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# Refund Crimes

IRS Criminal Investigation



# Overview

- CI Strategic Planning
  - “Back To Tax!”
- Statistical Overview
- Refund Crimes



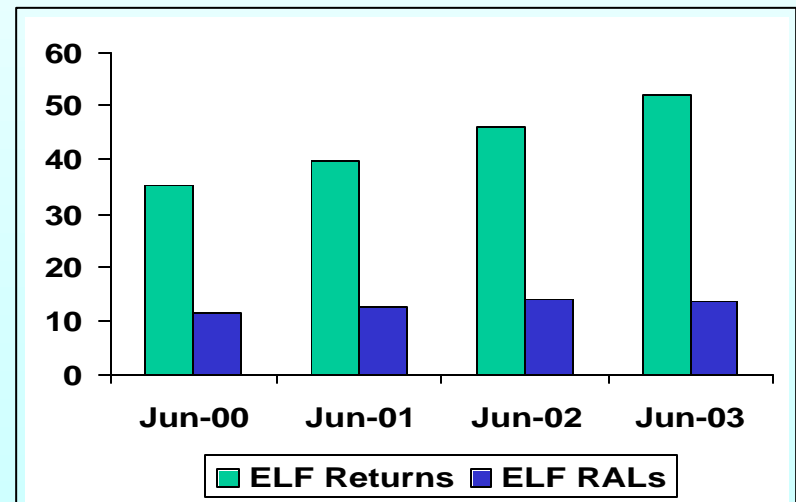
# Emphasis Areas

- e-file Fraud
- Questionable Refund Program
- Return Preparer Program
- Strategy to Deal with Schemes
  - Fraud Detection Centers
  - Private Sector Fraud Controls
  - Public Awareness



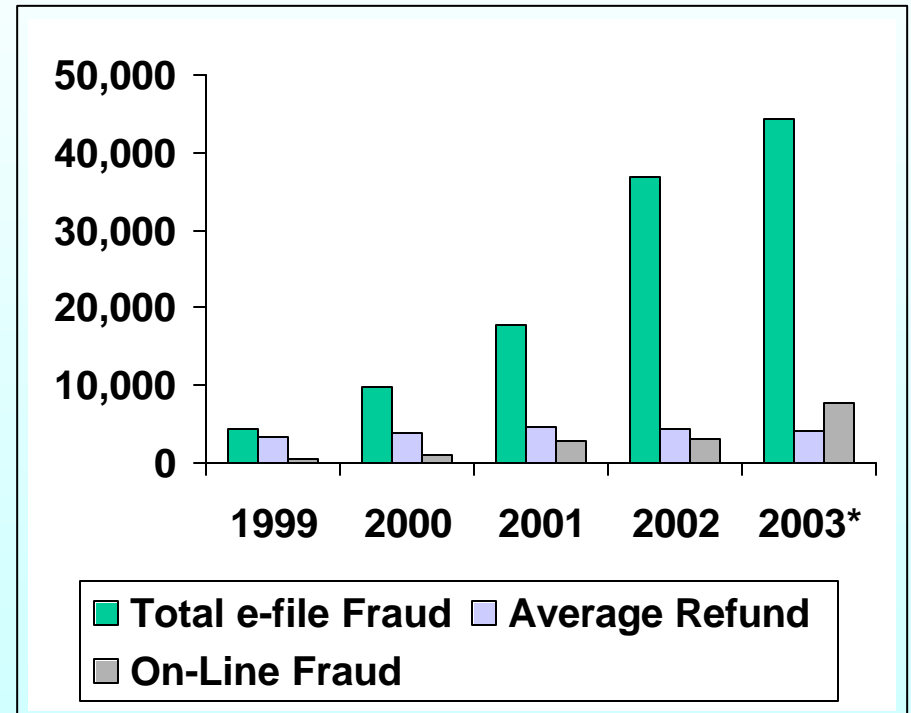
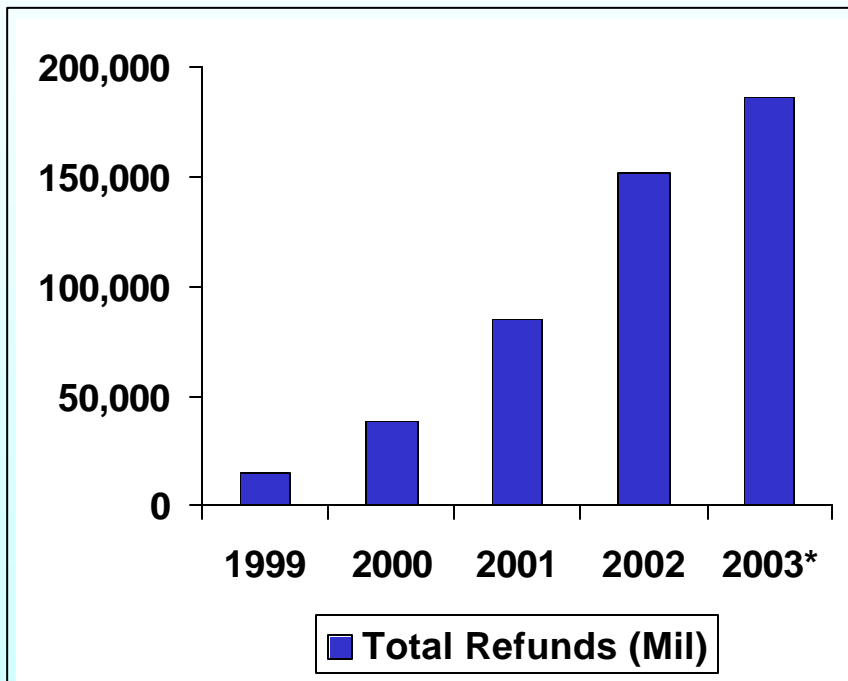
# Fraudulent e-file Returns

