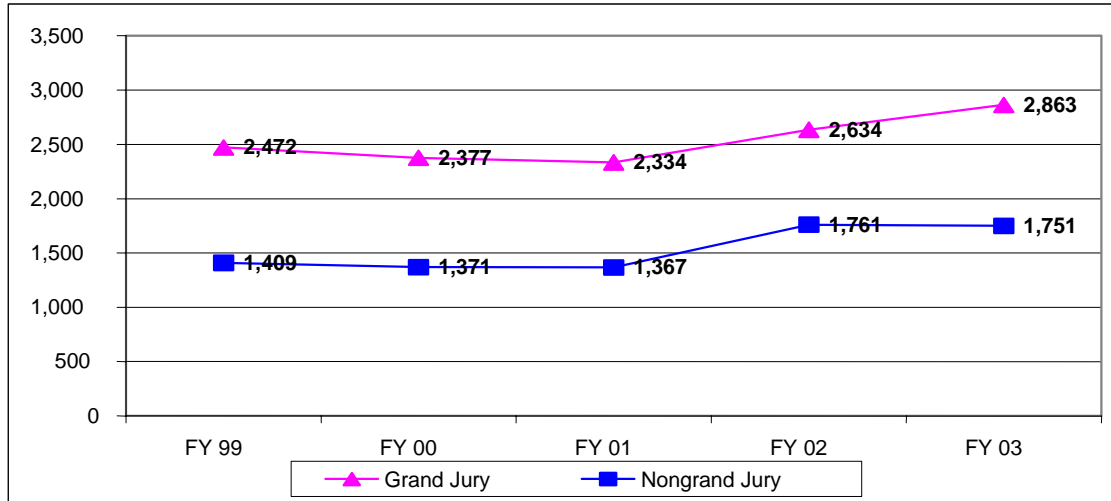


Source: CIMIS Report 11, Program Summary Analysis. The CIMIS for Fiscal Year 2003.



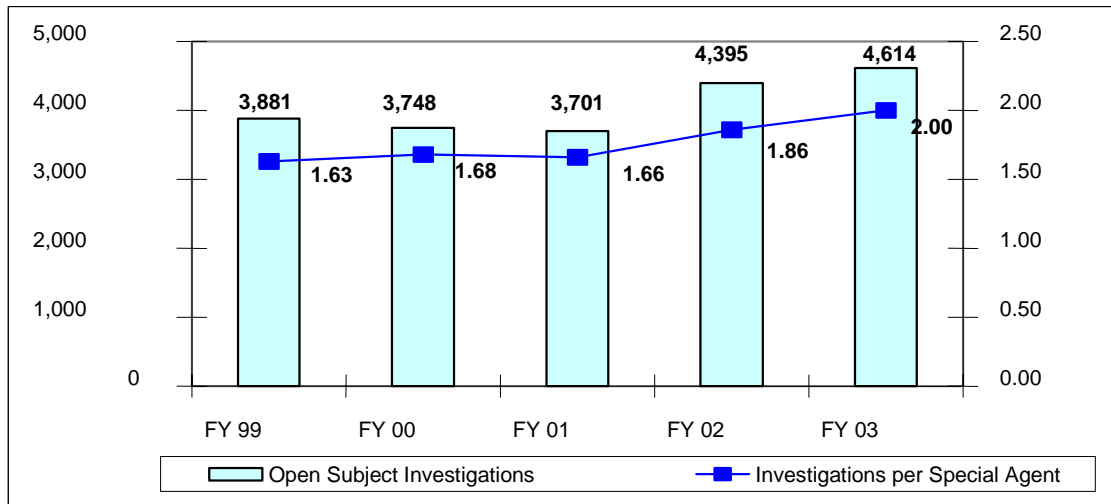
## Statistical Portrayal of the Criminal Investigation Function's Enforcement Activities From Fiscal Year 1999 Through Fiscal Year 2003

**Figure 11: Number of Open Subject Investigations at the End of Each Fiscal Year by Type of Investigation: Grand Jury or Nongrand Jury Investigation.**



Source: CIMIS Report 11, Program Summary Analysis.

