

Identity Theft Refund Fraud

Cross References

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The IRS has seen a significant increase in refund fraud that involves identity thieves who file false claims for refunds by stealing and using someone's Social Security number. The investigative work done by Criminal Investigation (CI) is a major component of the IRS' efforts to combat tax-related identity theft.

Statistical Data

In fiscal year 2013, the IRS initiated approximately 1,492 identity theft related criminal investigations, an increase of 66% over investigations initiated in FY 2012. Direct investigative time applied to identity theft related investigations has increased 216% over the last two years. Prosecution recommendations, indictments, and those convicted and sentenced for identity theft violations have increased dramatically since FY 2011. Sentences handed down for convictions relating to identity theft have been significant, ranging from two months to 317 months.

	FY 2013	FY 2012	FY 2011
Investigations Initiated	1492	898	276
Prosecution Recommendations	1257	544	218
Indictments/Informations	1050	494	165
Sentenced	438	223	80

Enforcement Efforts

Criminal Investigation is committed to investigating and prosecuting identity thieves who attempt to defraud the federal government by filing fraudulent refund claims using another person's identifying information.

The IRS continues to seek out and identify additional tools and methods to combat the proliferation of tax-related identity theft. Fiscal year 2013 efforts include the following.

Identity theft enforcement sweeps. In January 2013, Criminal Investigation conducted a coordinated identity theft enforcement sweep in collaboration with DOJ-Tax and United States Attorney's Offices throughout the country. This nationwide effort resulted in 734 enforcement actions related to identity theft and refund fraud and involved 389 individuals, 109 arrests, 48 search warrants, and 189 indictments, information and criminal complaints.

Law Enforcement Assistance Program. In March 2013, IRS announced to the public that the Law Enforcement Assistance Program, formerly known as the Identity Theft Pilot Disclosure Program, was expanded nationwide. This program provides for the disclosure

of federal tax return information associated with the accounts of known and suspected identity victims of identity theft with the express written consent of those victims. There are currently more than 300 state/local law enforcement agencies from 35 states participating. For FY 2013, more than 2,400 requests had been received from state and local law enforcement agencies.

Identify Theft Clearinghouse (ITC). The Identity Theft Clearinghouse (ITC) continues to develop and refer identity theft refund fraud schemes to CI Field Offices for investigation. For FY 2013 the ITC had received more than 1,400 identity theft related leads.

Data Processing Center (DPC) identity theft victims list process. This process centralizes identity theft victims' lists and information forwarded to IRS-CI by other federal, state and local agencies during nationwide investigative efforts. The information is analyzed and necessary adjustments are made to accounts of taxpayers that are likely targets of ID theft. The DPC processed over 71.7% more identity records in FY 2013 than it did in FY 2012.

Multi-agency task forces and working groups. CI is the lead agency or actively involved in more than 30 multi-regional task forces or working groups including state/local and federal law enforcement agencies solely focusing on identity theft.

The following are highlights from significant identity-theft cases. All details are based on court documents.

Self-proclaimed "First Lady" of tax fraud sentenced. On July 16, 2013, in Tampa, Florida, Rashia Wilson, was sentenced to 234 months in prison on wire fraud and aggravated identity theft charges stemming from her scheme to defraud the IRS, and to a consecutive 18 months in prison for being a felon in possession of a firearm. Wilson was also ordered to forfeit \$2,240,096, which constituted the proceeds traceable to the offense. According to court documents, from at least April 2009 through their arrests in September 2012, Wilson and her co-conspirator, Maurice J. Larry, engaged in a scheme to defraud the IRS by negotiating fraudulently obtained tax refunds. They did so by receiving U.S. Treasury checks and pre-paid debit cards that were loaded with proceeds derived from filing false and fraudulent federal income tax returns in other persons' names, without those persons' permission or knowledge. Wilson and Larry filed these false and fraudulent federal income tax returns from multiple locations, including Wilson's residence and hotels in the Tampa area. Wilson, Larry, and others then used these fraudulently obtained tax refunds to make hundreds of thousands of dollars worth of retail purchases, to purchase money orders, and to withdraw cash. Larry was sentenced to 174 months in prison and ordered to forfeit \$2,240,096.

Woman sentenced for running stolen identity tax fraud scheme. On July 30, 2013, in St. Louis, Missouri, Tania Henderson was sentenced to 144 months in prison and ordered to pay \$835,883 in restitution to the IRS. Henderson pleaded guilty on April 29, 2013, to theft of government funds and aggravated identity theft. According to her plea agreement and other court documents, Henderson stole the identities of more than 400 individuals, many of whom were deceased, and filed fraudulent tax returns using their names and Social Security account numbers. Between August and November 2012, Henderson

filed 236 fraudulent tax returns. Using a network of family and friends, she would collect refund checks or prepaid debit cards for the refund amounts and liquidate the proceeds of her scheme.

Leaders of multi-million dollar fraud ring sentenced. On May 8, 2012, in Montgomery, Alabama, Veronica Dale and Alchico Grant, who jointly ran a stolen identity refund fraud ring that attempted to defraud the United States of millions of dollars over several years, were sentenced to prison. Veronica Dale was sentenced to 334 months in prison and Alchico Grant was sentenced to 310 months in prison. Dale and Grant were both ordered to pay more than \$2.8 million in restitution to the IRS. In September 2011, Grant pleaded guilty to five charges from two separate indictments, including conspiracy, wire fraud and aggravated identity theft. In October 2011, Dale pleaded guilty to seven charges from two indictments, including conspiracy, filing false claims, wire fraud and aggravated identity theft. According to court documents, beginning in 2009 and continuing through 2010, the defendants were part of a scheme that involved fraudulently obtaining tax refunds by filing false tax returns using stolen identities. Dale admitted that she filed more than 500 fraudulent returns that sought at least \$3,741,908 in tax refunds. These returns were filed using the names of Medicaid beneficiaries, whose personal information Dale obtained while working for a company that serviced Medicaid programs. Dale directed the refunds to different bank accounts that she and other co-conspirators controlled.