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Description of document: Treasury Inspector General for Tax Administration (TIGTA) Weekly Activity Reports, 2011-2014

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Source of document: Office of Chief Counsel Disclosure Branch  
Treasury Inspector General for Tax Administration  
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INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

September 30, 2014

This is in response to your June 1, 2014 Freedom of Information Act (FOIA) request seeking access to records maintained by the Treasury Inspector General for Tax Administration (TIGTA). Specifically, you are seeking "the TIGTA Weekly Activity Reports for the time period January 1, 2011 through the present." We received your FOIA request on June 17, 2014.

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of the FOIA. See 5 U.S.C. § 552(c) (2006 & Supp. IV 2010). This response is limited to those records that are subject to the requirements of the FOIA. This is a standard notification that is given to all our requesters and should not be taken as an indication that excluded records do, or do not, exist.

We have located six hundred one (601) pages of records responsive to your request, and we are releasing the records to you in full. See copy enclosed.

Since the cost incurred for processing this FOIA request is less than \$25.00, the threshold set by Treasury's FOIA regulation, we are not assessing any fees.

If you have any questions, please contact Government Information Specialist Diane Bowers at 202-927-7043 and refer to case #2014-FOI-00195.

Sincerely,

Diane K. Bowers  
(For) Amy P. Jones  
Disclosure Officer

Enclosures





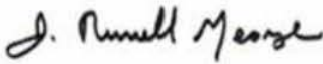
INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

June 25, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM:

J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of June 29, 2014

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Rhode Island Man Found Guilty for Threatening to Murder an IRS Employee and Family Member**

On May 23, 2014, in the District of Rhode Island, Andrew Calcione was found guilty in a bench trial<sup>1</sup> for retaliating against a Federal official with threats and for threatening the official's family member.<sup>2</sup>

According to court documents, Calcione knowingly and intentionally threatened to assault and murder an Internal Revenue Service (IRS) Revenue Agent, as well as the Revenue Agent's immediate family member. Calcione made such threats with the intent to impede, intimidate, and interfere with the official duties of the IRS employee and to retaliate against the employee on account of the employee's performance of official IRS business.<sup>3</sup>

An IRS examination of Calcione's 2008-2010 Federal tax returns had resulted in an estimated tax liability of \$300,000. Calcione previously operated his own insurance and financial services business in Rhode Island, but the Rhode Island Department of Business Regulation had taken action against his Insurance Producer's License. A few days after Calcione was contacted by the IRS Revenue Agent regarding the ongoing examination of his tax returns, Calcione left a voice mail message that contained threatening statements on the Revenue Agent's business telephone. The threat was clear, unambiguous, and frighteningly detailed. In summary, Calcione said he was going to show up where the Revenue Agent lives the next time he called. The message further contained a threat to torture the Revenue Agent, rape and kill his wife, then murder his child in front of him, all before ultimately killing the Revenue Agent.<sup>4</sup>

Calcione's sentencing is scheduled for September 11, 2014.<sup>5</sup>

**Threat Reports from June 15, 2014 through June 21, 2014**

Between June 15, 2014 and June 21, 2014, the Office of Investigations responded to 42 threat incidents directed at the IRS and its employees.

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<sup>1</sup> D R.I. Docket filed Jan. 15, 2014.

<sup>2</sup> D R.I. Indict. filed Jan. 15, 2014.

<sup>3</sup> *Id.*

<sup>4</sup> D R.I. Government's Pretrial Memorandum filed Apr. 30, 2014.

<sup>5</sup> D R.I. Docket filed Jan. 15, 2014.

*The following final reports from the Office of Inspections and Evaluations has been issued and is pending public release:*

**Subject: Internal Revenue Service's Compliance With the Lautenberg Amendment (Reference Number: 2014-IE-R008)** – Final report issued June 23, 2014.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

June 18, 2014

INFORMATION MEMORANDUM FOR SECRETARY LEW

FROM:

J. Russell George

A handwritten signature in dark ink, appearing to read "J. Russell George".

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of June 22, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**California Man Found Guilty for Retaliating Against IRS Employees**

On May 27, 2014, in the Eastern District of California, James O. Molen was found guilty on all counts of a 2012 Indictment.<sup>1</sup> The five-count Indictment charged Molen with retaliating against Federal officers, corruptly impeding the due administration of the Internal Revenue laws, and contempt of court.<sup>2</sup>

According to court documents, from 2003 to 2010, Molen, a resident of Chico, California, corruptly endeavored to impede the due administration of the Internal Revenue laws by recording liens against Federal judges and Executive Branch employees, making false and frivolous statements to the Internal Revenue Service (IRS), and offering a fictitious instrument as payment to the IRS, among other things.

Molen retaliated against two IRS Revenue Officers by filing false liens and encumbrances against their personal property in public records. Molen did so because of the Revenue Officers' performance of their official duties, knowing the liens and encumbrances were false and fictitious. Additionally, Molen filed Uniform Commercial Code Financing Statements with the California Secretary of State, purporting to secure debts owed by the same two IRS Revenue Officers.<sup>3</sup>

The contempt of court charges against Molen stemmed from a 2007 civil judgment, wherein he was permanently forbidden from filing any documents or instruments that purported to create a nonconsensual encumbrance against a Government employee.<sup>4</sup> Molen knowingly and willfully disobeyed this order by filing documents against the IRS Revenue Officers in February 2010.<sup>5</sup>

Molen was remanded to custody upon the conclusion of trial. His sentencing is scheduled for August 21, 2014.<sup>6</sup>

**Threat Reports from June 8, 2014, through June 14, 2014**

Between June 8, 2014 and June 14, 2014, the Office of Investigations responded to 47 threat incidents directed at the IRS and its employees.

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<sup>1</sup> E.D. Cal. Verdict filed May 27, 2014.

<sup>2</sup> E.D. Cal. Indictment filed Jul. 12, 2012.

<sup>3</sup> *Id.*

<sup>4</sup> E.D. Cal. Order filed Feb. 26, 2007 Re: 2:06-cv-00a614-LKK-KJM.

<sup>5</sup> E.D. Cal. Indictment filed Jul. 12, 2012.

<sup>6</sup> E.D. Cal. Verdict filed May 27, 2014.

*The following final audit report has been issued and is awaiting public release:*

**Subject: Implementation of Fiscal Year 2013 Sequestration Budget Reductions  
(Reference No. 2014-10-025)**





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

June 11, 2014

INFORMATION MEMORANDUM FOR SECRETARY LEW

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of June 15, 2014

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Briefings/Hearings**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Oakland Woman Indicted for Claiming to be an IRS Special Agent in Connection with Her Scheme**

On May 16, 2014, in the Northern District of California, an indictment was unsealed<sup>1</sup> charging Leah Shelbourne-Turner with Impersonation of an Officer of the United States, Aggravated Identity Theft, Mail Fraud, and Wire Fraud.

According to the indictment, Shelbourne-Turner, a resident of Oakland, devised a scheme to obtain money by means of fraudulent representations and demands, and used the identities of others to file false tax returns for refunds. As part of her scheme, Shelbourne-Turner pretended to be an Internal Revenue Service (IRS) Special Agent working at the Ronald V. Dellums Federal Building in Oakland, California, and used such representation to obtain means of identification, demand fees, and file fraudulent income tax refunds. Shelbourne-Turner presented herself to be “licensed” and claimed to run a tax return business out of her apartment.

Using her alias as an IRS Special Agent, Shelbourne-Turner attracted clients at her apartment complex and a laundromat, and through referrals. She charged her preparation fees directly from the tax refund or by wire transfer, or directed the IRS to deposit the refunds into her account, so she would receive the funds instead of her clients.

Shelbourne-Turner further used identification obtained from clients to file false Federal income tax returns with the IRS. In February 2011 and February 2012, Shelbourne-Turner filed, electronically and by mail, three such false tax returns claiming over \$14,300 in fraudulent refunds. When one of the individuals confronted Shelbourne-Turner about her missing tax refund, Shelbourne-Turner pretended to be a United States Marshal, stating that she had a gun, and took the victim to the Federal building to show her where her refund was paid.

Shelbourne-Turner could face a maximum of 20 years in prison for the offenses.<sup>2</sup> Additional legal actions are pending.

**Threat Reports from June 1, 2014 through June 7, 2014**

Between June 1, 2014 and June 7, 2014, the Office of Investigations responded to 24 threat incidents directed at the IRS and its employees.

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<sup>1</sup> N.D. Cal. Docket filed Apr. 15, 2014.

<sup>2</sup> N.D. Cal. Indict. filed Apr. 15, 2014.

*The following final report from the Office of Inspections and Evaluations has been issued to the IRS and is awaiting public release:*

**Subject: Compliance With Constitution Day Training Requirements (Reference Number: 2014-IE-R007)** – Final report issued June 6, 2014; release to the public pending.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

June 4, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of June 8, 2014

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**New Jersey Man Pleads Guilty to Forging Documents to Interfere with the IRS**

On April 22, 2014, in the District of New Jersey, Charles Jarvis pled guilty to interfering with the administration of the Internal Revenue laws.<sup>1</sup>

According to the criminal Information filed on the same date, Jarvis, a resident of Toms River, New Jersey, corruptly endeavored to impede and impair the administration of the Internal Revenue Code by forging documents purported to be from the Internal Revenue Service (IRS). Jarvis did so to facilitate a real estate transaction and evade a Federal tax lien.

In 2012, Jarvis and his spouse filed joint income tax returns with the IRS for tax years 2009 and 2010 and incurred a tax liability of approximately \$76,676 due to insufficient withholdings. In October 2012, the IRS filed a tax lien against Jarvis and his spouse which applied to all property and rights to property belonging to the two. Earlier in 2012, Jarvis's spouse had inherited her mother's entire estate, including a parcel of property in Ocean County, New Jersey. Jarvis's spouse contracted to sell the property in November 2012, but was unable to transfer the title to the buyer due to the IRS tax lien. Charles Jarvis forged a "Notice of Tax Lien Release" and a letter purportedly from the IRS in an effort to facilitate the sale, despite his spouse's and his outstanding tax debt. He then e-mailed the forged IRS documents to the attorney handling the sale, who, in turn, provided the documents to the title company. Based on the false representations in the forged IRS documents, the transaction was closed and the title was transferred to the buyer.<sup>2</sup>

Jarvis' sentencing is set for August 7, 2014.<sup>3</sup>

**Threat Reports from May 25, 2014, through May 31, 2014**

Between May 25, 2014, and May 31, 2014, the Office of Investigations responded to 41 threat incidents directed at the IRS and its employees.

*The following final audit report has been issued and is awaiting public release:*

**Subject: Review of Fair Tax Collection Practices Violations During Fiscal Year 2013 (Reference No. 2014-10-036).**

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<sup>1</sup> D.N.J. Application for Permission to Enter Plea of Guilty filed Apr. 22, 2014; D.N.J. Crim. Docket filed Apr. 22, 2014.

<sup>2</sup> D.N.J. Info. filed Apr. 22, 2014.

<sup>3</sup> D.N.J. Crim. Docket filed Apr. 22, 2014.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

May 28, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of June 1, 2014

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **New Mexico Man Indicted for Fraudulently Using the IRS Name as Part of a Scheme**

On April 22, 2014, in the District of New Mexico, James A. Vaughn was indicted for misusing Department of Treasury names and symbols and mail fraud.

According to the Indictment, Vaughn falsely used, in connection with his business activities, the words “Department of the Treasury” and “Internal Revenue Service,” as well as the title of an employee of the Department of the Treasury. Vaughn did so in a manner that could give the false impression that such business activity was authorized by, or associated with, the Department of the Treasury and specifically, the Internal Revenue Service (IRS).

Specifically, from January 2013 through February 2013, Vaughn devised a scheme to defraud an individual and obtain money through fraudulent pretenses and representations by intentionally billing the victim for tax preparation work that he did not actually perform. Vaughn represented that he had resolved a tax lien that had been placed on the individual by the IRS, when in fact; Vaughn had forged the official document, a Certificate of Release of Federal Tax Lien. Vaughn then mailed a bill to the victim charging \$883.28 for his work on the release of the lien.<sup>1</sup>

Additional legal actions are pending.

#### **Threat Reports from May 18, 2014 through May 24, 2014**

Between May 18, 2014 and May 24, 2014, the Office of Investigations responded to 39 threat incidents directed at the IRS and its employees.

*The following report has been issued and is awaiting public release:*

**Subject: Trust Fund Recovery Penalty Actions Were Not Always Timely or Adequate (Reference No. 2014-30-034).**

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<sup>1</sup> D.N.M. Indict. filed Apr. 23, 2014.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

May 21, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of May 25, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Former IRS Employee Sentenced for Conspiracy to Commit Passport Fraud**

On April 11, 2014, in the Southern District of Texas, former Internal Revenue Service (IRS) employee Temi Russell was sentenced for conspiracy to commit passport fraud.<sup>1</sup> Russell pled guilty to the offense in April 2013.<sup>2</sup>

From October 11, 2007 through September 2, 2010, Russell and a coconspirator, Nyle Churchwell, worked at a Federal building in Houston, Texas.<sup>3</sup> Russell was an IRS Tax Examiner and Churchwell was a Senior Fraud Adjudication Manager for the Houston Passport Agency.<sup>4</sup> Russell introduced another coconspirator, Lorna Brown, to Churchwell.<sup>5</sup>

As part of the scheme, Brown, who was found guilty of aiding and abetting in this matter,<sup>6</sup> brought non-U.S. citizens to the passport office to get false U.S. passports.<sup>7</sup> Russell and Churchwell assisted applicants with false passport applications. Churchwell then approved false passports knowing that the documents and witness information submitted was false.<sup>8</sup> After the passports were processed, Russell would pick up and deliver them to the subjects.<sup>9</sup>

Russell was sentenced to five years of probation, including six months of home detention, and was fined \$1,000.<sup>10</sup>

**Threat Reports from May 11, 2014 through May 17, 2014**

Between May 11, 2014 and May 17, 2014, the Office of Investigations responded to 25 threat incidents directed at the IRS and its employees.

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<sup>1</sup> S.D. Tex. Judgment filed Apr. 11, 2014.

<sup>2</sup> S.D. Tex. Plea Agr. filed Apr. 5, 2013.

<sup>3</sup> S.D. Tex. Plea Agr. filed Apr. 5, 2013; S.D. Tex. Superseding Indict. filed Sept. 5, 2012.

<sup>4</sup> S.D. Tex. Superseding Crim. Indict. filed Sept. 5, 2012.

<sup>5</sup> S.D. Tex. Plea Agr. filed Apr. 5, 2013.

<sup>6</sup> S.D. Tex. Order for Presentence Investigation and Disclosure & Sentencing Dates filed Sept. 5, 2012; S.D. Tex. Superseding Crim. Info. filed Aug. 23, 2012.

<sup>7</sup> S.D. Tex. Plea Agr. filed Apr. 5, 2013.

<sup>8</sup> S.D. Tex. Superseding Crim. Indict. filed Sept. 5, 2012.

<sup>9</sup> S.D. Tex. Plea Agr. filed Apr. 5, 2013.

<sup>10</sup> S.D. Tex. Judgment filed Apr. 11, 2014.

*The following final reports have been issued and are awaiting public release:*

**Subject: Expansion of the Delinquent Return Refund Hold Program Could Improve Filing Compliance and Help Reduce the Tax Gap (Reference No. 2014-30-023).**

**Subject Affordable Care Act: Despite Initial Challenges, the Internal Revenue Service Successfully Implemented the Branded Prescription Drug Fee (Reference No. 2014-33-032).**

*The following final report and Errata Sheet have been issued and publicly released:*

**Subject: Compendium of Unimplemented Recommendations (Evaluation Number: IE-13-012)** – Final report issued March 21, 2014 and released to the public March 31, 2014. Errata Sheet issued May 15, 2014 and released to the public May 19, 2014.