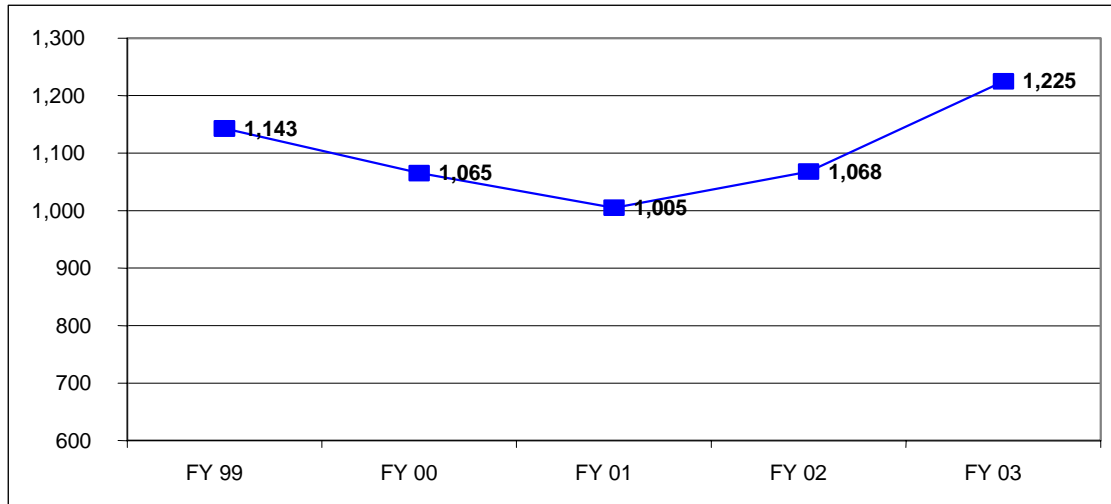
**Figure 12: Number of Open Subject Investigations at the End of Each Fiscal Year and the Number per Nonsupervisory Special Agent in Field Offices.** Special agents may have other investigations assigned concurrently with open subject investigations such as primary investigations, subject seizure investigations, and subject investigations that have been referred for prosecution.



Source: CIMIS Report 11, Program Summary Analysis, for the number of open subject investigations. The CI function's Nation Criminal Investigation Statistics report for the number of open subject investigations per nonsupervisory special agent in field offices.

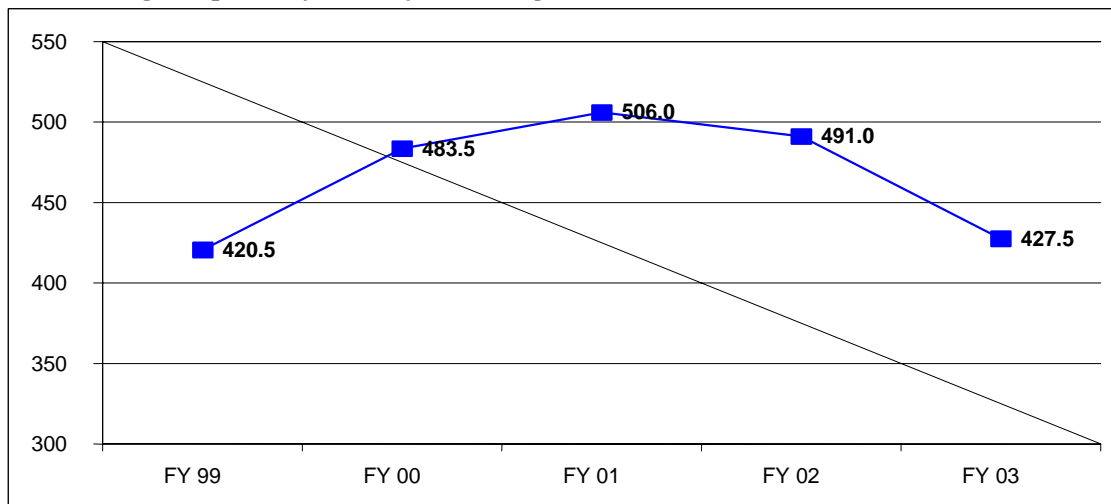
## Statistical Portrayal of the Criminal Investigation Function's Enforcement Activities From Fiscal Year 1999 Through Fiscal Year 2003

**Figure 13: Number of Subject Investigations Discontinued Each Fiscal Year.**



Source: IRS Data Books, Publication 55B.

