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Fake IRS Agent Scam Targets Public, Even Feds, While Identity Theft Tax Fraud Is Rampant

Senate testimony shows just how serious fraudsters are at tax time, and just how easy it is for them to get your tax refund. The plan is frighteningly simple. Steal Social Security numbers, [file tax returns showing false refund claims](#), and have the refunds electronically deposited. Alternatively, send the refund check to an address the fraudster can access. In many cases, the taxpayer whose Social Security number has been compromised will face difficulties when filing a *real* tax return.

But by then the fraudster is long gone. And that simple but widespread identity theft scam isn't the only one plaguing the American taxpayer right now. There is also a massive phone scam in which an impostor claiming to work for the IRS calls and intimidates you. You need to pay right away, and many do. The calls are pretty convincing. Even government tax officials have received them.

The Treasury inspector general has already received more than 366,000 complaints. Most people find the calls unsettling but don't pay, but more than 3,000 people have been conned out of a total of \$15.5 million. The alarming figures were presented to the Senate Finance Committee. Tax season is prime time for tax scams, and this year ranks as the worst with the most pervasive scams.



Identity theft remains the biggest problem, with false tax returns filed using stolen Social Security numbers. In other cases, the Social Security number is from a deceased taxpayer or someone else from whom no tax return is due. Names and Social Security numbers are stolen at medical firms, prisons, and hospitals by dishonest employees who are often paid for the information. Postal workers have been robbed, and in one instance, murdered to get refund checks.

With a high potential for easy money and low physical risk, stolen identity refund fraud is a new crime of choice for drug dealers and gangs. The feds are cracking down, but catching and prosecuting the criminals isn't easy. In June 2014, a Miami man was sentenced to 10 years in prison for stealing identities and then filing false returns that requested over \$13 million in false refunds. In December 2014, a Tennessee woman was sentenced to 102 months in prison.

In January 2015, a Maryland woman and former bank employee, was sentenced to 87 months in prison for her role in a massive and sophisticated identity theft and tax fraud network involving more than 130 individuals. She is among approximately a dozen people who have pleaded guilty in a case involving at least 12,000 fraudulent tax returns seeking refunds of at least \$40 million.

In October 2013, a U.S. postal employee in Alabama was sentenced to 111 months in prison for his role in a stolen identity refund scheme. The mail carrier used mailing addresses on his postal route to send debit cards loaded with false refunds. Other defendants obtained the stolen identities used on the returns from the Alabama Department of Corrections. The defendants filed hundreds of fraudulent tax returns claiming over \$1 million in false refunds.

The feds are pushing hard in these cases. [Directive 144](#) delegates to local U.S. Attorneys' Offices the authority to initiate tax-related grand jury investigations with the customary approval from the Tax Division of the Justice Department. Seizure warrants for forfeiture of criminally-derived proceeds can also be streamlined in the same way. But even so, the worry is that the government is not making a dent in this growing criminal epidemic that is hurting taxpayers and hurting the tax system.

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