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

May 14, 2014

INFORMATION MEMORANDUM FOR SECRETARY LEW

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of May 18, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- On May 14-15, Tim Camus, Deputy Inspector General for Investigations, will be at the Federal Law Enforcement Training Center in Brunswick, GA for a graduation ceremony.

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Former Orthodontist Sentenced for Interference with the IRS and False Claims for Refunds**

On April 21, 2014, in the Northern District of New York, Glenn R. Unger was sentenced for obstructing and impeding the Internal Revenue Service (IRS), submitting false claims for refunds, tax evasion, and submitting fictitious obligations.<sup>1</sup> A jury found Unger guilty of the offenses on October 21, 2013.<sup>2</sup>

According to court documents, Unger, a former orthodontist, corruptly obstructed and impeded the due administration of Internal Revenue laws through fraudulent and obstructive acts from at least 2007 through 2011. Unger filed 14 false and fraudulent claims with the IRS requesting refunds totaling approximately \$36 million. One of the primary tax schemes Unger used was the 1099-Original Issue Discount scheme. The IRS notified Unger in several letters that his returns were frivolous and subject to a \$5,000 penalty per frivolous return. Subsequently, the IRS assessed multiple frivolous filing penalties against Unger. Additionally, the IRS assessed Unger for taxes he owed on income for tax years 2005 and 2006.<sup>3</sup>

When Unger was contacted by the IRS Revenue Officer assigned to collect the taxes due and owing, he submitted documentation with constitutional arguments meant to impede and impair the IRS from collecting his taxes due. After unsuccessful attempts to collect the taxes, penalties, and interest from Unger, the IRS filed a tax lien against him in the amount of \$116,410.43.<sup>4</sup> Unger subsequently filed false documentation with the Saratoga County Clerk's Office, specifically a "Presentment by Notary Public of Certificate for Filing," attempting to release the Federal tax lien, indicating it had been resolved.<sup>5</sup>

From the late 1990's through at least the middle of 2006, Unger practiced as an orthodontist at Columbia County Orthodontics in Chatham, New York. In the spring of 2006, Unger approached a nearby orthodontist and requested that he complete the orthodontic care for approximately 80 of Unger's patients. Unger failed to reveal that all of those patients had already prepaid for their services. After the orthodontist requested payment for the work, Unger attempted to pay off the debt with a false "Secured Promissory Note." The note was for the amount of \$200,000 and claimed it would pay the Secretary of the Treasury the full amount, and that the same amount would then be paid to the orthodontist as the "fiduciary" on the note. When the

<sup>1</sup> N.D.N.Y. Judgment filed Apr. 24, 2014.

<sup>2</sup> N.D.N.Y. Verdict filed Oct. 21, 2013.

<sup>3</sup> N.D.N.Y. United States Trial Memorandum filed Oct. 2, 2013.

<sup>4</sup> *Id.*

<sup>5</sup> N.D.N.Y. Indict. filed Dec. 19, 2012.

orthodontist attempted to deposit the note at his bank, he found it was worthless. Unger also filed the fictitious promissory note, along with other documents, with the Albany County Clerk's Office in an apparent attempt to have a public filing which reflected the purported payment to the other orthodontist.<sup>6</sup>

Unger was sentenced to a total term of imprisonment of 97 months, followed by three years of supervised release. Unger was ordered to pay \$200,000 in restitution and all taxes, penalties, and interest due to the IRS.

**Threat Reports from May 4, 2014 through May 10, 2014**

Between May 4, 2014 and May 10, 2014, the Office of Investigations responded to 34 threat incidents directed at the IRS and its employees.

*The following final audit reports have been issued and are awaiting public release:*

**Subject: Improvements Are Needed in Documentation and Data Accuracy for the Employment Tax Study (Reference No. 2014-10-031).**

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<sup>6</sup> N.D.N.Y. United States Trial Memorandum filed Oct. 2, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

May 7, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of May 11, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Oregon Man Sentenced for Making False Claims and Retaliating Against Federal Officials**

On April 16, 2014, in the District of Oregon, Mark Ellis was sentenced for making false claims to the Internal Revenue Service (IRS) and retaliating against a Federal law enforcement office.<sup>1</sup> Ellis pled guilty to the offenses in August 2013.<sup>2</sup>

According to court documents, Ellis, a resident of Bend, Oregon, used and promoted illegal debt termination programs in an attempt to fraudulently cancel his and others' debts, including home mortgages and credit card bills, and to falsely obtain tax refunds to which he and others were not entitled. Specifically, Ellis purchased and used trusts to illegally hide income and assets from the IRS, and filed false Forms 1099-OID (known as IRS Original Issue Discount forms) and false Federal tax returns, causing the IRS to issue him a tax refund in the amount of \$311,459.56.<sup>3</sup>

In retaliation against Federal officials, Ellis filed several false liens in public records against the real and personal property of former Secretary of the Treasury Timothy Geithner and two other Federal employees, on account of the performance of their official duties, knowing such liens contained false and fictitious representations.<sup>4</sup>

Ellis was sentenced to 12-months and one-day imprisonment and was ordered to pay restitution to the IRS in the amount of \$311,459.56. He was further ordered to submit true and accurate returns for tax years 2004 through 2013 and pay all associated taxes due. Ellis is scheduled to surrender to the Bureau of Prisons on June 16, 2014.<sup>5</sup>

**Threat Reports from April 27, 2014, through May 3, 2014**

Between April 27, 2014, and May 3, 2014, the Office of Investigations responded to 52 threat incidents directed at the IRS and its employees.

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<sup>1</sup> D. Or. Judgment filed Apr. 18, 2014.

<sup>2</sup> D. Or. Plea Agreement filed Sep. 11, 2013.

<sup>3</sup> D. Or. Indictment filed Feb. 20, 2013.

<sup>4</sup> *Id.*

<sup>5</sup> D. Or. Judgment filed Apr. 18, 2014.

*The following final audit reports have been issued to the IRS and are awaiting public release:*

**Subject: Amended Tax Return Filing and Processing Needs to Be Modernized to Reduce Erroneous Refunds, Processing Costs, and Taxpayer Burden (Reference No. 2014-40-028)** – Final report issued and awaiting public release.

**Subject: Used Information Technology Assets Are Being Properly Donated; However, Disposition Procedures Need to Be Improved (Reference No. 2014-20-021)** – Final report issued and awaiting public release.

**Subject: Status of Implementation of the Federal Financial Management Improvement Act (Reference No. 2014-10-026)** – Final report issued and awaiting public release.

**Subject: Better Adherence to Requirements Is Needed to Justify and Document Noncompetitive Contract Awards (Reference No. 2014-10-030)** – Final report issued and awaiting public release.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

April 30, 2014

INFORMATION MEMORANDUM FOR SECRETARY LEW

FOR *Michael R. Phillips*

FROM: J. Russell George  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of May 4, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- On Wednesday, April 30, 2014, the Inspector General is scheduled to testify before the Senate Committee on Appropriations, Subcommittee on Financial Services and General Government about the President's Fiscal Year 2015 funding request and budget justification.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Individual Pretends to be IRS Employee Helping Senior Citizens**

On April 14, 2014, in the Eastern District of Texas, Myra Jones pled guilty to an Information charging her with falsely pretending to be an employee of the United States Department of the Treasury.<sup>1</sup> The charges were filed against Jones on March 13, 2014.<sup>2</sup>

According to court documents, on or about July 25, 2012, Jones falsely pretended to be an employee of the Internal Revenue Service (IRS). Jones stated she was an IRS employee who was helping senior citizens receive stimulus payments through tax refunds. Jones made such statements with the intention of promoting the filing of individual income tax returns.<sup>3</sup>

Additional legal actions are pending.

**Threat Reports from April 20, 2014 through April 26, 2014**

Between April 20, 2014 and April 26, 2014, the Office of Investigations responded to 37 threat incidents directed at the IRS and its employees.

***The following final reports have been issued and are awaiting public release:***

*No reports were issued for this reporting period.*

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<sup>1</sup> E.D. Tex. Order Adopting Findings of Fact filed Apr. 14, 2014.

<sup>2</sup> E.D. Tex. Information filed Mar. 13, 2014

<sup>3</sup> E.D. Tex. Findings of Fact filed Mar. 27, 2014.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

April 23, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM:

J. Russell George

A handwritten signature of J. Russell George in black ink.

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of April 27, 2014

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- On Wednesday, April 30, 2014, the Inspector General is scheduled to testify before the Senate Committee on Appropriations, Subcommittee on Financial Services and General Government about the President's Fiscal Year 2015 funding request and budget justification.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**IRS Contact Representative Charged with Filing False Tax Returns**

On April 15, 2014, in the Eastern District of Pennsylvania, Internal Revenue Service (IRS) contact representative Lora Lewis was charged with filing false tax returns based on the following facts contained in the criminal Information:<sup>1</sup>

- During tax years 2007 through 2011, Lewis received unemployment compensation even though she was employed full-time by the IRS during those years. She did not report this compensation on her tax returns.
- During tax years 2007 through 2011, Lewis filed income tax returns claiming to be "head of household" which increased her standard deduction and other deductions.
- In 2008, Lewis took a \$7,500 First-Time Home Buyers Credit, though she did not purchase a home, thereby receiving a tax credit to which she was not entitled.
- In 2008, 2010, and 2011, Lewis received distributions from her Thrift Savings Plan and did not report it as income.
- In tax years 2007 through 2011, Lewis claimed the Earned Income Tax Credit knowing that she was not entitled to it, thereby reducing the amount of tax due and owing for those years.
- During tax years 2009 through 2011, Lewis took an education credit knowing that she was not entitled to it, thereby reducing the amount of tax due and owing for those years.
- In 2009, knowing that she did not purchase a vehicle, Lewis claimed on her income tax return that she purchased an automobile, paid \$4,100 in taxes and took an additional \$500 deduction, thereby increasing her standard deduction by \$4,600 and lowering her taxable income.
- During tax years 2008 and 2011, Lewis filed income tax returns claiming Individual Retirement Account (IRA) deductions in the amount of \$5,000 for each year, knowing that she did not have an IRA, thereby lowering her taxable income for each of those years.
- In or about April 2009, Lewis willfully made and subscribed a United States income tax return, Form 1040, for Tax Year 2009, which was verified by a written declaration that it was made under the penalty or perjury and filed with the IRS, which Lewis did not believe to be true and correct as to every material matter in those returns.<sup>2</sup>

**Threat Reports from April 13, 2014, through April 19, 2014**

Between April 13, 2014 and April 19, 2014, the Office of Investigations responded to 36 threat incidents directed at the IRS and its employees.

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<sup>1</sup> E.D. Pa. Crim. Info. filed Apr. 15, 2014.

<sup>2</sup> *Id.*

*The following final reports have been issued and are awaiting public release:*

*No reports have been issued for this reporting period.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

April 16, 2014

INFORMATION MEMORANDUM FOR SECRETARY LEW

FROM:

J. Russell George

A handwritten signature in black ink, reading "J. Russell George".

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of April 20, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- On April 30, 2014, the Inspector General is scheduled to testify before the Senate Committee on Appropriations, Subcommittee on Financial Services and General Government about the President's Fiscal Year 2015 funding request and budget justification.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**New York Business Owner Pleads Guilty to Impersonation of IRS Employee**

On March 24, 2014, in the Western District of New York, Jack DeMeo pled guilty<sup>1</sup> to an Information charging him with falsely pretending to be an employee of the Department of the Treasury.<sup>2</sup>

According to the plea agreement, in 2009, the Internal Revenue Service (IRS) began a collection action against DeMeo and his company, Southtown Sports, Inc. In the course of the collection action, the assigned Revenue Officer issued levies to companies that owed money to Southtown Sports, instructing them to send all monies owed directly to the IRS. Later, the Revenue Officer issued legitimate levy releases to several of the companies. DeMeo took one of the legitimate levy releases and the accompanying letter from the Revenue Officer and altered them by removing references to the originally addressed company. He falsely pretended to be the Revenue Officer and faxed the fraudulent levy release and cover letter to several companies that had previously received levies. In the cover sheets, DeMeo told the companies that they were now to forward all monies owed to Southtown Sports directly to the business rather than to the IRS.<sup>3</sup>

DeMeo's sentencing is scheduled for July 2, 2014.<sup>4</sup>

**Francisco Godinez Ramos Sentenced for Unauthorized Inspection of Tax Return Information**

On April 7, 2014, in the Eastern District of California, Francisco Godinez Ramos pled guilty and was sentenced for unauthorized inspection of tax return information.<sup>5</sup> The Criminal Information related to the charge was filed on March 10, 2014.<sup>6</sup>

According to court documents, between March 2012 and April 2012, while working as an employee of the IRS, Godinez Ramos willfully, and without authorization, inspected the electronically stored Federal tax return information of two individuals.<sup>7</sup> Godinez Ramos was sentenced to one year of probation and fined \$750.<sup>8</sup>

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<sup>1</sup> W.D.N.Y. Plea Agr. filed Mar. 24, 2014.

<sup>2</sup> W.D.N.Y. Info. filed Mar. 24, 2014.

<sup>3</sup> W.D.N.Y. Plea Agr. filed Mar. 24, 2014.

<sup>4</sup> W.D.N.Y. Crim. Docket filed Mar. 24, 2014.

<sup>5</sup> E.D. Cal. Crim. Docket filed Mar. 10, 2014.

<sup>6</sup> E.D. Cal. Info. filed Mar. 10, 2014.

<sup>7</sup> E.D. Cal. Plea Agr. filed Mar. 21, 2014.

<sup>8</sup> E.D. Cal. Crim. Docket filed Mar. 10, 2014.

**Threat Reports from April 6, 2014 through April 12, 2014**

Between April 6, 2014 and April 12, 2014, the Office of Investigations responded to 43 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

*No reports were issued during this reporting period.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

April 9, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM:

J. Russell George

A handwritten signature of J. Russell George in black ink, enclosed in a rectangular box.

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of April 13, 2014

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- On April 30, 2014, the Inspector General is scheduled to testify before the Senate Committee on Appropriations, Subcommittee on Financial Services and General Government about the President's Fiscal Year 2015 funding request and budget justification.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Baton Rouge Man Sentenced for Threatening to Retaliate Against a Federal Witness**

On March 21, 2014, in the Middle District of Louisiana, Anthony Williams was sentenced for threatening to retaliate against a witness in a Federal trial.<sup>1</sup> Williams pled guilty to the offense in October 2013.<sup>2</sup>

According to court records, Williams threatened to cause physical injury to a person in order to obstruct the administration of justice. On or about March 7, 2013, Williams sent a threatening statement via the social media platform Instagram to a Federal witness. The witness had testified in a Federal criminal case against Williams' mother, Angela Myers, the previous day. Myers was subsequently convicted by a jury for 21 Federal felonies.<sup>3</sup>

Williams knowingly and intentionally sent the threatening message to the witness with the intent to retaliate against the witness because of the trial testimony. In the message, Williams stated, "Boy yea this ms. Angie son boy u let me know u a rat outcha but u got your day coming myboy we will see u in the streets soon."<sup>4</sup>

Williams was sentenced to 24 months of imprisonment, followed by two years of supervised release.<sup>5</sup> Williams was ordered to surrender to the Bureau of Prisons on April 21, 2014.<sup>6</sup>

#### **Threat Reports from March 30, 2014 through April 5, 2014**

Between March 30, 2014 and April 5, 2014, the Office of Investigations responded to 47 threat incidents directed at the IRS and its employees.