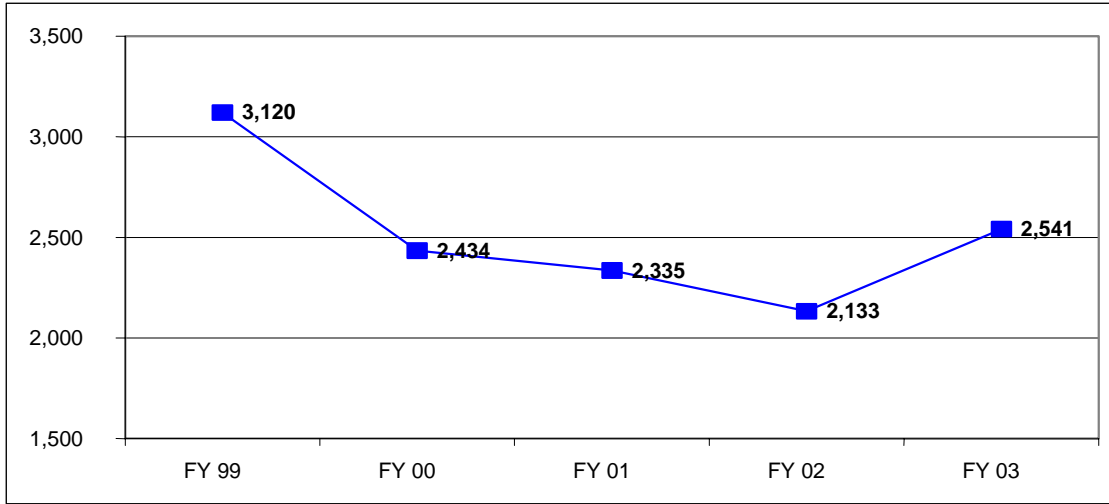
**Figure 14: Average Elapsed Days of Subject Investigations Discontinued Each Fiscal Year.**



Source: CIMIS Report 11, Program Summary Analysis.

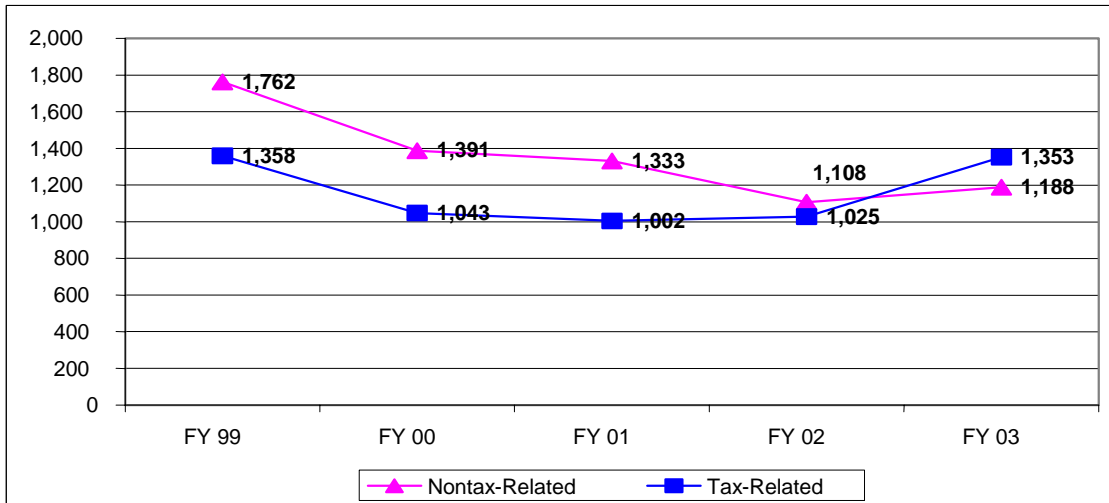
**Statistical Portrayal of the Criminal Investigation Function's  
Enforcement Activities From Fiscal Year 1999 Through Fiscal Year 2003**

**Figure 15: Number of Subject Investigations Referred for Prosecution Each Fiscal Year.**



Source: IRS Data Books, Publication 55B.