- Total e-filed Returns for 2003 Up 12.5%
- Total e-filed RALs for 2003 Down 2.8%
- Fraudulent Return Ratios
  - 1 in 4789 (Jun-00)
  - 1 in 3185 (Jun-01)
  - 1 in 2381 (Jun-02)
  - 1 in 1174 (Jun-03)





# Refunds on Fraudulent e-file Returns

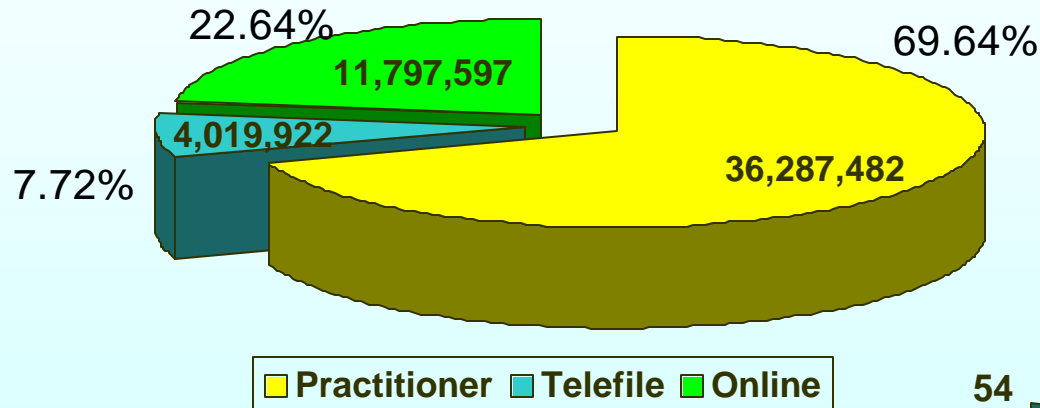


\* June 2003 Figures

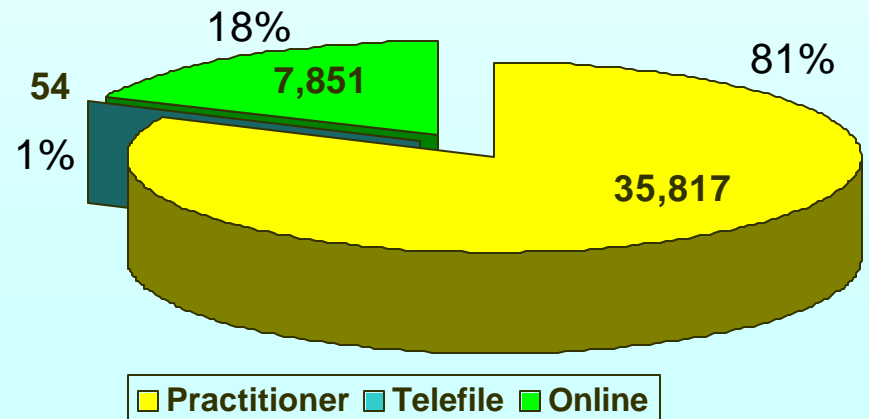


# ELF Return Totals for June 2003

52,105,001 ELF Returns Filed

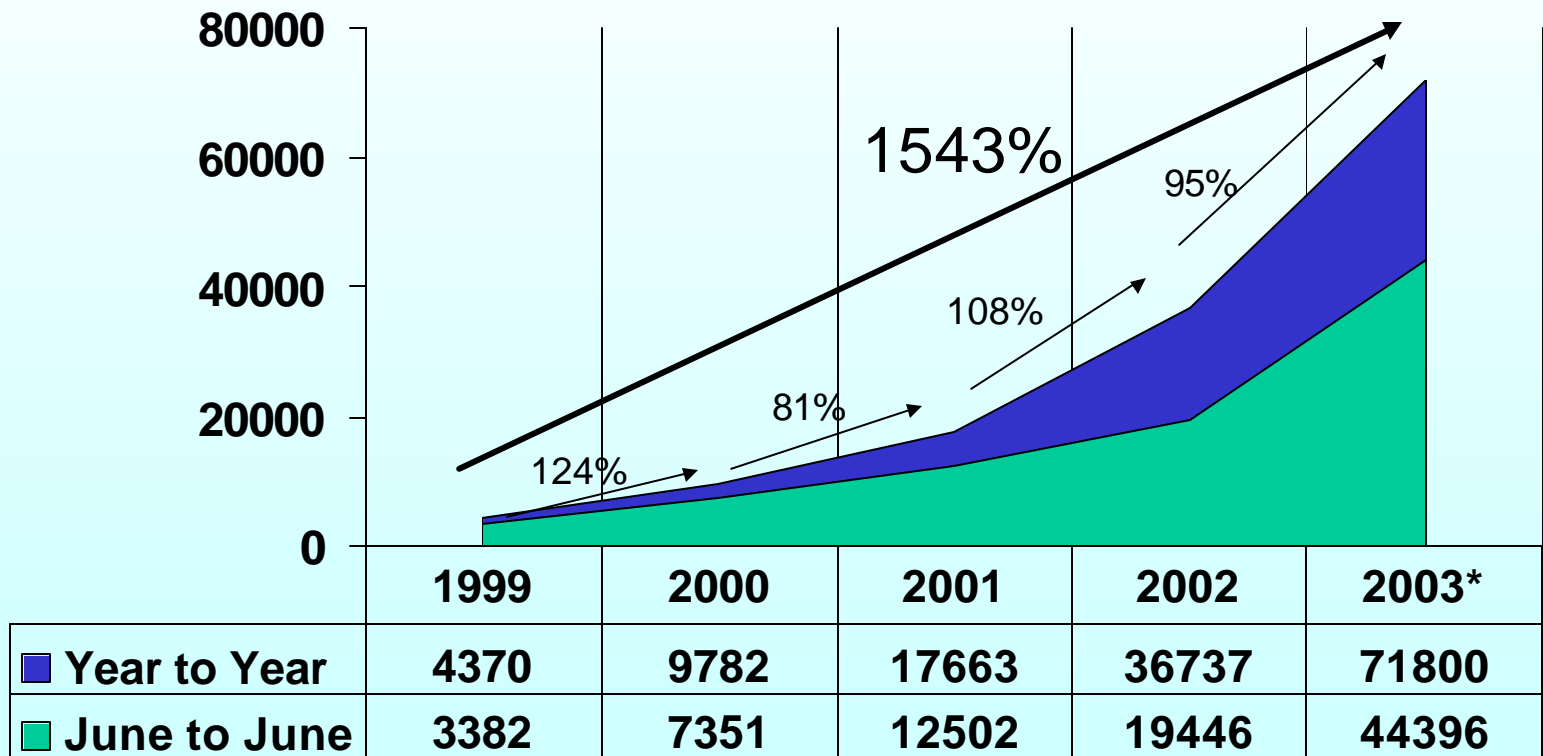


44,396 Total False Returns





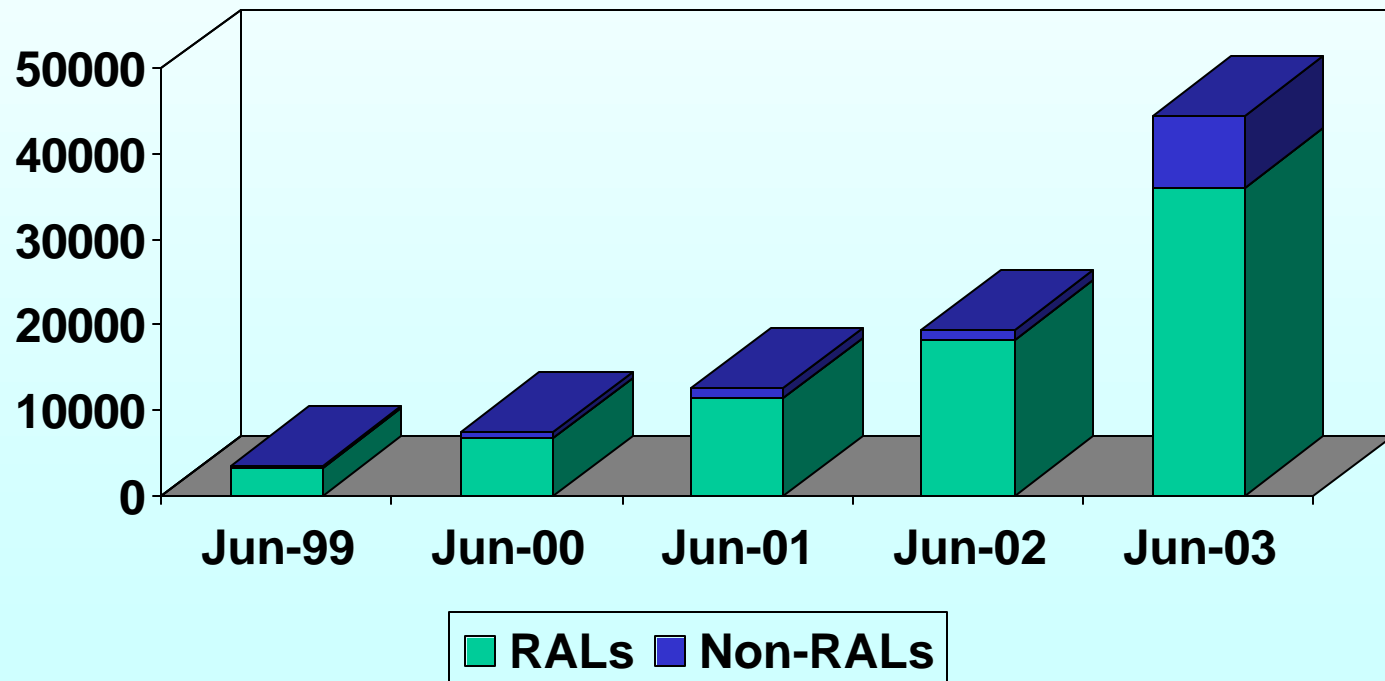
# False e-file Returns





# False e-file Returns with RALs

False e-file Returns







# Questionable Refund Program

	FY 2001	FY 2002	10/1/02 – 6/30/03 FY2003*
<b>Investigations Started</b>	<b>170</b>	<b>328</b>	<b>226</b>
<b>Prosecution Recommendations</b>	<b>113</b>	<b>144</b>	<b>154</b>