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<sup>1</sup> M.D. La. Judgment filed Apr. 3, 2014.

<sup>2</sup> M.D. La. Plea Agr. filed Oct. 30, 2013.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> M.D. La. Judgment filed Apr. 3, 2014.

<sup>6</sup> M.D. La. Order to Surrender filed Mar. 21, 2014.

*The following final reports have been issued and are awaiting public release:*

**Subject: Interim Results of the 2014 Filing Season (Reference No. 2014-40-029).**

**Subject: The Internal Revenue Service Fiscal Year 2013 Improper Payment Reporting Continues to Not Comply With the Improper Payment Elimination and Recovery Act (Reference No. 2014-40-027).**

**Subject: Significant Discrepancies Exist Between Alimony Deductions Claimed by Payers and Income Reported by Recipients (Reference No. 2014-40-022).**





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

April 2, 2014

INFORMATION MEMORANDUM FOR SECRETARY LEW

FROM:

J. Russell George

A handwritten signature in black ink, reading "J. Russell George".

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of April 6, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Former IRS Employee Used Taxpayer Information for Conspiracy Involving Identity Theft, Theft of Government Funds, and Mail Fraud**

On March 25, 2014, in the Western District of Missouri, former Internal Revenue Service (IRS) employee Taylor Knight and co-defendant Michael Moore were arrested<sup>1</sup> for conspiracy, aggravated identity theft, theft of Government funds, mail fraud, and misuse of a Social Security Number (SSN). Knight, Moore and a third defendant, Michael Stalcup, were charged with the offenses on March 18, 2014, in a six-count indictment.<sup>2</sup>

According to court documents, the charges stemmed from an elaborate scheme wherein Knight abused her position of trust as an IRS employee to access taxpayer information in furtherance of various Federal offenses. Between approximately March 2009 and January 2012, Knight worked for the IRS in Kansas City, Missouri.<sup>3</sup>

Knight inappropriately accessed information maintained by the IRS for three taxpayers. These accesses were for her personal reasons and not for official Government business. The defendants then used the identification of taxpayers obtained by Knight to fraudulently induce the IRS into issuing tax refund payments. The defendants assumed the identities of the taxpayers to fraudulently obtain refunds and then converted and/or attempted to convert those payments for their personal use.<sup>4</sup>

As part of the conspiracy, Knight accessed the records of one of the taxpayers in June and then submitted a false online application for a prepaid debit card. The card was approved and mailed to an address in Missouri. Knight submitted this false online application to test whether her scheme was viable.<sup>5</sup>

In furtherance of the scheme, in September 2011, Knight accessed the tax accounts of the other two victims and then submitted a bogus online application for three prepaid debit cards in the names of the taxpayers, a married couple. These cards were mailed to a Missouri address that was later determined to be the address of co-defendant Michael Moore's grandmother. Moore monitored the mail sent to his grandmother's address and retrieved the three prepaid debit cards.<sup>6</sup>

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<sup>1</sup> W.D. Mo. Crim. Docket filed Mar. 19, 2014.

<sup>2</sup> W.D. Mo. Indict. filed Mar. 19, 2014.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

The conspirators then filed a fraudulent tax return via the Internet using the victims' names and seeking a refund of \$21,163. Because the bogus tax return underreported the true tax payments of the victims, the IRS approved a refund in the amount of \$46,572. The IRS deposited \$5,000 onto one of the debit cards Knight had obtained in the victim's name. The remaining deposit was rejected by the receiving banks. In early December 2011, at Knight's request and with her assistance, Moore telephoned the IRS and falsely claimed to be the victim taxpayer in order to change the address of record. Moore requested that the outstanding refund amount be mailed to a new address in Missouri. Moore had previously resided at the address and knew it was unoccupied at the time.<sup>7</sup>

The victims filed legitimate amended returns for previous tax years, and the IRS issued the couple a refund check in the amount of \$46,734.20, around December 30, 2011. However, since the IRS had already processed Moore's address change request, the Treasury check was mailed to the address provided by Moore. Moore retrieved the check.<sup>8</sup>

Knight obtained false identification documents in order to assume the identity of the female victim, including a Social Security card, Visa® debit card, MasterCard® debit card, and fraudulent Missouri and New York driver's licenses bearing the name of the victim but a photograph of Knight. Additionally, Knight obtained counterfeit documents in the name of the male victim displaying a photograph of Moore.<sup>9</sup>

Knight then requested the assistance of her acquaintance, Stalcup, in getting the fraudulent \$46,734.20 Treasury check cashed. She offered to pay Stalcup \$500. Stalcup knew the check was payable to the victim taxpayers and he was aware Knight had fraudulently obtained the check, but agreed to assist her.<sup>10</sup>

In January 2012, Knight and Stalcup attempted to cash the Treasury check at an Express Mart using the fraudulent identification items in the victims' names. Stalcup even encouraged the clerk to cash the check by making a statement to the effect of, "We only need \$40,000 out of it. Yes, we'll give you \$6,000." Express Mart refused to cash the check and reported the incident to law enforcement.<sup>11</sup>

Additional legal actions are pending for the three defendants.

#### **Threat Reports from March 23, 2014 through March 29, 2014**

Between March 23, 2014 and March 29, 2014, the Office of Investigations responded to 48 threat incidents directed at the IRS and its employees.

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<sup>7</sup> W.D. Mo. Indict. filed Mar. 19, 2014.

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

*The following final reports have been issued and are awaiting public release:*

**Subject: The Awards Program Complied With Federal Regulations, but Some Employees With Tax and Conduct Issues Received Awards (Reference No. 2014-10-007).**

**Subject: Millions of Dollars in Potentially Improper Claims for the Qualified Retirement Savings Contributions Credit Are Not Pursued (Reference No. 2014-10-017).**





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

March 26, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM:

J. Russell George

A handwritten signature in black ink, reading "J. Russell George".

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of March 30, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Restaurant Owner Pleads Guilty to Offering Compensation to a Public Official**

On February 20, 2014, in the Western District of Michigan, the owner of the Asian House Restaurant, Jason Xiu, entered a guilty plea for offering compensation to an Internal Revenue Service (IRS) employee.<sup>1</sup>

According to court records, Xiu, his mother, and his restaurant were under audit by the IRS for approximately \$85,000 in past due and delinquent Federal income taxes. As part of Xiu's scheme to impede the IRS, Xiu purchased electronic merchandise from Best Buy® and sent it to the assigned IRS revenue officer at the revenue officer's place of business, with the intent to divert the IRS and cast suspicion on the revenue officer. The merchandise delivered to the revenue officer included an LED television, a Sony PlayStation 3® game console, three PlayStation VITAs hand-held game consoles, and a Canon digital camera. Xiu purchased the electronics using fraudulently obtained credit card information taken from an Asian House customer without the knowledge or consent of the customer.<sup>2</sup> Xiu's sentencing is set for May 12, 2014.<sup>3</sup>

#### **Guilty Plea Entered for the Filing of False Levy Releases**

On March 5, 2014, in the Eastern District of Virginia, business owner Leslie Davis pled guilty to corrupt interference with the Internal Revenue laws.<sup>4</sup> Davis was charged with the offense in February 2014.<sup>5</sup>

According to court documents, Davis is the owner and operator of James River Concrete, Inc., in Henrico, Virginia. From about 2008 through 2012, James River Concrete failed to file Forms 940 and 941 and to pay Federal employment taxes totaling approximately \$400,000. Consequently, the IRS placed liens on some of James River Concrete's assets and levies on its bank accounts and accounts receivable from numerous customers. After the IRS issued levies to three companies owing money to James River Concrete, all three subsequently received IRS Forms 668D, *Release of Levy*, via facsimile. Two of the companies believed the IRS had released its levy and paid the funds due directly to James River Concrete. Another company

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<sup>1</sup> W.D. Mich. Plea Agr. filed Feb. 20, 2014; W.D. Mich. Indict. filed Nov. 13, 2013; W.D. Mich. Superseding Info. filed Feb. 20, 2014.

<sup>2</sup> W.D. Mich. Indict. filed Nov. 13, 2013.

<sup>3</sup> W.D. Mich. Crim. Docket filed Nov. 13, 2013.

<sup>4</sup> E.D. Va. Plea Agr. filed Mar. 5, 2014.

<sup>5</sup> E.D. Va. Crim. Info. filed Feb. 18, 2014.

contacted the IRS to verify the release. When Davis found out the company called the IRS, he admitted the levy release was forged.<sup>6</sup>

By virtue of the forged levy releases, Davis obtained \$25,482.64 that was rightfully subject to a tax levy to be paid to the IRS.<sup>7</sup> Davis agreed to pay full restitution to the IRS as part of his plea agreement.<sup>8</sup> Sentencing is set for June 13, 2014.<sup>9</sup>

**Threat Reports from March 16, 2014, through March 22, 2014**

Between March 16, 2014 and March 22, 2014, the Office of Investigations responded to 40 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

**Subject: Improvement Is Needed to Better Enable Frontline Employee Identification of Potentially Dangerous and Caution Upon Contact Designations (Reference No. 2014-40-020).**

**Subject: Millions of Dollars in Potentially Improper Self-Employed Retirement Plan Deductions Are Allowed (Reference No. 2014-10-008).**

**Subject: Compendium of Unimplemented Recommendations (Evaluation Number: IE-13-012).**

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<sup>6</sup> E.D. Va. Statement of Facts filed Mar. 5, 2014.

<sup>7</sup> *Id.*

<sup>8</sup> E.D. Va. Plea Agr. filed Mar. 5, 2014.

<sup>9</sup> E.D. Va. Crim. Docket filed Feb. 18, 2014.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

March 19, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of March 23, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Internal Revenue Service Employee Charged with Unauthorized Accesses and False Statements**

On March 5, 2014, in the Eastern District of Michigan, an 11-count superseding indictment was filed charging Cheryl Palmer with unauthorized inspection of taxpayer information and false statements.<sup>1</sup>

According to court documents filed in April 2013 and March 2014, Palmer, while an employee of the United States, willfully inspected the tax return and return information of four individuals without authorization. Additionally, Palmer made materially false statements about these, as well as other, accesses.<sup>2</sup>

In connection with her questioned accesses, Palmer falsely claimed she had completed the proper access forms, as required by Internal Revenue Service (IRS) policy, for her accesses to six taxpayers' accounts, when in fact, she knew no forms had been completed for any of them. Palmer also claimed to have recorded one of the accesses in the IRS accounts management history system, but had not done so, and falsely recorded in the history system that one of the taxpayers had been a walk-in customer in the Flint, Michigan IRS office. Palmer further stated she accessed the information of a seventh taxpayer as a cross-reference while providing customer service to a related taxpayer at the IRS office. In truth, Palmer had accessed the taxpayer's information approximately three years prior to the customer's visit to the IRS office.<sup>3</sup>

Palmer's trial is scheduled to begin June 23, 2014.<sup>4</sup>

#### **Threat Reports from March 9, 2014 through March 15, 2014**

Between March 9, 2014 and March 15, 2014, the Office of Investigations responded to 47 threat incidents directed at the IRS and its employees.

***The following final reports have been issued and are awaiting public release:***

*No reports have been issued for this reporting period.*

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<sup>1</sup> E.D. Mich. Second Superseding Indict. filed Mar. 5, 2014.

<sup>2</sup> E.D. Mich. Info. filed Apr. 24, 2013; E.D. Mich. Second Superseding Indict. filed Mar. 5, 2014.

<sup>3</sup> E.D. Mich. Second Superseding Indict. filed Mar. 5, 2014.

<sup>4</sup> E.D. Mich. Crim. Docket filed Apr. 24, 2013.





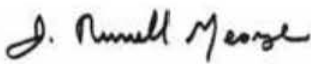
INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

March 12, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM:

J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of March 16, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Taxpayer Sentenced for Bribing an IRS Official**

On February 28, 2014, in the District of New Jersey, Michael Kazmark was sentenced for bribing public officials.<sup>1</sup> Kazmark pled guilty to the offense in April 2013.<sup>2</sup> According to a Department of Justice press release issued after the sentencing, Kazmark is the former chairman of the Woodland Park, New Jersey Democratic Committee.<sup>3</sup>

In late 2010, Kazmark corruptly gave money to individuals believed to be Internal Revenue Service (IRS) employees with the intent to influence official acts.<sup>4</sup> Kazmark owed approximately \$98,046 in unpaid Federal income taxes.<sup>5</sup> Kazmark made two bribe payments totaling \$18,500 to the individuals.<sup>6</sup> In exchange for the bribe payments, Kazmark expected the public officials to place his Federal tax liability in a non-collectible status for two years and agreed to accept an offer in compromise on his outstanding \$98,046 liability in the amount of \$9,760, which he had already paid to the IRS.<sup>7</sup>

Kazmark was sentenced to 24 months in prison, followed by two years of supervised release. As a special condition of his release, Kazmark was ordered to fully cooperate with the IRS in filing returns and paying all taxes, interest, and penalties.<sup>8</sup> The investigation was worked by agents of the Treasury Inspector General for Tax Administration and the Federal Bureau of Investigation.<sup>9</sup>

#### **Threat Reports from March 2, 2014, through March 8, 2014**

Between March 2, 2014 and March 8, 2014, the Office of Investigations responded to 31 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

**Subject: Bankruptcy Procedures Designed to Protect Taxpayer Rights and the Government's Interest Were Not Always Followed (Reference No. 2014-30-013).**

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<sup>1</sup> D. N.J. Judg. filed Mar. 4, 2014.

<sup>2</sup> D. N.J. Plea Agr. filed June 21, 2013.

<sup>3</sup> Dept. of Justice Press Release, U.S. Attorney D. N.J., dated Feb. 28, 2014.

<sup>4</sup> D. N.J. Info. filed June 21, 2013.

<sup>5</sup> *Id.*

<sup>6</sup> D. N.J. Info. filed June 21, 2013; D. N.J. Plea Agr. filed June 21, 2013.

<sup>7</sup> D. N.J. Info. filed June 21, 2013.

<sup>8</sup> D. N.J. Judg. filed Mar. 4, 2014.

<sup>9</sup> Dept. of Justice Press Release, U.S. Attorney D. N.J., dated Feb. 28, 2014.



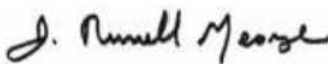
INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

March 5, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM:

J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of March 9, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- Tim Camus, Deputy Inspector General for Investigations, travelling to the Federal Law Enforcement Training Center in Brunswick, GA, on Thursday, March 6, 2014.