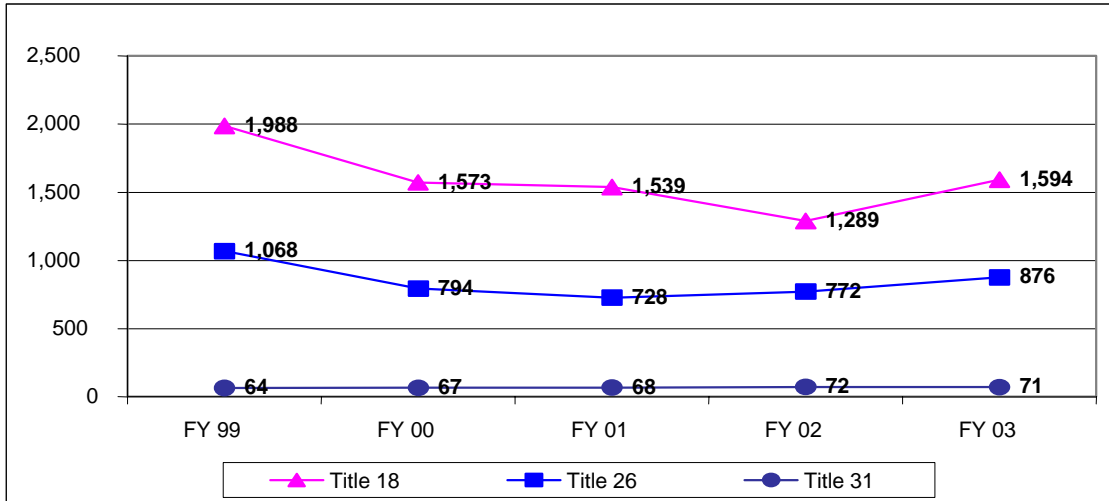
**Figure 16: Number of Subject Investigations Referred for Prosecution Each Fiscal Year for a Tax-Related or Nontax-Related Violation.**



Source: CI function enforcement statistics derived from the IRS Internet web site.

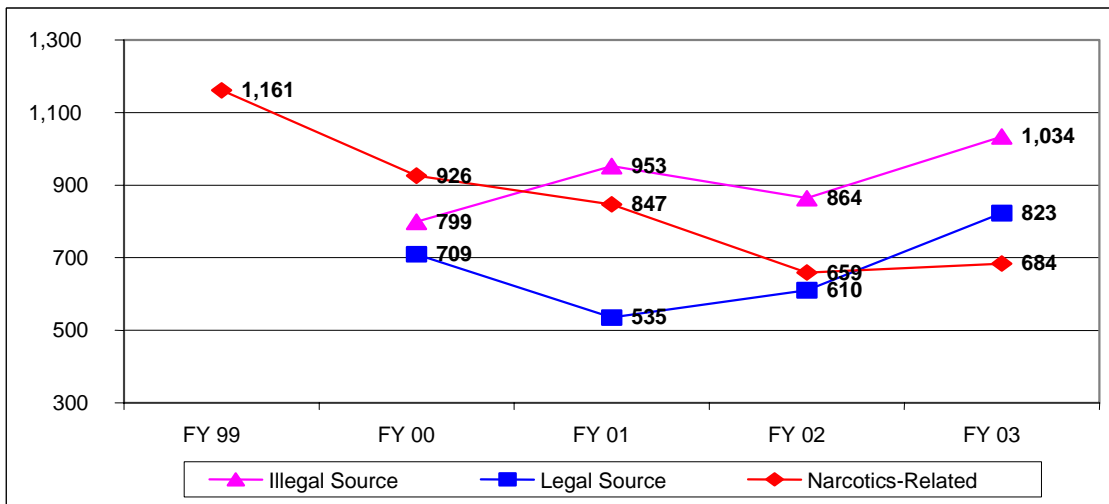
## Statistical Portrayal of the Criminal Investigation Function's Enforcement Activities From Fiscal Year 1999 Through Fiscal Year 2003

**Figure 17: Number of Subject Investigations Referred for Prosecution Each Fiscal Year by Principle United States Code Title.**



Source: CIMIS Report 11, Program Summary Analysis.