<b>Indictments</b>	<b>95</b>	<b>125</b>	<b>134</b>
<b>Convictions</b>	<b>102</b>	<b>100</b>	<b>106</b>



# Return Preparer Program

	FY 2001	FY 2002	10/1/02 – 6/30/03 FY2003*
<b>Investigations Started</b>	<b>116</b>	<b>254</b>	<b>191</b>
<b>Prosecution Recommendations</b>	<b>73</b>	<b>89</b>	<b>124</b>
<b>Indictments</b>	<b>70</b>	<b>61</b>	<b>86</b>
<b>Convictions</b>	<b>63</b>	<b>64</b>	<b>46</b>



# Fraud Detection Centers

- Co-located at each Return Processing Campus
- Electronic Fraud Detection System
- Coordinate Investigations with Field Offices
- Data Mining



# Private Sector Fraud Controls

- Fraud controls need to be improved
- Leads sent to IRS
  - E-Mail: **HQ-ORF@CI.IRS.GOV**
    - Database transmission preferred
  - FAX potentially fraudulent W-2's to the Fraud Detection Centers (FDC's)
  - Fraud Referral Hotline: 1-800-829-0433



# Schemes Identified from Private Sector Leads

- 2003 Filing Season
  - 9,780 fraud referrals as of July 1
  - To date 64% have been verified as fraudulent
  - Refunds of \$21,150,000+ for these verified fraudulent returns.
  - Refunds totaling \$132,000,000+ for schemes that included these returns.



# Schemes Identified from Private Sector Leads

- 2002 Filing Season
  - 5,758 fraud referrals
  - 75% have been verified as fraudulent
  - Refunds of 16,955,000+ for these verified fraudulent returns.
  - Refunds totaling \$96,200,000+ for schemes that included these returns.



# Public Awareness



- [www.irs.gov](http://www.irs.gov)
  - Tax Fraud Alerts
  - Tax Professional’s Section
  - Use of Metatags
- Media Outreach
- Community Outreach



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# Questions?