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **IRS Employee Pleads Guilty to Hiding and Destroying Tax Returns**

On February 10, 2014, in the Eastern District of Kentucky, Internal Revenue Service (IRS) employee Brady James pled guilty to one count of Destruction of Tax Returns for Estates and Trusts.<sup>1</sup> James was indicted for the offense in May 2013.<sup>2</sup>

According to court documents, between April 2, 2013 and April 30, 2013, James, an IRS tax examining technician, knowingly concealed and destroyed records and documents with the intent to impede the proper administration of matters within the jurisdiction of the IRS. Specifically, James concealed over 800 Forms 1041, *U.S. Income Tax Return for Estates and Trusts*, which had been submitted to the IRS in Covington, Kentucky for processing.<sup>3</sup>

On April 23, 2013, approximately 383 Forms 1041 were found discarded in the men's restroom at the IRS Service Center. This prompted the IRS Code and Edit Manager to conduct an unannounced search of all the employees' desks. When the search began, James grabbed a personal bag from his work area. The bag ripped and numerous original, unprocessed Forms 1041 fell onto the ground. The forms had been stamped as received by the IRS five to six days earlier, but had not been processed.<sup>4</sup>

James admitted that he initially devised a system to withhold numerous documents temporarily until he could re-introduce them (unprocessed) into the completed work area. James later admitted he had been destroying numerous Forms 1041 nightly for several weeks by discarding them in multiple recycling bins in the work area or taking them home, where he would dump them in his apartment complex trash compactor. He indicated he had done so because he was struggling to maintain his required production.<sup>5</sup>

Searches of James' personal possessions at work, several IRS recycling bins and trash containers near his work area, James' home, and his apartment complex dumpster, identified a total of approximately 842 unprocessed tax returns that had been discarded.<sup>6</sup>

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<sup>1</sup> E.D. Ky Plea Agr. filed Feb. 10, 2014.

<sup>2</sup> E.D. Ky Indict. filed May 9, 2013.

<sup>3</sup> *Id.*

<sup>4</sup> E.D. Ky Plea Agr. filed Feb. 10, 2014.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*



James could face up to 20-years imprisonment and a fine up to \$250,000.<sup>7</sup> His sentencing is scheduled for May 15, 2014.<sup>8</sup>

**Threat Reports from February 23, 2014 through March 1, 2014**

Between February 23, 2014 and March 1, 2014, the Office of Investigations responded to 48 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

**Subject: The Internal Revenue Service Should Improve Mainframe Software Asset Management and Reduce Costs (Ref. No. 2014-20-002).**

**Subject: Planning Is Underway for the Enterprise-Wide Transition to Internet Protocol Version 6, but Further Actions Are Needed (Ref. No. 2014-20-016).**

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<sup>7</sup> E.D. Ky Plea Agr. filed Feb. 10, 2014.

<sup>8</sup> E.D. Ky Sentencing Order filed Feb 10, 2014.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

February 26, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM:

J. Russell George

A handwritten signature in black ink, reading "J. Russell George".

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of March 2, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- On Wednesday, February 26, 2014, the Inspector General is scheduled to testify before the House Committee on Appropriations, Subcommittee on Financial Services and General Government

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Massachusetts Chiropractor Charged with Bribing an IRS Employee**

On February 6, 2014, in the District of Massachusetts, a criminal complaint was filed against Stephen Jacobs for bribery of a public official<sup>1</sup> and a warrant was issued for his arrest.<sup>2</sup>

According to court documents, the Internal Revenue Service (IRS) began an examination of the Massachusetts chiropractor's Federal income tax return in 2013. When the assigned Revenue Agent met with Jacobs, Jacobs admitted that he had made \$5,000 payments to two different women because he touched them inappropriately during medical treatment sessions. The Revenue Agent told Jacobs that these payments were not allowable deductions. Jacobs became agitated and, in essence, asked if there was anything the Revenue Agent could do for him.

In a subsequent meeting, Jacobs got upset when the Revenue Agent requested documentation for questioned expenses. Jacobs asked if the Revenue Agent wanted to be paid and offered the Revenue Agent \$5,000 to terminate the examination. Later the same day, Jacobs paid the Revenue Agent \$5,000 in cash for the purpose of terminating the examination and receiving a "no change" audit letter and examination reports reflecting no tax due for 2011 and a 13 cent refund for 2012.<sup>3</sup>

Court records indicate Jacobs was arrested on February 13, 2014,<sup>4</sup> and later released on a \$10,000 unsecured bond.<sup>5</sup>

**Threat Reports from February 16, 2014 through February 22, 2014**

Between February 16, 2014 and February 22, 2014, the Office of Investigations responded to 43 threat incidents directed at the IRS and its employees.

***The following final reports have been issued and are awaiting public release:***

*No reports have been issued for this reporting period.*

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<sup>1</sup> D. Mass. Crim. Compl. filed Feb. 6, 2014.

<sup>2</sup> D. Mass. Arrest Warrant filed Feb. 6, 2014.

<sup>3</sup> D. Mass. Crim. Compl. filed Feb. 6, 2014.

<sup>4</sup> D. Mass. Crim. Docket filed Feb. 6, 2014.

<sup>5</sup> D. Mass. Appearance Bond filed Feb. 13, 2014.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

February 19, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM:

J. Russell George

A handwritten signature in black ink that reads "J. Russell George".

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of February 23, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- On Wednesday, February 26, 2014, the Inspector General is scheduled to testify before the House Committee on Appropriations, Subcommittee on Financial Services and General Government.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Internal Revenue Service Employee Arrested for Identity Theft, Theft of Government Funds, and False Tax Returns**

On February 11, 2014, in the Eastern District of Pennsylvania, a nine count indictment charged Internal Revenue Service (IRS) employee Sherelle Pratt with filing false Federal income tax returns, assisting in the preparation of false returns, theft of Government funds, and aggravated identity theft.<sup>1</sup>

According to the court documents, Pratt has worked as an IRS contact representative since January 2008. After an individual reported Pratt had prepared a tax return for his son and the anticipated refund was not received, TIGTA discovered that Pratt had deposited the taxpayer's refund and stimulus checks into her personal bank account. Subsequent investigation identified eight more individuals for whom Pratt had prepared tax returns and then deposited their refund and/or stimulus checks into her personal checking account.<sup>2</sup>

Pratt also knowingly used the identification of another person in relation to the theft of Government funds. Specifically, Pratt used the name and Social Security Number of one individual, without that individual's knowledge or authorization, to file a fraudulent return, which resulted in a tax refund check in the amount of \$3,524. Pratt had the illegally obtained refund electronically deposited into her own personal checking account. Moreover, for Tax Years 2007, 2008, and 2009, Pratt failed to report approximately \$28,767 in stolen funds as income.<sup>3</sup>

Furthermore, Pratt knowingly and willfully assisted in the preparation and filing of tax returns for others, which she knew to be false. The returns included information such as false dependent care expenses, Schedule C income from a business not owned by the return filer, and deductions for dependents with whom the filer was not even acquainted and did not support.<sup>4</sup>

#### **Threat Reports from February 9, 2014 through February 15, 2014**

Between February 9, 2014 and February 15, 2014, the Office of Investigations responded to 39 threat incidents directed at the IRS and its employees.

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<sup>1</sup> E.D. Pa. Indict. filed Feb. 11, 2014.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

*The following final reports have been issued and are awaiting public release:*

*There were no reports issued this reporting period.*

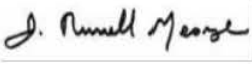


INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

February 12, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of February 16, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- On February 26, 2013, the Inspector General is scheduled to testify before the House Committee on Appropriations, Subcommittee on Financial Services and General Government.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**California Man Sentenced in Connection with Identity Theft Tax Scheme**

On January 22, 2014, in the Central District of California, Jerry Gregoire, Jr. was sentenced for making false claims against the United States and theft of Government funds.<sup>1</sup> Gregoire was found guilty by a jury on 13 counts of the October 1, 2013 substitute indictment.<sup>2</sup>

According to court documents, as part of a stolen identity refund scheme, Gregoire submitted tax returns to the Internal Revenue Service (IRS) using the true names and Social Security Numbers (SSNs) of other individuals without their knowledge or consent. The returns included false income, expenses, and deductions, thus inducing refunds to be issued. The refunds were directed to bank accounts that Gregoire controlled.<sup>3</sup>

When Gregoire attempted to cash refund checks in the names of three victims, Money Mart (a check cashing business) notified the Treasury Inspector General for Tax Administration (TIGTA). Gregoire had claimed the individuals' names on the checks were actually names of his businesses and his new clothing lines. He provided fabricated business documents and IRS Forms SS-4, purporting that the IRS had issued Employer Identification Numbers in these business names.<sup>4</sup>

The investigation of Gregoire was conducted jointly with agents from TIGTA and IRS Criminal Investigation. A search warrant at Gregoire's residence identified multiple fraudulent documents in the name of one of the victims, including a false IRS Form SS-4 and a fabricated Form W-2, along with a document containing the real name, SSN, date of birth, and occupation of the victim.<sup>5</sup>

Gregoire was sentenced to a total of 65 months' incarceration and was ordered to make restitution in the amount of \$140,205 to the victim, the IRS.<sup>6</sup> He is appealing his conviction.<sup>7</sup>

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<sup>1</sup> C.D. Cal. Judgment filed Jan. 22, 2014.

<sup>2</sup> C.D. Cal. Verdict filed Oct. 4, 2013; C.D. Cal. Substitute Indict. filed Oct. 1, 2013.

<sup>3</sup> C.D. Cal. First Superseding Indict. filed May 8, 2013.

<sup>4</sup> C.D. Cal. Crim. Compl. filed April 16, 2013.

<sup>5</sup> *Id.*

<sup>6</sup> C.D. Cal. Judgment filed Jan. 22, 2014.

<sup>7</sup> C.D. Cal. Notice of Appeal filed Jan. 22, 2014.



### **Former IRS Employee Sentenced in Identity Theft Scheme**

On January 23, 2014, in the Eastern District of Kentucky, former IRS employee Joy Fox was sentenced for her role in an identity theft scheme.<sup>8</sup> Fox pled guilty to aiding and abetting aggravated identity theft and aiding and abetting mail fraud on September 12, 2013.<sup>9</sup>

According to court documents, on dates between January 2013 and March 2013, Fox and a coconspirator, Patrick Sharpe, carried out a scheme to defraud and obtain money by means of false pretense.<sup>10</sup> Sharpe pled guilty on October 3, 2013.<sup>11</sup>

Fox was employed as a financial technician with the IRS in Florence, Kentucky. As part of her duties, Fox had access to an IRS computer system which maintains taxpayer information, including names, SSNs, and dates of birth. Fox's authorized access to the IRS system was limited to official business only.<sup>12</sup>

As part of the scheme, Fox agreed to access the IRS computer system without authority, obtain the identifying information of numerous taxpayers, and provide the information to Sharpe. Sharpe requested that Fox provide identifying information on individuals 65 years of age or older who were entitled to receive Social Security benefits. His plan was to apply online for Account Now debit cards using the stolen identities and fund the cards with the individuals' Social Security benefits.<sup>13</sup>

In addition to fraudulently obtaining debit cards, Fox and Sharpe agreed to defraud the IRS by submitting a false tax return in the name of an individual whose identity Fox unlawfully obtained. Fox and Sharpe had agreed to share the refund if they were successful.<sup>14</sup>

Fox was sentenced to 28 months in prison, to begin on February 24, 2014, followed by one year of supervised probation.<sup>15</sup> Sharpe's sentencing is scheduled for February 20, 2014.<sup>16</sup>

### **Threat Reports from February 2, 2014 through February 8, 2014**

Between February 2, 2014 and February 8, 2014, the Office of Investigations responded to 57 threat incidents directed at the IRS and its employees.

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<sup>8</sup> E.D. Ky. Judgment filed Jan. 23, 2014.

<sup>9</sup> E.D. Ky. Plea Agr. for Joy Fox filed Sep. 12, 2013.

<sup>10</sup> E.D. Ky. Indict. filed Jul. 18, 2013.

<sup>11</sup> E.D. Ky. Plea Agr. for Patrick Sharpe filed Oct. 3, 2013.

<sup>12</sup> E.D. Ky. Plea Agr. for Joy Fox filed Sep. 12, 2013.

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

<sup>15</sup> E.D. Ky. Judgment filed Jan. 23, 2014.

<sup>16</sup> E.D. Ky. Crim. Docket filed Jul. 18, 2013.



*The following final reports have been issued and are awaiting public release:*

**Subject: Processes for Ensuring Compliance With Qualifying Advanced Energy Project Credit Requirements Can Be Strengthened (Reference No. 2014-40-011)**

– Final report issued and awaiting public release.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

February 5, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM:

J. Russell George

A handwritten signature in black ink, reading "J. Russell George".

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of February 9, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- On February 26, 2013, the Inspector General is scheduled to testify before the House Committee on Appropriations, Subcommittee on Financial Services and General Government.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Pennsylvania Couple Sentenced for Bribery of a Public Official and Tax Evasion**

On January 21, 2014, in the Middle District of Pennsylvania, Ivan and Mayra Garces were sentenced for bribery of a public official and tax evasion.<sup>1</sup> Both pled guilty to the offenses in May 2013.<sup>2</sup>

According to the November 2011 indictment charging the Garces with bribery of a public official, Ivan and Mayra Garces corruptly offered to pay an Internal Revenue Service (IRS) agent \$50,000 to aid in committing fraud against the United States. Specifically, the Garces offered to pay the \$50,000 bribe in exchange for the IRS agent's filing a false examination report reflecting an amount due that was substantially less than what the Garces owed in taxes.<sup>3</sup>

Subsequently, a superseding information was filed in May 2013 against each of the Garces, adding the charge of tax evasion. According to the court documents, between 2008 and 2010 the Etters, Pennsylvania residents, willfully attempted to evade and defeat a large portion of their income tax due and owed. The Garces filed three fraudulent tax returns, significantly understating their joint taxable income and tax due. Collectively for the three tax years, the Garces understated their income by over \$1 million,<sup>4</sup> resulting in a tax loss of \$391,595.<sup>5</sup>

Ivan Garces was sentenced to 18 months in prison and fined \$7,700.<sup>6</sup> Mayra Garces was sentenced to 12-months and one-day imprisonment and was also fined \$7,700.<sup>7</sup> Both will be required to complete one year of supervised release following their imprisonment.<sup>8</sup>

The Garces will forfeit the \$50,000 bribe, which will be relinquished to the Treasury Inspector General for Tax Administration (TIGTA) Miscellaneous Receipts Fund.<sup>9</sup>

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<sup>1</sup> M.D. Pa. Judgment Ivan Garces; M.D. Pa. Judgment Mayra Garces, both filed Jan. 22, 2014.

<sup>2</sup> M.D. Pa. Plea Agr. Ivan Garces; M.D. Plea Agr. Mayra Garces, both filed May 22, 2013.

<sup>3</sup> M.D. Pa. Indict. filed Nov. 16, 2011.

<sup>4</sup> M.D. Pa. Superseding Info. Ivan Garces; M.D. Pa. Superseding Info. Mayra Garces, both filed May 22, 2013.

<sup>5</sup> M.D. Pa. Plea Agr. Ivan Garces; M.D. Plea Agr. Mayra Garces, both filed May 22, 2013.

<sup>6</sup> M.D. Pa. Judgment Ivan Garces filed Jan. 22, 2014.

<sup>7</sup> M.D. Pa. Judgment Mayra Garces filed Jan. 22, 2014.

<sup>8</sup> M.D. Pa. Judgment Ivan Garces; M.D. Pa. Judgment Mayra Garces, both filed Jan. 22, 2014.

<sup>9</sup> *Id.*

**Threat Reports from January 26, 2014, through February 1, 2014**

Between January 26, 2014, and February 1, 2014, the Office of Investigations responded to 32 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

No reports have been issued during this period.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 29, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM:

J. Russell George

A handwritten signature in black ink, reading "J. Russell George".