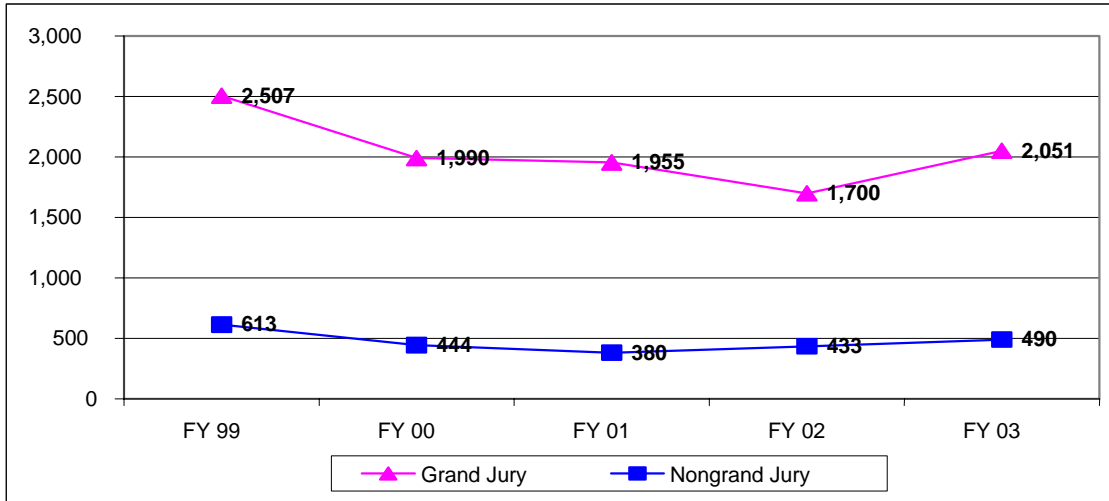
**Figure 18: Number of Subject Investigations Referred for Prosecution Each Fiscal Year by Compliance Strategy Program.** The numbers of Illegal Source Financial Crimes and Legal Source Tax Crimes were not published for Fiscal Year 1999. In Fiscal Year 1999, the statistics published consisted of the Fraud and Narcotics Programs. The number of Fraud Program subject investigations referred for prosecution in Fiscal Year 1999 was 1,959.



Source: IRS Data Books, Publication 55B.

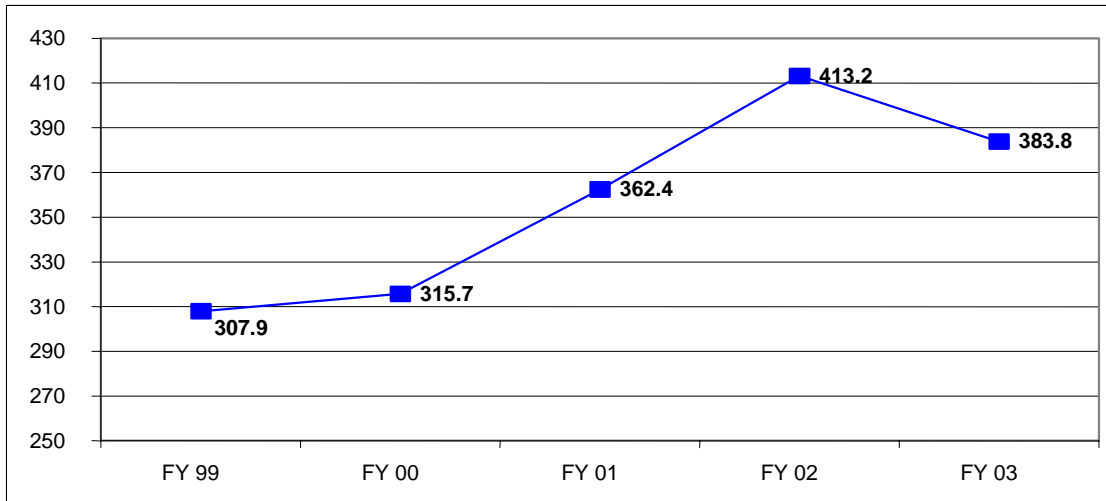
**Statistical Portrayal of the Criminal Investigation Function's  
Enforcement Activities From Fiscal Year 1999 Through Fiscal Year 2003**

**Figure 19: Number of Subject Investigations Referred for Prosecution Each Fiscal Year by Type of Investigation: Grand Jury or Nongrand Jury Investigation.**



Source: CIMIS Report 11, Program Summary Analysis.

