

**Criminal
Investigation
Mission**



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



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**CRIMINAL
INVESTIGATION**

**Illegal Source
Financial Crimes**

Program Strategy

PROGRAM RESPONSIBILITIES

- Telemarketing Fraud
- Healthcare Fraud
- Financial Institution Fraud
- Insurance Fraud
- Gaming
- Public Corruption
- Organized Crime Issues

ENFORCEMENT EFFORTS

- Tax Violations
- Money Laundering
- Currency Crimes
- Asset Forfeiture



Focus on Tax

Tax cases involving legally earned income are and continue to be a priority for IRS Criminal Investigation, followed by money laundering and illegal source income cases.

Illegal Source Financial Crimes Strategy

IRS Criminal Investigation's objective in the Illegal Source Financial Crimes Strategy is to identify, investigate, and assist in prosecuting the most significant Illegal Source tax violations, currency,

and money laundering offenders, and tracing their assets domestically and internationally for forfeiture purposes. IRS-CI will continue to stress complete financial investigations in order to identify and document the

foreign and domestic earnings and assets of the individuals and organizations under investigation.

People who commit crimes for financial gain need to disguise their illicit proceeds so they can benefit from their criminal activity without detection. According to the Internal Revenue Code, income derived from any source, including illegally earned income, is subject to income tax. Thus, criminal organizations often go to great lengths to conceal and disguise not only the amount of illegal income earned, but also the source that generated that income. The schemes utilized by these criminal organizations can corrupt the voluntary tax compliance system, undermine the financial system, and disrupt the economy. Some of the schemes include the manipulation of currency reporting requirements, and the layering of financial transactions that are frequently international in scope. For these reasons, money laundering activity involving illicit proceeds is "tax evasion in progress".

PROGRAM STRATEGY OVERVIEW

Money laundering activity and tax evasion are closely related. It is sometimes difficult to determine whether a case is primarily a tax case, a money laundering case, or perhaps both. The same financial investigative skills are required and must be used in developing and investigating both money laundering and tax investigations.

IRS Criminal Investigation's statutory authority and the financial expertise of its special agents have proven extremely useful in financially disrupting and dismantling criminal organizations when employed in conjunction with the efforts of other federal law enforcement agencies. Thus, in cases where the source of proceeds is illegal, IRS-CI will investigate all Title 18, Title 26, and Title 31 violations within its jurisdiction, as appropriate.

IRS Criminal Investigation prioritizes its efforts in currency reporting and money laundering enforcement, concentrating on those investigations where size, scope, and complexity are commensurate with the financial investigative expertise of its special agents.

AREA OF EMPHASIS

Within the Illegal Source Financial Crimes Strategy, Healthcare Fraud has been designated as a national

priority area and receives priority consideration by the 35 IRS-CI field offices across the country.

The Healthcare Fraud Program involves the investigation of schemes that defraud the federal government and private insurance companies of large sums of healthcare dollars. Fraud in the healthcare industry involves conspiracies related to staged accidents, home healthcare, pharmaceuticals, durable medical equipment, patient brokering, and mental health.

In all healthcare related investigations, priority is given to the pursuit of criminal tax charges. Investigations involving Title 26 tax violations may include non-reporting of kickbacks, bribes, other income generated from healthcare fraud, and the fraudulent deduction of fictitious or illegal expenses such as kickback payments.

OTHER PROGRAM AREAS

Telemarketing Fraud – in conjunction with multi-agency task forces, focus on illegal telemarketers who operate by exploiting the trust of consumers.

Financial Institution Fraud – focus on criminal violations involving fraud against banks, savings and loan associations, credit unions, check cashers and stockbrokers.

Insurance Fraud – compliance effort designed to address criminal violations relative to insurance claims and fraud perpetrated against insurance companies. Fraud may occur during the process of selling, buying, underwriting or using insurance.

Organized Crime – focus on organized criminal enterprises that are self-perpetuating, structured and disciplined associations of individuals who combine for the purpose of obtaining monetary gains or profits through illegal means. The groups generally engage in such activities as gambling, loan-sharking, extortion, theft, arson, labor racketeering, pornography, and prostitution.

Gaming – focus on illegal gaming including bookmaking, numbers, and some charitable and Internet gaming.