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of February 2, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **IRS Data Entry Clerk Pleads Guilty to Filing False Returns from Stolen Identities and IRS Documents**

On January 21, 2014<sup>1</sup>, in the Eastern District of California, Internal Revenue Service (IRS) employee Monica Hernandez pled guilty to Making and Subscribing a False Income Tax Return, Wire Fraud, and Aggravated Identity Theft.<sup>2</sup> Hernandez was indicted for the offenses in April 2011.<sup>3</sup>

According to court documents, at all times relevant to the offenses, Hernandez was employed as a part-time data entry clerk at the IRS Fresno Service Center in Fresno, California. As part of her duties, Hernandez regularly handled and processed tax returns on behalf of the IRS by entering taxpayers' tax information into the IRS computer system. During the course of her IRS employment, Hernandez stole tax information in order to file fraudulent tax returns and claim large tax refunds.

Specifically, Hernandez stole taxpayers' Forms 1099-B, which list income received and moneys withheld from interest and dividend earnings. Hernandez then falsified and forged the Forms 1099 to reflect her personal information and filed her own tax returns claiming the information from the forged 1099s in the form of excessive withholdings.<sup>4</sup> Between 2007 and 2009, Hernandez filed three false tax returns for herself using this method and obtained refunds from the IRS in the amount of \$175,144.<sup>5</sup>

Starting on or around February 2010, Hernandez began to file a new series of fraudulent tax returns, falsely claiming excessive withholdings. However, this time she used the personal information belonging to other individuals rather than her own to obtain the large refunds. Hernandez initially acquired the identification information of some of the individuals, including deceased persons, from sites on the Internet. She also used the identity of a relative to file one false return and subsequently open a bank account in the relative's name in order to deposit the fraudulently obtained refund check.<sup>6</sup>

In continuance of her scheme, Hernandez illegally acquired and removed 68 separate tax returns from the IRS Service Center in Fresno, California. These returns had been received by the IRS, but had not yet been entered into the IRS computer system. The

<sup>1</sup> E.D. Cal. Crim. Docket filed Apr. 14, 2011.

<sup>2</sup> E.D. Cal. Plea Agr. filed Jan. 3, 2014.

<sup>3</sup> E.D. Cal. Indict. filed Apr. 14, 2011.

<sup>4</sup> E.D. Cal. Plea Agr. filed Jan. 3, 2014.

<sup>5</sup> E.D. Cal. Indict. filed Apr. 14, 2011.

<sup>6</sup> E.D. Cal. Plea Agr. filed Jan. 3, 2014.

stolen tax returns contained the names, Social Security Numbers, addresses, and other pertinent data associated with the taxpayers. Hernandez then proceeded to file fraudulent tax returns electronically for her own benefit using the identification of some of these taxpayers and claimed excessive withholdings from dividends and interest income in order to increase the amount of the refunds. Hernandez filed approximately ten tax returns in which she attempted to claim refunds totaling \$1,745,013.<sup>7</sup>

As part of the plea agreement, Hernandez agreed to pay restitution to the United States in the amount of approximately \$200,000, plus restitution to all of the affected victims in an amount to be determined by the court at sentencing.<sup>8</sup> Hernandez' sentencing is scheduled for April 14, 2014.<sup>9</sup> She could face up to 20 years of imprisonment.<sup>10</sup>

**Threat Reports from January 19, 2014, through January 25, 2014**

Between January 19, 2014 and January 25, 2014, the Office of Investigations responded to 34 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

**Subject: Potentially Improper Healthcare Credit Claims by Tax-Exempt Organizations Are Generally Being Identified for Review, but Improvements Are Needed (Reference No. 2014-13-005).**

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<sup>7</sup> E.D. Cal. Plea Agr. filed Jan. 3, 2014.

<sup>8</sup> *Id.*

<sup>9</sup> E.D. Cal. Crim. Docket filed Apr. 14, 2011.

<sup>10</sup> E.D. Cal. Plea Agr. filed Jan. 3, 2014.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 22, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of January 26, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Individual Indicted for Threatening IRS Employee and Family Member**

On January 15, 2014, Andrew Calcione was indicted in the District of Rhode Island on two counts of retaliating against a Federal official by threatening or injuring a family member.<sup>1</sup>

According to court documents, Calcione knowingly and intentionally threatened to assault and murder an Internal Revenue Service (IRS) Revenue Agent, as well as the Revenue Agent's immediate family member. Calcione made such threats with the intent to impede, intimidate, and interfere with the official duties of the IRS employee, and to retaliate against the employee on account of the employee's performance of official IRS business.<sup>2</sup> Calcione's arraignment is scheduled for January 27, 2014.

#### **Threat Reports from January 12, 2014 through January 18, 2014**

Between January 12, 2014 and January 18, 2014, the Office of Investigations responded to 24 threat incidents directed at the IRS and its employees.

***The following final reports have been issued and are awaiting public release:***

*No reports have been issued for this reporting period.*

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<sup>1</sup> D R.I. Indictment filed Jan. 15, 2014.

<sup>2</sup> *Id.*





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 15, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM:

J. Russell George

A handwritten signature in black ink, reading "J. Russell George".

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of January 19, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Gary McDevitt Pleads Guilty for Threatening to Kill an IRS Employee**

On December 4, 2013, a plea agreement regarding Gary McDevitt was accepted and filed in the Middle District of Florida. McDevitt pled guilty to one count of using threats of force to intimidate and impede a Revenue Officer of the Internal Revenue Service (IRS).<sup>1</sup> He was indicted for the offense in June 2013.<sup>2</sup>

According to the plea agreement, McDevitt used threats of force to try to impede an IRS Revenue Officer who was acting in an official capacity. After having his bank account garnished by the IRS, McDevitt, during a recorded telephone contact with a Community Tax Relief representative, made multiple statements indicating something bad was going to happen if his money was not released. McDevitt said, in part, "...you might be reading about me on the news because if this doesn't get solved, that (expletive) ain't going to be on this earth." At least eight more times during the conversation McDevitt said, referring to the Revenue Officer, he was going to be "a dead man," "going to die," or something similarly threatening. McDevitt indicated he was serious and knew where the Revenue Officer was located.<sup>3</sup>

McDevitt admitted he threatened to kill the IRS Revenue Officer because of the levy on his bank account.<sup>4</sup> Sentencing is scheduled for March 10, 2014.<sup>5</sup>

**Threat Reports from January 5, 2014 through January 11, 2014**

Between January 5, 2014 and January 11, 2014, the Office of Investigations responded to 35 threat incidents directed at the IRS and its employees.

***The following final reports have been issued and are awaiting public release:***

*No reports have been issued for this reporting period.*

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<sup>1</sup> M.D. Fla. Plea Agr. filed Dec. 4, 2013.

<sup>2</sup> M.D. Fla. Indict. filed Jun. 12, 2013.

<sup>3</sup> M.D. Fla. Plea Agr. filed Dec. 4, 2013.

<sup>4</sup> *Id.*

<sup>5</sup> M.D. Fla. Crim. Docket filed Jun. 12, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 8, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM:

J. Russell George

A handwritten signature in black ink, reading "J. Russell George".

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of January 12, 2014

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- On Tuesday, January 14, 2014, the Inspector General will testify before the Senate Committee on Homeland Security and Government Affairs.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**10 Former IRS Employees Arrested for Unemployment Benefits Fraud**

Ten (10) former Internal Revenue Service (IRS) employees were arrested in the Kansas City, Missouri area between December 11, 2013 and December 16, 2013 on charges stemming from a Federal indictment for benefits fraud.<sup>1</sup>

The employees, Michelle Glavin, Priscillia Smith, Christopher Bair, Tiffani Harding, Christopher Castillo, Brenda Jones, Jesse Love, Leisa Hunsel, Shalonda Bradley, and Berneta Weedon, were indicted on December 10, 2013, in the Western District of Missouri, for theft of Government property and bank fraud related to an unemployment benefits scheme.<sup>2</sup>

According to the indictment, the Missouri Division of Employment Security (MODES) administered the unemployment benefits in Missouri on behalf of the Federal Government, and the approved benefit funds for the individuals were then transferred to Central Bank. Between January 2008 and February 2013, the above-named defendants knowingly and willfully stole money belonging to the United States and executed a scheme to defraud Central Bank by fraudulently obtaining unemployment benefits.<sup>3</sup>

The individuals were required to certify weekly, via the Internet or telephone, any work and earnings in order for MODES to determine the validity of continued benefits. All 10 of the defendants were employed at the IRS while claiming unemployment benefits through MODES, resulting in the fraudulent payment of benefits in amounts ranging from \$6,127 to \$21,348, with an aggregate total of \$112,609. The false representations in connection with their weekly unemployment claims were further extended to obtain debit cards and/or financial deposits and negotiable instruments of funds transferred from MODES to Central Bank.<sup>4</sup>

**Threat Reports from December 29, 2013 through January 4, 2014**

Between December 29, 2013 and January 4, 2014, the Office of Investigations responded to six threat incidents directed at the IRS and its employees.

***The following final reports have been issued and are awaiting public release:***

*No reports have been issued for this reporting period.*

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<sup>1</sup> W.D. Mo. Crim. Docket filed Dec. 10, 2013; W.D. Mo. Indict. filed Dec. 10, 2013.

<sup>2</sup> W.D. Mo. Indict. filed Dec. 10, 2013.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 1, 2014

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

for

FROM:

J. Russell George *Michael R. Phillips*  
Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of January 5, 2014

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **IRS Employee Orchestrated Identity Theft Refund Scheme Using Taxpayer Records**

On December 10, 2013, in the Northern District of Georgia, Internal Revenue Service (IRS) Tax Examining Technician Missy Sledge was indicted for aggravated identity theft and mail fraud.<sup>1</sup>

According to court documents, as part of her official IRS duties, Sledge had access to taxpayers' personal identifiers, including names, Social Security Numbers (SSN), dates of birth, and addresses, and information about tax professionals. Sledge used this access in furtherance of an identity theft scheme which included the filing of fraudulent tax returns and the subsequent theft of refunds.<sup>2</sup> With information from IRS computer systems, Sledge provided taxpayers' personal information to her co-conspirators.<sup>3</sup>

It was part of the scheme that others would file fraudulent tax returns with the IRS using the stolen identities of various taxpayers. Sledge used her IRS computer to review the fraudulent returns submitted to determine if she could release fraudulent tax refunds from those returns. When identified, Sledge would release the fraudulent refund for payment. Sledge further assisted those involved in the scheme in impersonating either the taxpayers or their authorized representatives so the taxpayers' addresses of record could be changed to a fictitious address accessible to Sledge or others involved in the scheme. Sledge then caused the IRS to mail refunds in the taxpayers' names to the fictitious address to be intercepted or stolen.<sup>4</sup>

On May 21, 2013, an individual was arrested in Texas and was found to be in possession of an IRS refund check in the amount of \$595,901.97, along with three pages of internal IRS documents containing tax information for one of the identity theft victims. A review of IRS systems revealed Sledge made accesses to this taxpayer's account, as well as to the taxpayer's accountant's information, on seven dates between February 2013 and May 2013. The victim was due a large refund because she had overpaid her estimated taxes. One of the perpetrators used the accountant's information and Government-issued representative number to impersonate the tax practitioner in telephone communication with the IRS on March 5, 2013, to change the address on record from a North Carolina address to an address in

<sup>1</sup> N.D. Ga. Indictment filed Dec. 10, 2013; N.D. Ga. Criminal Complaint filed Nov. 25, 2013.

<sup>2</sup> N.D. Ga. Indictment filed Dec. 10, 2013.

<sup>3</sup> N.D. Ga. Criminal Complaint filed Nov. 25, 2013.

<sup>4</sup> N.D. Ga. Indictment filed Dec. 10, 2013.

Atlanta, Georgia. Sledge then released the \$595,901.97 refund to the fictitious address.<sup>5</sup>

On May 23, 2013, an e-mail was sent from Sledge's IRS e-mail account containing the personal information for two other taxpayers, a married couple. The e-mail included the taxpayers' names, SSNs, dates of birth, address, and tax preparer's information. A subsequent telephonic address change was made, changing the address of record from the taxpayers' Massachusetts address to a Georgia address, and a refund in the amount of \$961,779.33 was paid on or about May 31, 2013. Review of the IRS systems identified accesses to the taxpayers' accounts by Sledge on May 23, 2013 and again in June 2013.<sup>6</sup>

Multiple communications were identified to and from Sledge's IRS e-mail account on dates between May 2013 and September 2013, relaying taxpayer information and/or internal IRS documents for up to as many as 56 taxpayers to Sledge's co-conspirators. Text messages containing taxpayer information and discussing the theft of Government funds were also identified. In one message she sent to an individual she was trying to recruit as a co-conspirator, Sledge told the recipient she had a business proposition for him and indicated she had a plan to change the addresses so checks would come to him. Sledge offered to split the scheme proceeds three or four ways, depending on the number of people involved. Sledge said she would give him all the information needed to get the address changed without any problems or questions and said, "All of this money is just sitting here for the taking."<sup>7</sup>

Treasury Inspector General for Tax Administration (TIGTA) special agents arrested Sledge in Chamblee, Georgia on November 26, 2013.<sup>8</sup> She entered a not guilty plea at her arraignment, held on December 19, 2013.<sup>9</sup>

### **Nevada Defendant Found Guilty of Corrupt Interference, False Claims and Conspiracy, and Co-Defendant Found Guilty of Conspiracy**

On December 4, 2013, in the District of Nevada, Bret Ogilvie was found guilty of corrupt interference with tax administration and false claims against the Government.<sup>10</sup> Ogilvie and his co-defendant, Linwood Tracy, Jr., were each found guilty of conspiracy to defraud the United States.<sup>11</sup> Both were indicted for the violations in November 2012.<sup>12</sup>

According to court documents, Ogilvie and Tracy knowingly and intentionally conspired with each other and others to obstruct the lawful functions of the IRS with threats of lawsuits against the IRS, its employees, and private businesses complying

<sup>5</sup> N.D. Ga. Criminal Complaint filed Nov. 25, 2013.

<sup>6</sup> N.D. Ga. Criminal Complaint filed Nov. 25, 2013.

<sup>7</sup> *Id.*

<sup>8</sup> N.D. Ga. Arrest Warrant Return filed Dec. 5, 2013.

<sup>9</sup> N.D. Ga. Docket filed Dec. 10, 2013.

<sup>10</sup> D. Nev. Verdict Form Bret Ogilvie filed Dec. 4, 2013.

<sup>11</sup> D. Nev. Verdict Form Bret Ogilvie filed Dec. 4, 2013; D. Nev. Verdict Form Linwood Tracy, Jr. filed Dec. 4, 2013.

<sup>12</sup> D. Nev. Indictment filed Nov. 28, 2012.



with IRS enforcement. Specifically, Tracy threatened to sue the IRS for \$10 million if a tax lien on Ogilvie's residence was not removed. Ogilvie called an IRS Revenue Officer on more than one occasion and threatened to file a lawsuit if funds levied from Ogilvie's bank account were not returned. Tracy sued the Revenue Officer and other IRS officials for refusing his Power of Attorney, and requested \$50 million in damages. Tracy and Ogilvie also threatened private businesses with lawsuits if they complied with IRS summonses.<sup>13</sup>

Additionally, Ogilvie made claims for the payment of tax refunds which he knew to be false, fictitious, and fraudulent. Ogilvie filed refund claims for five tax years totaling \$3,985,143, when, in fact, Ogilvie had paid no taxes in those five years and was not entitled to a refund in any amount.<sup>14</sup>

Sentencing for Tracy is scheduled for March 3, 2014, and Ogilvie's sentencing is scheduled for March 24, 2014.<sup>15</sup>

#### **Threat Reports from December 22, 2013 through December 28, 2013**

Between December 22, 2013 and December 28, 2013, the Office of Investigations responded to 24 threat incidents directed at the IRS and its employees.