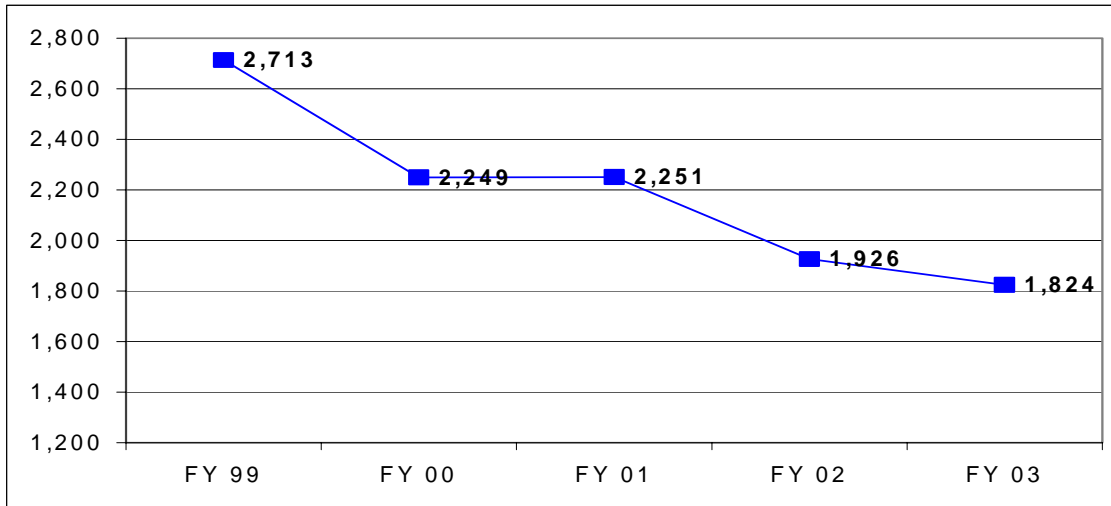
**Figure 20: Average Elapsed Days of Subject Investigations Referred for Prosecution Each Fiscal Year.**



Source: CIMIS Report 11, Program Summary Analysis.

## Statistical Portrayal of the Criminal Investigation Function's Enforcement Activities From Fiscal Year 1999 Through Fiscal Year 2003

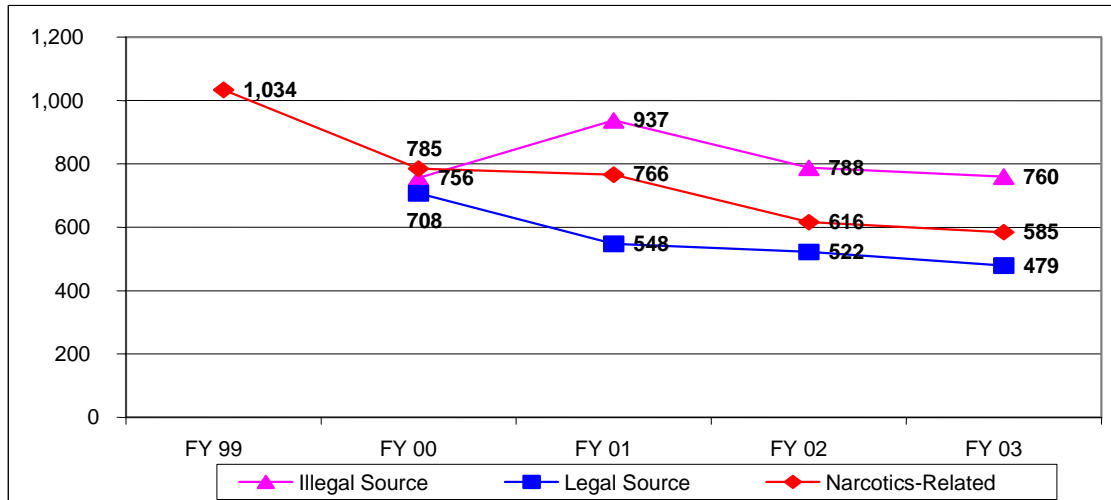
**Figure 21: Number of Subjects Convicted of a Crime Each Fiscal Year.**



Source: IRS Data Books, Publication 55B.

**Figure 22: Number of Subjects Convicted of a Crime Each Fiscal Year by Compliance Strategy Program.**

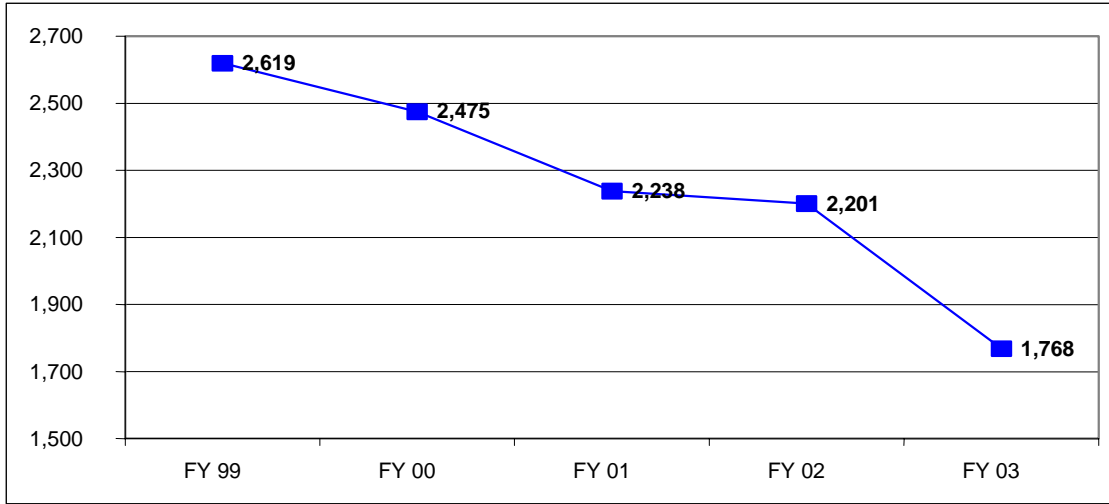
The numbers of Illegal Source Financial Crimes and Legal Source Tax Crimes were not published separately for Fiscal Year 1999. In Fiscal Year 1999, the statistics published consisted of the Fraud and Narcotics Programs. The number of Fraud Program subjects convicted of a crime in Fiscal Year 1999 was 1,679.



Source: IRS Data Books, Publication 55B.

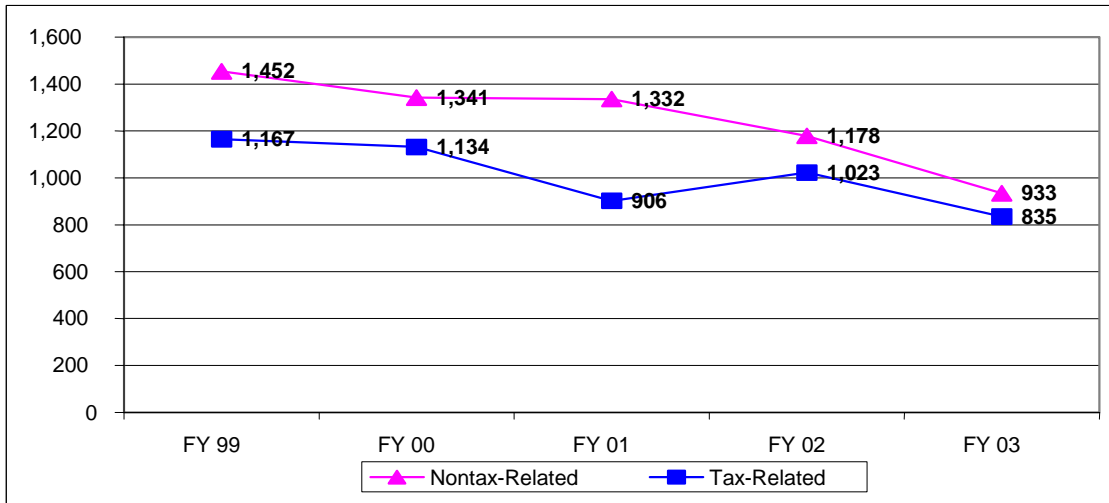
**Statistical Portrayal of the Criminal Investigation Function's  
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**Figure 23: Number of Subjects Sentenced for a Crime Each Fiscal Year.**



Source: IRS Data Books, Publication 55B.