*The following final report has been issued and is awaiting public release:*

**Subject: Affordable Care Act: The Customer Service Strategy Sufficiently Addresses Tax Provisions; However, Changes in Implementation Will Create Challenges (Reference No. 2014-43-006).**

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<sup>13</sup> D. Nev. Indictment filed Nov. 28, 2012.

<sup>14</sup> *Id.*

<sup>15</sup> D. Nev. Criminal Docket filed Nov. 28, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

December 18, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM:

J. Russell George

A handwritten signature in black ink, reading "J. Russell George".

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Weeks of December 22 and 29, 2013

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

## **Investigations**

### **Taxpayer Sentenced for Impeding Tax Administration by Use of False Levy Releases**

On November 13, 2013, in the District of Hawaii, Miguel Rivera was sentenced for attempting to interfere with the due administration of the Internal Revenue laws.<sup>1</sup> According to court documents, Rivera knowingly and intentionally devised a scheme to defraud United Healthcare Services and the Internal Revenue Service (IRS) to obtain money and property by means of false and fraudulent representations.<sup>2</sup> Rivera pled guilty to two counts of attempts to interfere with the IRS on June 14, 2013.<sup>3</sup>

Rivera was married to an individual who was employed by United Healthcare Services, and owed the IRS money for unpaid Federal income taxes. Rivera and his spouse had a joint bank account at First Hawaiian Bank. When the IRS imposed a tax lien on the wages of Rivera's spouse, United Healthcare Services deducted \$2,397.08 from her salary. Rivera submitted false information to United Healthcare Services making it appear that the IRS had released the lien and Rivera's spouse could resume receiving her wages, salary, and other income. United Healthcare Services subsequently returned \$2,397.08 to Rivera's spouse.<sup>4</sup>

Additionally, as the IRS' collection efforts continued, an IRS revenue officer notified First Hawaiian Bank of an IRS-imposed tax lien on Rivera's spouse's property under the bank's control. Three days after notification to the bank, Rivera submitted a false and fraudulent release of levy to First Hawaiian Bank. Rivera did so with the intent that the false levy release would be treated as if it was real and to regain access to the money in his joint bank account.<sup>5</sup>

Rivera was sentenced to three months in prison, followed by one year of supervised release. Rivera is to surrender to the Bureau of Prisons on January 31, 2014. Rivera was also ordered to pay restitution to the IRS in the amount of \$2,397.08.<sup>6</sup>

### **Threat Reports from December 8, 2013, through December 14, 2013**

Between December 8, 2013, and December 14, 2013, the Office of Investigations responded to 32 threat incidents directed at the IRS and its employees.

***The following final reports have been issued and are awaiting public release:***

*There are no reports for this period.*

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<sup>1</sup> D. HI Judgment filed Nov. 18, 2013.

<sup>2</sup> D. HI Indictment filed Feb. 28, 2013.

<sup>3</sup> D. HI Plea Agreement filed Jun. 14, 2013.

<sup>4</sup> D. HI Indictment filed Feb. 28, 2013; D. HI Plea Agreement filed Jun. 14, 2013.

<sup>5</sup> *Id.*

<sup>6</sup> D. HI Judgment filed Nov. 18, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

December 18, 2013

INFORMATION MEMORANDUM FOR SECRETARY LEW

FROM:

J. Russell George

A handwritten signature in black ink that reads "J. Russell George".

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Weeks of December 22 and 29, 2013

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

## **Investigations**

### **Taxpayer Sentenced for Impeding Tax Administration by Use of False Levy Releases**

On November 13, 2013, in the District of Hawaii, Miguel Rivera was sentenced for attempting to interfere with the due administration of the Internal Revenue laws.<sup>1</sup> According to court documents, Rivera knowingly and intentionally devised a scheme to defraud United Healthcare Services and the Internal Revenue Service (IRS) to obtain money and property by means of false and fraudulent representations.<sup>2</sup> Rivera pled guilty to two counts of attempts to interfere with the IRS on June 14, 2013.<sup>3</sup>

Rivera was married to an individual who was employed by United Healthcare Services, and owed the IRS money for unpaid Federal income taxes. Rivera and his spouse had a joint bank account at First Hawaiian Bank. When the IRS imposed a tax lien on the wages of Rivera's spouse, United Healthcare Services deducted \$2,397.08 from her salary. Rivera submitted false information to United Healthcare Services making it appear that the IRS had released the lien and Rivera's spouse could resume receiving her wages, salary, and other income. United Healthcare Services subsequently returned \$2,397.08 to Rivera's spouse.<sup>4</sup>

Additionally, as the IRS' collection efforts continued, an IRS revenue officer notified First Hawaiian Bank of an IRS-imposed tax lien on Rivera's spouse's property under the bank's control. Three days after notification to the bank, Rivera submitted a false and fraudulent release of levy to First Hawaiian Bank. Rivera did so with the intent that the false levy release would be treated as if it was real and to regain access to the money in his joint bank account.<sup>5</sup>

Rivera was sentenced to three months in prison, followed by one year of supervised release. Rivera is to surrender to the Bureau of Prisons on January 31, 2014. Rivera was also ordered to pay restitution to the IRS in the amount of \$2,397.08.<sup>6</sup>

### **Threat Reports from December 8, 2013, through December 14, 2013**

Between December 8, 2013, and December 14, 2013, the Office of Investigations responded to 32 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

*There are no reports for this period.*

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<sup>1</sup> D. HI Judgment filed Nov. 18, 2013.

<sup>2</sup> D. HI Indictment filed Feb. 28, 2013.

<sup>3</sup> D. HI Plea Agreement filed Jun. 14, 2013.

<sup>4</sup> D. HI Indictment filed Feb. 28, 2013; D. HI Plea Agreement filed Jun. 14, 2013.

<sup>5</sup> *Id.*

<sup>6</sup> D. HI Judgment filed Nov. 18, 2013.





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

Wednesday, December 10, 2013

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of December 15, 2013

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

## **Investigations**

### **Pennsylvania Tax Preparer Indicted for Extortion by Use of Threats and Impersonation of an IRS Employee**

On November 6, 2013, in the Middle District of Pennsylvania, Maria Colvard was charged in a superseding indictment with extortion by a person representing herself to be an officer of the United States, impersonating an employee of the United States, and interference with commerce by threats.<sup>1</sup> Colvard and co-defendant Merarys Paulino were initially indicted on June 5, 2013.<sup>2</sup> On October 8, 2013, Paulino entered a guilty plea to extortion by a person representing herself as an officer of the United States.<sup>3</sup>

According to the November superseding indictment, Colvard obstructed and affected the commerce of Cristina's Tax Service by extortion with the wrongful use of fear and threats, including the fear of economic loss. As part of the extortion scheme against her business competitor, Colvard aided, counseled, and induced Paulino in representing herself to be an employee of the United States, specifically, a criminal investigator with the Internal Revenue Service (IRS) named "LaBella Williams." Under the false pretense of her employment with the IRS, Paulino demanded the client list of Cristina's Tax Service, sums of money, and the closure of the business.<sup>4</sup>

Extortion through the wrongful use of threats or under the color of an official act carries a potential sentence of up to 20 years imprisonment.<sup>5</sup> Colvard's trial is scheduled for March 3, 2014.<sup>6</sup>

### **Threat Reports from December 1, 2013, through December 7, 2013**

Between December 1, 2013, and December 7, 2013, the Office of Investigations responded to 41 threat incidents directed at the IRS and its employees.

***The following final reports have been issued and are awaiting public release:***

- *There are no reports for this period.*

---

<sup>1</sup> M.D. Pa. Superseding Indictment filed Nov. 6, 2013.

<sup>2</sup> M.D. Pa. Indictment filed Jun. 5, 2013.

<sup>3</sup> M.D. Pa. Criminal Docket filed Jun. 5, 2013.

<sup>4</sup> M.D. Pa. Superseding Indictment filed Nov. 6, 2013.

<sup>5</sup> Title 18 U.S.C § 1951.

<sup>6</sup> M.D. Pa. Criminal Docket filed Jun. 5, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

December 4, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM:

J. Russell George

A handwritten signature in black ink, reading "J. Russell George".

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of December 8, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- On Wednesday, December 11, 2013, the Inspector General will testify at a joint hearing with the House Committee on Ways and Means, Subcommittees on Oversight and Social Security.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Internal Revenue Service Employee Sentenced for Structuring Drug Proceeds**

On October 15, 2013, in the Eastern District of California, Catatea James was sentenced for aiding and abetting in the structuring of funds.<sup>1</sup> James pled guilty to the offense on July 16, 2013.<sup>2</sup>

According to court documents, James knowingly and intentionally aided and abetted in the structuring of approximately \$113,088 in drug proceeds at the direction of her half-brother and co-defendant, Joseph Gable. James allowed Gable to deposit and withdraw structured funds through her bank account, even though she suspected the money represented drug proceeds. On one occasion, James provided her bank account number to one of Gable's drug customers in Alabama via text message.<sup>3</sup>

Gable would send James a text with the amount of funds he wanted withdrawn. James made a number of cash withdrawals from her Bank of America account in amounts of \$10,000 or less<sup>4</sup> for the purpose of evading the reporting requirements for cash transactions.<sup>5</sup> James would then give the money to Gable.<sup>6</sup>

James was sentenced to five months imprisonment and three years of supervised release, including five months of electronic monitoring.<sup>7</sup>

**Threat Reports from November 24, 2013, through November 30, 2013**

Between November 24, 2013 and November 30, 2013, the Office of Investigations responded to 24 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

*No reports have been issued for this reporting period.*

---

<sup>1</sup> E.D. Cal. Judgment filed Oct. 24, 2013.

<sup>2</sup> E.D. Cal. Plea Agr. filed Jul. 16, 2013.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> E.D. Cal. Superseding Info. filed Jul. 22, 2013.

<sup>6</sup> E.D. Cal. Plea Agr. filed Jul. 16, 2013.

<sup>7</sup> E.D. Cal. Judgment filed Oct. 24, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

November 20, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of November 24, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Richard Stack Sentenced for Producing Fraudulent Law Enforcement Credentials**

On October 31, 2013, in the District of New Mexico, Richard Stack was sentenced for the unauthorized manufacture of Government identification documents.<sup>1</sup> Stack pled guilty to the offense on October 8, 2013.<sup>2</sup>

According to court documents, Stack pled guilty to four counts of knowingly and without lawful authority, manufacturing, possessing, and selling counterfeit Government credentials. Stack used fictitious names and created credentials falsely representing law enforcement officials from the Internal Revenue Service – Criminal Investigation, the Federal Air Marshal Service, and the United States Secret Service.<sup>3</sup>

Stack was sentenced to two years of probation. Stack is further precluded from entering into any agreement to act as an informer or special agent of any law enforcement agency without the court's permission.<sup>4</sup>

#### **Claudio Uche Dibe Sentenced to 10 Years for Wire Fraud Scheme Targeting the Elderly**

On October 21, 2013, in the Central District of California, Claudio Uche Dibe was sentenced on 15 counts of wire fraud in a scheme that targeted the elderly.<sup>5</sup> Dibe pled guilty to his role in the scheme on July 31, 2012.<sup>6</sup>

According to court documents, Dibe, a Nigerian citizen who used the alias "John Brown," and his co-conspirators defrauded victims and obtained money by means of false representations and promises.<sup>7</sup>

As part of the scheme, a co-conspirator would send e-mails to victims representing that the co-conspirator was an attorney or foreign government official who was responsible for distributing an inheritance.<sup>8</sup> The e-mails sent to unsuspecting victims falsely informed them that they owed additional taxes to the Internal Revenue Service

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<sup>1</sup> D. N.M. Judgment filed Nov. 4, 2013.

<sup>2</sup> D. N.M. Plea Agreement filed Oct. 8, 2013; D. N.M. Information filed Oct. 8, 2013.

<sup>3</sup> *Id.*

<sup>4</sup> D. N.M. Judgment filed Nov. 4, 2013.

<sup>5</sup> C.D. Cal. Judgment filed Oct. 21, 2013; C.D. Cal. Opposition to Defendant's Ex Parte Application to Continuance of Trial Date filed June 6, 2012.

<sup>6</sup> C.D. Cal. Crim. Minutes-Change of Plea, filed July 31, 2012.

<sup>7</sup> C.D. Cal. Indict. filed Oct. 21, 2009.

<sup>8</sup> *Id.*

(IRS), or had inherited millions of dollars but needed to pay processing fees to release the funds.<sup>9</sup>

When a victim responded to a solicitation e-mail, Dibe and his co-conspirators continued contact with the victim by telephone and e-mail using fictitious identities, pretending to be attorneys, bankers, diplomats, and other government officials, to persuade the victims that they were legitimate professionals who could assist in obtaining the promised inheritance, thus inducing victims to send money. Victims were instructed to wire money via Western Union® and MoneyGram® to pay for the purported fees. Contrary to the representations made to the victims, the funds received were not used to pay any fees, nor were inheritance payments issued to the victims. Dibe and his co-conspirators kept the funds for their own benefit.<sup>10</sup>

Dibe was sentenced to 120-months imprisonment, followed by three years of supervised probation. He was ordered to pay restitution in the amount of \$1,079,445.18 and a \$1,500 special assessment. Additionally, the court ordered all monies received by Dibe for income tax refunds, lottery winnings, inheritances, judgments, and other financial gains to be applied to the outstanding court-ordered financial obligations.<sup>11</sup>

#### **Threat Reports from November 10, 2013 through November 16, 2013**

Between November 10, 2013 and November 16, 2013, the Office of Investigations responded to 25 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

*No reports were issued this reporting period.*

---

<sup>9</sup> C.D. Cal. Crim. Compl. filed Aug. 3, 2009.

<sup>10</sup> C.D. Cal. Indict. filed Oct. 21, 2009.

<sup>11</sup> C.D. Cal. Judgment filed Oct. 21, 2013.

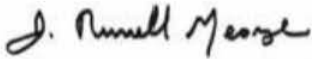


INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

November 13, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of November 17, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Former Internal Revenue Service Employee Indicted in Stolen Identity Refund Scheme**

On October 2, 2013, in the Western District of Missouri, Central Division, Demetria Brown was indicted for wire fraud and aggravated identity theft. According to the 22-count indictment, Brown worked for the Internal Revenue Service (IRS) in St. Louis, Missouri at all times relevant to the charges. From at least 2008 through March 2011, Brown knowingly devised a scheme to defraud and obtain money from the IRS and the Missouri Department of Revenue (MDOR) by means of materially fraudulent representations.<sup>1</sup>

Brown obtained the personal identifiers of individuals (including names, Social Security Numbers, and dates of birth) without their consent or knowledge and completed U.S. Individual Tax Returns and Missouri State Tax Returns with the information. She also added other false information such as addresses, places of employment, wages earned, taxes withheld, and refunds due, to the returns.<sup>2</sup>

Using a false identity, Brown established an account with an Internet service provider and an e-mail address in order to submit the false returns to the IRS and MDOR and generate fraudulent refunds. She opened nominee bank accounts with at least six financial institutions in five different States. She used the routing number, account number, and debit card number on the fraudulent returns to direct payment or credit to accounts she controlled. Through her scheme, Brown unlawfully acquired approximately \$326,260 (\$211,474 from the IRS and \$114,786 from the MDOR).<sup>3</sup>

**Threat Reports from November 3, 2013, through November 9, 2013**

Between November 3, 2013, and November 9, 2013, TIGTA's Office of Investigations responded to 33 threat incidents directed at the IRS and its employees.

***The following final reports have been issued and are awaiting public release:***

*No reports have been issued for this reporting period.*

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<sup>1</sup> W.D. Mo. C.D. Indictment filed October 2, 2013.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*



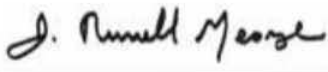


INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

November 6, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of November 10, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Former Internal Revenue Service Employee Ordered to Pay Restitution for Theft of National Treasury Employees Union Funds**

On October 2, 2013, in the District of Utah, Northern Division, Sheila Brown was ordered to pay \$24,582.46 in restitution to Chapter 67 of the National Treasury Employees Union (NTEU).<sup>1</sup> Brown was indicted for theft from a program receiving Federal funds in January 2013.<sup>2</sup> She pled guilty and was sentenced for the offense in June 2013.<sup>3</sup>

According to court documents, from approximately June 2005 until April 2010, Brown served as the Treasurer for NTEU Chapter 67 (NTEU-67). Brown was employed by the Internal Revenue Service (IRS) in Ogden, Utah, at all times relative to the charges. NTEU-67 is an independent Federal sector union representing employees of the Treasury Department, and receives Federal funding and subsidies from the IRS. IRS employees complete NTEU-67 duties while on official IRS work time and are paid with IRS funds.<sup>4</sup>

Brown's responsibilities as the Treasurer for NTEU-67 included overseeing union dues and funds, balancing accounts, submitting and writing checks, and paying for authorized travel, all on behalf of NTEU-67. By virtue of her position as Treasurer, Brown had access to two NTEU bank accounts that were to be used solely for NTEU expenses and purposes. Brown embezzled money from NTEU-67 by using its banking accounts, as well as check and debit cards she obtained from the NTEU-67 accounts, for her personal use and benefit. From approximately January 2009 through April 2010, Brown made unauthorized cash withdrawals from the accounts, issued unauthorized checks, and made personal purchases with debit cards.<sup>5</sup>

In addition to the \$24,582.46 in restitution<sup>6</sup>, Brown was sentenced to 12 months of probation and ordered to participate in a mental health treatment program.<sup>7</sup>

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<sup>1</sup> D. Utah Stipulated Motion to Amend Judgment for Order of Restitution filed Oct. 2, 2013.

<sup>2</sup> D. Utah Indict. filed Jan. 9, 2013.

<sup>3</sup> D. Utah Statement by Defendant in Advance of Guilty Plea filed June 24, 2013; D. Utah Judgment filed June 27, 2013.

<sup>4</sup> D. Utah Indict. filed Jan. 9, 2013.

<sup>5</sup> *Id.*

<sup>6</sup> D. Utah Stipulated Motion to Amend Judgment for Order of Restitution filed Oct. 2, 2013.

<sup>7</sup> D. Utah Judgment filed June 27, 2013.

**Threat Reports from October 27, 2013 through November 2, 2013**

Between October 27, 2013 and November 2, 2013, the Office of Investigations responded to 37 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

No reports have been issued during this period.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

October 30, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of November 3, 2013

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Fred Neal, Jr. Sentenced for Interference with Tax Administration and Retaliation Against Federal Officials**

On October 4, 2013, in the Eastern District of Arkansas, Fred Neal, Jr. was sentenced for corruptly interfering with the Internal Revenue laws, and filing false liens against Government employees and officials.<sup>1</sup> Neal pled guilty to the offenses on June 18, 2013.<sup>2</sup>

According to court documents, Neal corruptly endeavored to obstruct or impede the due administration of the Internal Revenue Code by attempting to intimidate, harass, and attack the financial integrity of Government officials believed to be party to legal actions brought against him by the Internal Revenue Service (IRS).<sup>3</sup>

Neal acknowledged he did so with the intent to secure an unlawful advantage or benefit to himself by attempting to keep the United States from foreclosing on his property.<sup>4</sup> Neal and his spouse had outstanding Federal income tax assessments of approximately \$1.3 million.<sup>5</sup>

Neal engaged in open defiance of the liability after legal action and collection proceedings were initiated.<sup>6</sup> Neal caused repeated filings of fictitious legal and tax documents attacking the personal financial integrity and well-being of officials and employees of the United States, including the Secretary of the Treasury, seven IRS employees, three Department of Justice Tax Division attorneys, at least three Federal judges and associated United States Court personnel, and a United States Attorney.<sup>7</sup>

Neal's filings of fictitious forms misrepresented that the Government employees and officials had paid and received personal income reportable to the IRS totaling more than one billion dollars.<sup>8</sup> Additionally, Neal filed in public records false and fraudulent liens against the real and personal property of these officers and employees of the United States on account of the performance of their official duties.<sup>9</sup> Neal acknowledged he knew the liens or encumbrances were false or contained materially false statements.<sup>10</sup>

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<sup>1</sup> E.D. Ark. Judg. filed October 7, 2013.

<sup>2</sup> E.D. Ark. Plea Agr. filed June 18, 2013.

<sup>3</sup> E.D. Ark. Indict. filed Feb. 2, 2011.

<sup>4</sup> E.D. Ark. Plea Agr. filed June 18, 2013.

<sup>5</sup> *Id.*

<sup>6</sup> E.D. Ark. Indict. filed Feb. 2, 2011.

<sup>7</sup> E.D. Ark. Indict. filed Feb. 2, 2011 and E.D. Ark. Plea Agr. filed June 18, 2013.

<sup>8</sup> E.D. Ark. Indict. filed Feb. 2, 2011.

<sup>9</sup> E.D. Ark. Indict. filed Feb. 2, 2011 and E.D. Ark. Plea Agr. filed June 18, 2013.

<sup>10</sup> *Id.*

Neal was sentenced to one year and one day imprisonment, followed by one year of supervised probation. He was further ordered to participate in a mental health program. Neal is to surrender to the Bureau of Prisons on November 18, 2013.<sup>11</sup>

**Threat Reports from October 20, 2013 through October 26, 2013**

Between October 20, 2013 and October 26, 2013, the Office of Investigations responded to 26 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

*No reports were issued for this reporting period.*

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<sup>11</sup>E.D. Ark. Judg. filed October 7, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

October 23, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM:

J. Russell George

A handwritten signature in black ink, reading "J. Russell George".

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of October 27, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Former Supervisory Internal Revenue Agent and Group Manager Sentenced for Exceeding Authorized Access to a Government Computer and Conflict of Interest**

On September 12, 2013, in the Middle District of Louisiana, Jeanne Gavin was sentenced for exceeding her authorized access to a Government computer and engaging in a criminal conflict of interest.<sup>1</sup> Gavin pled guilty to the violations on April 29, 2013.<sup>2</sup>

Gavin, who was a Supervisory Internal Revenue Agent and Group Manager, was employed by the Internal Revenue Service (IRS) starting in 1979. Her group was primarily responsible for auditing small businesses and self-employed taxpayers. As a manager, Gavin was involved in identifying taxpayers to be audited, assigning the auditor, and overseeing the audit.<sup>3</sup>

While employed by the IRS, Gavin established a private tax and accounting business where she performed tax and accounting services for a fee, including representation of taxpayers before the IRS. Gavin made over \$70,000 in cash and other payments through her business. IRS employees are not permitted to engage in outside employment unless they obtain a written conflict of interest waiver from the IRS. Gavin did not seek or obtain a waiver for her business, as she knew the IRS would not have granted her a waiver to perform private tax services.<sup>4</sup>

From 2005 through 2009, Gavin accessed and obtained taxpayer information contained in an IRS computer system over 2,000 times for the purpose of conducting her private tax and accounting business. She directed unsuspecting subordinate IRS employees, who believed that the information was being requested for official purposes, to access the information for her. IRS employees are only authorized to access this information to carry out their official duties, and not to conduct a private business.<sup>5</sup>

Gavin was sentenced to 12 months imprisonment, followed by one year of supervised release, which includes three months in a residential community corrections center. Additionally, Gavin was fined \$20,000.<sup>6</sup>

<sup>1</sup> M.D. La. Judgment filed Sept. 26, 2013.

<sup>2</sup> M.D. La. Minute Entry filed Apr. 29, 2013.

<sup>3</sup> M.D. La. Bill of Info. filed Mar. 28, 2013.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> M.D. La. Judgment filed Sept. 26, 2013.



### **Defendant Sentenced for Threats of Forcible Interference**

On September 30, 2013, in the District of Arizona, Tommie G. Padgett, Jr. was sentenced for threats of forcible interference with the administration of Internal Revenue laws.<sup>7</sup>

Padgett pled guilty to the offense on August 26, 2013.<sup>8</sup> According to court documents, Padgett knowingly tried to obstruct or impede the IRS by threatening bodily harm during contact with an IRS Revenue Officer.<sup>9</sup> Padgett contacted the Revenue Officer to complain about a civil penalty assessed against him, his outstanding balance due, and a levy placed on his Social Security benefits.

During the contact, Padgett made statements indicating he would “blow [his] brains out” in the IRS employee’s office. He said he was very serious about this and had started paying for a grave. Padgett further stated, in part, “I feel like blowing up... If I have to teach them a lesson, it will be the last thing I ever do. You try and forget Timothy McVeigh.... I’m not a coward... There is a fine line between infamy and fame. I’ve spent my entire life trying not to be famous because I don’t want to be infamous... [T]his is not pushing me toward being able to stay unfamous [*sic*].” With his plea, Padgett acknowledged the accuracy of these statements.<sup>10</sup>

Padgett was sentenced to three years of supervised probation, and was additionally instructed to attend psychiatric counseling at least once every six weeks and participate in a substance abuse treatment program.<sup>11</sup>

### **Guilty Verdict for California Man in Connection with Identity Theft Tax Scheme**

On October 4, 2013, in the Central District of California, Jerry Gregoire, Jr. was found guilty of making false claims against the United States, theft of Government funds, and aggravated identity theft.<sup>12</sup>

According to court documents, as part of a stolen identity refund scheme, Gregoire submitted tax returns to the IRS using the true names and Social Security Numbers (SSNs) of other individuals without their knowledge or consent. The returns included false income, expenses, and deductions, thus inducing refunds to be issued. The refunds were directed to bank accounts that Gregoire controlled.<sup>13</sup>

When Gregoire attempted to cash refund checks in the names of three victims, Money Mart (a check cashing business) notified the Treasury Inspector General for Tax Administration (TIGTA). Gregoire had claimed the individuals’ names on the checks were actually names of his businesses and his new clothing lines. He provided

<sup>7</sup> D. Ariz. Judgment filed Oct. 1, 2013.

<sup>8</sup> D. Ariz. Judgment filed Oct. 1, 2013; D. Ariz. Plea Agr. filed Sept. 30, 2013.

<sup>9</sup> D. Ariz. Plea Agr. filed Sept. 30, 2013.

<sup>10</sup> *Id.*

<sup>11</sup> D. Ariz. Judgment filed Oct. 1, 2013.

<sup>12</sup> C.D. Cal. Verdict filed Oct. 4, 2013; C.D. Cal. Substitute Indict. filed Oct. 1, 2013.

<sup>13</sup> C.D. Cal. First Superseding Indict. filed May 8, 2013.



fabricated business documents and IRS Forms SS-4, purporting that the IRS had issued Employer Identification Numbers in these business names.<sup>14</sup>

The investigation of Gregoire was conducted jointly with agents from TIGTA and IRS Criminal Investigation. A search warrant at Gregoire's residence identified multiple fraudulent documents in the name of one of the victims, including a false IRS Form SS-4, and a fabricated Form W-2, along with a document containing the real name, SSN, date of birth, and occupation of the victim.<sup>15</sup>

At the conclusion of a four-day trial, jurors found Gregoire guilty on all thirteen counts of the October 1, 2013 substitute indictment.<sup>16</sup> Sentencing is scheduled for December 16, 2013.<sup>17</sup>

### **Tax Preparer Pleads Guilty for Creating False Levy Release**

On September 19, 2013, in the Southern District of California, the United States District Court accepted a guilty plea<sup>18</sup> from unenrolled tax preparer Shannon Brown for corruptly interfering with tax administration.<sup>19</sup>

According to court documents, on August 30, 2013, Brown tendered a guilty plea<sup>20</sup> to an Information charging her with corruptly endeavoring to obstruct and impede the IRS by creating a forged and false levy release purporting to release an official IRS bank levy.<sup>21</sup> In her plea agreement, Brown admitted that in July 2012, while employed as an unenrolled tax return preparer and bookkeeper, she created and transmitted a false levy release, without lawful authority, with the intention of preventing the IRS from collecting levied funds from a client's bank account.<sup>22</sup>

The IRS had placed a levy on the client's account for an employment tax debt in the amount of \$7,789.57. Brown created a false levy release by scanning a legitimate IRS levy release from another matter, editing the release, and copying the signature of an IRS Revenue Officer obtained from an unrelated document to the forged document. Brown then transmitted the forged Release of Levy to the Bank of Southern California, purporting to officially release the IRS levy on the client's account.<sup>23</sup>

Brown's sentencing is scheduled for November 25, 2013.<sup>24</sup>

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<sup>14</sup> C.D. Cal. Crim. Compl. filed April 16, 2013.

<sup>15</sup> *Id.*

<sup>16</sup> C.D. Cal. Verdict filed Oct. 4, 2013.

<sup>17</sup> C.D. Cal. Crim. Docket filed Apr. 24, 2013.

<sup>18</sup> S.D. Cal. Order Adopting Findings and Recommendations filed Sept. 19, 2013.

<sup>19</sup> S.D. Cal. Plea Agr. filed Aug. 30, 2013.

<sup>20</sup> S.D. Cal. Crim. Docket filed Aug. 30, 2013.

<sup>21</sup> S.D. Cal. Info. filed Aug. 30, 2013; S.D. Cal. Crim. Docket filed Aug. 30, 2013.

<sup>22</sup> S.D. Cal. Plea Agr. filed Aug. 30, 2013.

<sup>23</sup> *Id.*

<sup>24</sup> S.D. Cal. Findings and Recommendation of the Mag. J. filed Aug. 30, 2013.