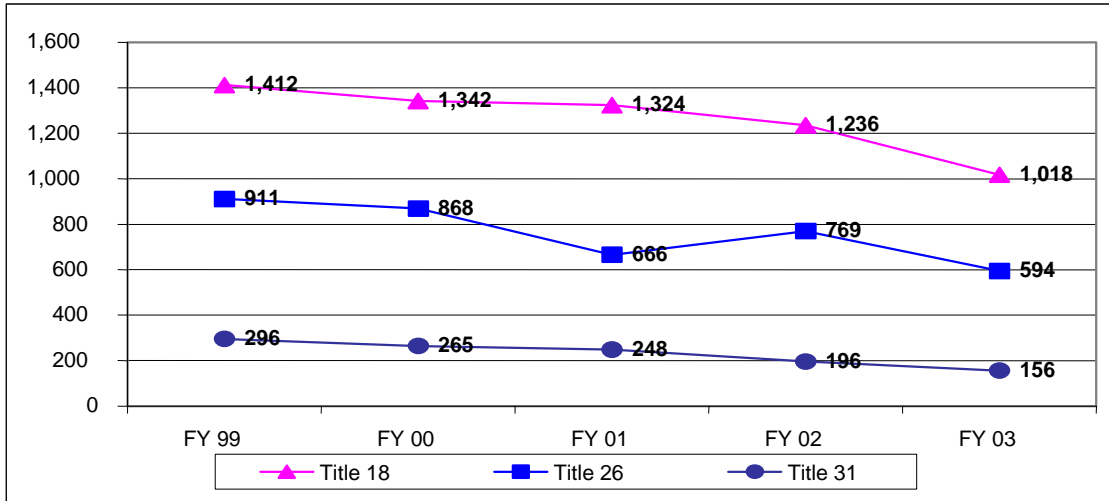
**Figure 24: Number of Subjects Sentenced for a Crime Each Fiscal Year for a Tax-Related or Nontax-Related Violation.**



Source: CI function enforcement statistics derived from the IRS Internet web site.

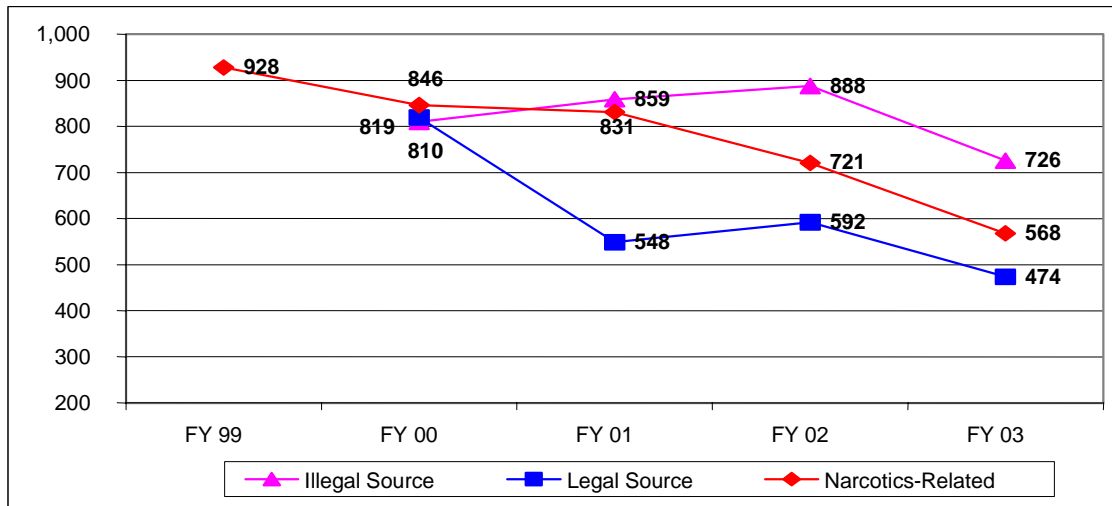
## Statistical Portrayal of the Criminal Investigation Function's Enforcement Activities From Fiscal Year 1999 Through Fiscal Year 2003

**Figure 25: Number of Subjects Sentenced for a Crime Each Fiscal Year by Principle United States Code Title.**



Source: CIMIS Report 11, Program Summary Analysis.

**Figure 26: Number of Subjects Sentenced for a Crime Each Fiscal Year by Compliance Strategy Program.** The numbers of Illegal Source Financial Crimes and Legal Source Tax Crimes were not published separately for Fiscal Year 1999. In Fiscal Year 1999, the statistics published consisted of the Fraud and Narcotics Programs. The number of Fraud Program subjects sentenced for a crime in Fiscal Year 1999 was 1,691.



Source: IRS Data Books, Publication 55B.