**Threat Reports from September 22, 2013 through October 19, 2013**

Between September 22, 2013 and October 19, 2013, the Office of Investigations responded to 80 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

**Subject: Annual Assessment of the Internal Revenue Service Information Technology Program (Reference No. 2013-20-126).**

**Subject: Late Legislation Delayed the Filing of Tax Returns and Issuance of Refunds for the 2013 Filing Season (Reference No. 2013-40-124).**

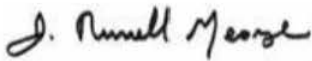


INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

September 25, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of September 29, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Three Taxpayers Indicted for Retaliation against Federal Employees**

On August 15, 2013, in the Eastern District of California, Teresa Marty, Charles Tingler, and Victoria Tingler were indicted for filing retaliatory liens against Federal employees, false claims, and unauthorized disclosure and use of a Social Security Number. Teresa Marty and Charles Tingler were also charged with conspiracy to defraud the Government.<sup>1</sup>

According to the superseding indictment, Marty, a licensed tax preparer in Placerville, California, was involved in the filing of fraudulent tax returns with the Internal Revenue Service (IRS). Marty, along with other individuals, filed at least 250 false income tax returns on behalf of individuals residing in 26 different States, fraudulently claiming more than \$60 million in refunds. The returns falsely reported on IRS Forms 1099-OID that a client's total outstanding debt was actually interest income that had been withheld by the IRS rather than paid to the client, thus entitling the client to a tax refund of the amount. Refund claims ranged from over \$39,000 to \$1.6 million.<sup>2</sup>

Charles and Victoria Tingler, also of Placerville, California, were clients of Marty's tax preparation business. They too, along with Marty and other individuals, knowingly filed a false tax return with the IRS claiming a refund of \$358,415.<sup>3</sup>

When the IRS assessed Marty and the Tingles for the amount of the fraudulent refunds, Marty and Charles Tingler intentionally and knowingly conspired to impede and obstruct the lawful functions of the IRS. On multiple dates, Charles Tingler sent correspondence to the IRS Revenue Officer assigned to the collection of their debt that alleged the Revenue Officer owed him \$6 million and demanded payment of such. In furtherance of the conspiracy, Marty hired a collection agency to collect the false debt allegedly owed.<sup>4</sup>

Marty, Charles Tingler, and Victoria Tingler also filed retaliatory liens in public records against the properties of the multiple Federal employees involved in the collection and litigation of their respective cases knowing that the liens contained materially fraudulent representations. The targeted officials included IRS employees and Department of Justice (DOJ) attorneys. The liens, filed with the Office of the California Secretary of State, falsely claimed encumbrances ranging from \$500,000 to \$84 million. Additionally, in filing such false liens, Marty and the Tingles used and

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<sup>1</sup> E.D. Cal. Superseding Indictment filed Aug. 15, 2013.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*



disclosed publicly the Social Security Numbers of at least five of the Federal employees and the home address of one.<sup>5</sup>

Agents from the Treasury Inspector General for Tax Administration arrested Charles and Victoria Tinger in South Lake Tahoe, California on August 20, 2013.<sup>6</sup> Each was released on a \$50,000 unsecured appearance bond.<sup>7</sup> IRS Criminal Investigation agents previously arrested Marty on June 25, 2013, in connection with her June 20, 2013 indictment for conspiracy to defraud the Government and false claims related to the tax refund scheme.<sup>8</sup>

### **Threat Reports from September 15, 2013, through September 21, 2013**

Between September 15, 2013 and September 21, 2013, the Office of Investigations responded to 36 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

**Subject: Weaknesses in Asset Management Controls Leave Information Technology Assets Vulnerable to Loss (Reference No. 2013-20-089).**

**Subject: Unsupported and Potentially Erroneous Claims for General Business Credits Are Not Always Identified When Tax Returns Are Processed (Reference No. 2013-40-093) .**

**Subject: Recalculations of the Collection Statute Expiration Date Were Not Always Accurate (Reference No. 2013-30-098).**

**Subject: The Physical Security Risk Assessment Program Needs Improvement (Reference No. 2013-10-101).**

**Subject: Inconsistent Adherence to Quality Requirements Continues to Affect the Accuracy of Some Tax Returns Prepared at Volunteer Sites (Reference No. 2013-40-110).**

**Subject: The Office of Appeals Continues to Experience Difficulties in the Handling of Collection Due Process Cases (Reference No. 2013-10-103).**

**Subject: Full Compliance With Trusted Internet Connection Requirements Is Progressing; However, Improvements Would Strengthen Security (Reference No. 2013-20-107).**

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<sup>5</sup> E.D. Cal. Superseding Indict. filed Aug. 15, 2013.

<sup>6</sup> E.D. Cal. Return of Arrest Warrant Charles Tinger filed Aug. 21, 2013; E.D. Cal. Return of Arrest Warrant Victoria Tinger filed Aug. 21, 2013.

<sup>7</sup> E.D. Cal. Criminal Docket Minutes entered Aug. 20, 2013.

<sup>8</sup> E.D. Cal. Return of Arrest Warrant Teresa Marie Marty filed June 26, 2013; E.D. Cal. Indict. filed June 20, 2013.



**Subject: Automated Monitoring Is Needed for the Virtual Infrastructure to Ensure Secure Configurations (Reference No. 2013-20-106).**

**Subject: Affordable Care Act: Tracking of Health Insurance Reform Implementation Fund Costs Could Be Improved (Reference No. 2013-13-115).**

**Subject: The International Campus Compliance Unit Is Improving Individual Tax Compliance (Reference No. 2013-30-113).**

**Subject: Detection Has Improved; However, Identity Theft Continues to Result in Billions of Dollars in Potentially Fraudulent Tax Refunds (Reference No. 2013-40-122).**



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

September 18, 2013

INFORMATION MEMORANDUM FOR SECRETARY LEW

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of September 22, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- Tim Camus, Deputy Inspector General for Investigations, travelling to the Federal Law Enforcement Training Center, September 19-20, to speak to graduates.

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Four Individuals Indicted for Impersonating IRS Employees in International Advance Fee Scheme**

On July 31, 2013, in the Eastern District of New York, four individuals were charged with impersonating Internal Revenue Service (IRS) employees, wire fraud, and conspiracy in association with an international advance fee scheme.<sup>1</sup>

According to court documents, between January 2008 and July 2013, Canadian citizens Sandy Winick, Gregory Curry, Kolt Curry, and Gregory Ellis, along with others, conspired to obtain money and property from victims by means of false representations and promises related to an advance fee scheme.<sup>2</sup>

The advance fee scheme was separate from, but interrelated to, a penny stock scheme; both orchestrated by Winick. The penny stock scheme involved fraudulently inflating and attempting to inflate, the share prices and trading volumes of certain penny stocks. The advance fee scheme involved making false promises to investors to induce them to pay fees for non-existent services to sell their nearly worthless stocks for a profit.<sup>3</sup> The schemes claimed victims from 35 different countries.<sup>4</sup>

In furtherance of the advance fee scheme, Gregory Curry and Kolt Curry helped manage call centers in at least three countries that were used to solicit victims. They also helped prepare false letters, websites, and e-mail accounts to deceive victims. Kolt Curry and Ellis personally participated in making fraudulent telephone calls to victims of the advance fee scheme.<sup>5</sup>

The advance fee defendants posed as employees of fake companies and actual entities, including the IRS. After victims were advised to pay other fees related to the sale of the stocks, they received by e-mail fraudulent notices falsely communicating that the IRS required advance payment of approximately 30 percent of the transaction in taxes before the sale could be completed. The defendants created false personas and IRS documents purporting to originate from IRS employees solely for the purpose of defrauding the advance fee victims. Victims were instructed to wire the fees, including the IRS fee, through Citibank in New York which ultimately were transferred to an account in Beirut, Lebanon. Funds were further wired throughout the

<sup>1</sup> E.D. N.Y. Indictment filed July 31, 2013; E.D. N.Y. Superseding Indictment filed Aug. 7, 2013.

<sup>2</sup> E.D. N.Y. Superseding Indictment filed Aug. 7, 2013.

<sup>3</sup> *Id.*

<sup>4</sup> E.D. N.Y. AUSA Letter Requesting Detention filed Aug. 13, 2013.

<sup>5</sup> E.D. N.Y. Superseding Indictment filed Aug. 7, 2013.

world to accounts maintained by Winick, Gregory Curry, Kolt Curry, Ellis, and others. None of the victims received their anticipated sales proceeds after paying the fees.<sup>6</sup>

In March 2013, Winick began recruiting individuals for two more call centers, including one in Brooklyn, New York. When discussing plans to open a call center in New York, Kolt Curry stated, in part, "...hitting the Americans would be like taking money from a baby."<sup>7</sup> The proceeds of the advance fee scheme in 2009 and 2010 alone totaled more than \$5 million.<sup>8</sup> The total loss to victims is estimated to be over \$20 million.<sup>9</sup>

The investigation was worked by agents from the Treasury Inspector General for Tax Administration, IRS Criminal Investigation, the Federal Bureau of Investigations, and the Department of Homeland Security-Homeland Security Investigations.

### **Threat Reports from September 8, 2013, through September 14, 2013**

Between September 8, 2013 and September 14, 2013, the Office of Investigations responded to 40 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

**Subject: Improvements Are Needed in Assessing and Enforcing Internal Revenue Code Section 6694 Paid Preparer Penalties (Reference No. 2013-30-075)**  
– Final report issued and awaiting public release.

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<sup>6</sup> *Id.*

<sup>7</sup> E.D. N.Y. Superseding Indictment filed Aug. 7, 2013; E.D. N.Y. AUSA Letter Requesting Detention filed Aug. 13, 2013.

<sup>8</sup> E.D. N.Y. Superseding Indictment filed Aug. 7, 2013.

<sup>9</sup> E.D. N.Y. AUSA Letter Requesting Detention filed Aug. 13, 2013.





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

September 11, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of September 15, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Walter Trizila Sentenced for Assaulting, Resisting, or Impeding Federal Officers**

On August 22, 2013, in the District of Nebraska, Walter Trizila was sentenced for assaulting, resisting, or impeding officers of the Internal Revenue Service (IRS) in the performance of their official duties.<sup>1</sup>

According to the May 22, 2013, plea agreement, Trizila encountered IRS officers during an authorized seizure of a dump truck from Trizila's employer for nonpayment of taxes. The IRS officers identified themselves and began to effect the seizure of the truck. Trizila became irate and confrontational. While the officers were placing a seizure tag on the dump truck, Trizila continued to load dirt into it, and also shook the truck with a front-end loader he was operating. Trizila then scooped a full load of dirt into the bucket of the front loader and intentionally drove directly at the officers, refusing to comply with their demands to stop and forcing one officer to move out of his path to avoid being struck. Trizila stopped the loader just short of striking a second officer and dumped the bucket load of dirt within inches of the second officer's feet. Trizila admitted his actions were taken in an effort to scare the IRS officials.<sup>2</sup>

Trizila was sentenced to three years of probation, including 90 days of Radio Frequency Monitoring, and was ordered to complete 60 hours of community service.<sup>3</sup>

#### **Threat Reports from September 1, 2013, through September 7, 2013**

Between September 1, 2013, and September 7, 2013, the Office of Investigations responded to 29 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

**Fiscal Year 2013 Statutory Review of Restrictions on Directly Contacting Taxpayers (Reference No. 2013-30-080).**

**Contractor Employees Have Millions of Dollars of Federal Tax Debts (Reference No. 2013-10-082).**

**Correspondence Scan Errors and Image System Limitations Can Delay Resolution of Taxpayer Cases (Reference No. 2013-40-105).**

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<sup>1</sup> D. Neb. Judgment filed Aug. 23, 2013; D. Neb. Indict. filed Jan. 23, 2013.

<sup>2</sup> D. Neb. Plea Agr. filed May 22, 2013.

<sup>3</sup> D. Neb. Judgment filed Aug. 23, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

September 4, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM:

J. Russell George

A handwritten signature of J. Russell George in black ink, enclosed in a rectangular box.

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of September 8, 2013

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **IRS Tax Compliance Officer Ceil Love Pleads Guilty to Disclosure of Tax Information**

On July 11, 2013, in the Northern District of Georgia, Internal Revenue Service (IRS) employee Ceil Love pled guilty to a Criminal Information<sup>1</sup>, after being charged with knowingly and willingly disclosing to an unauthorized party tax return and return information collected by the Department of the Treasury.<sup>2</sup>

According to court documents, Love has been employed by the IRS since 1990 and was a senior Tax Compliance Officer from 2005 to 2012. Love accessed the IRS database housing tax returns and return information without an official purpose or authorization on nine dates between March 2010 and November 2011 to obtain information from the tax account of her niece. Love used the information to file a false, amended Federal tax return claiming an \$8,000 refund for the First-Time Homebuyer's Credit even though her niece had not purchased a home during that year.<sup>3</sup>

Love took the tax return to her office at the IRS where it was stamped as "Received." Although the fraudulent return did not meet the criteria for the First-Time Homebuyer's Credit, Love obtained an IRS Examination Classification stamp from a co-worker's desk and stamped the tax return "Accepted as Filed," thus causing it to be processed for payment without further screening. The IRS issued a refund check in the amount of \$8,412.67 to the address on the return, which was Love's residence.<sup>4</sup>

Love was unable to negotiate the refund check and allowed it to expire knowing the IRS would issue a new check. In preparation for receipt of the second check, Love fraudulently procured a copy of her niece's birth certificate and, using the birth certificate plus information obtained from the tax account of her niece, obtained a Georgia Identification Card in her niece's name. While applying for the Georgia Identification Card, Love disclosed the Social Security Number of her niece, which she obtained from her unauthorized access to IRS records, to a Georgia Department of Drivers Services employee. When the IRS issued a second check in the amount of \$8,412.67, Love used the fraudulently obtained Georgia Identification Card to negotiate the check and deposit it into her personal checking account.<sup>5</sup>

<sup>1</sup> N.D. Ga. Plea Agr. filed July 11, 2013.

<sup>2</sup> N.D. Ga. Criminal Information filed June 10, 2013.

<sup>3</sup> N.D. Ga. Plea Agr. filed July 11, 2013.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

Sentencing is scheduled for September 18, 2013.<sup>6</sup>

**Threat Reports from August 25, 2013, through August 31, 2013**

Between August 25, 2013, and August 31, 2013, the Office of Investigations responded to 50 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

**Subject: The Correspondence Audit Selection Process Could Be Strengthened (Reference No. 2013-30-077).**

**Subject: The Internal Revenue Service Is Not in Compliance With Executive Order 13520 to Reduce Improper Payments (Reference No. 2013-40-084).**

**Subject: Chief Counsel Should Take Steps to Minimize the Risk of Outside Influence on Its Letter Rulings (Reference No. 2013-10-081).**

**Subject: Significant Progress Was Made in Achieving Compliance With the Federal Financial Management Improvement Act, but Unpaid Assessments Remain a Material Weakness (Reference No. 2013-10-091).**

**Subject: Review of the Internal Revenue Service's American Recovery and Reinvestment Act Fund Expenditures for Fiscal Year 2011 (Reference No. 2013-IE-R009).**

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<sup>6</sup> N.D. Ga. Minute Sheet filed July 11, 2013.

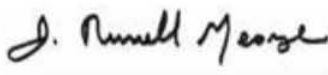


INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

August 28, 2013

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of September 1, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- R. David Holmgren, Deputy IG for Inspections & Evaluations, will be a guest presenter at the 2013 Tax Forum at the National Harbor in Washington, D.C., on August 28-29. The presentation is titled, “Doing the Right Thing: TIGTA, Integrity and You.”

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary’s Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Veronica Littlejohn Sentenced for Wire Fraud, Aiding and Abetting**

On August 5, 2013, in the Central District of California, Veronica Littlejohn was sentenced for wire fraud, aiding and abetting.<sup>1</sup>

According to court documents, from approximately January 2005 through August 2009, Littlejohn was knowingly part of a scheme<sup>2</sup> with multiple co-conspirators to defraud private individuals by means of false pretenses.<sup>3</sup> Co-conspirators in Nigeria and elsewhere contacted victims by e-mail and telephone and fraudulently induced them to send money to Littlejohn and her associates via Western Union, Moneygram, and bank transfers. The victims were instructed to send money for a variety of reasons, including being falsely told they had won a lottery or were named in an inheritance but first needed to send money for taxes and attorney's fees before receiving their winnings or inheritance.<sup>4</sup>

Littlejohn's co-conspirators falsely represented themselves to be attorneys, bankers, diplomats, or other government officials to persuade the victims that they were legitimate professionals.<sup>5</sup> Littlejohn kept a percentage of the victims' money for herself and then wire-transferred the remaining portion to her associates in Nigeria and elsewhere.<sup>6</sup>

Littlejohn was sentenced to 12 months and one day imprisonment. She was also ordered to complete 100 hours of community service, to educate senior citizens and students at high schools and colleges about advanced-fee scams, and to pay \$24,630 in restitution to the victims.<sup>7</sup>

**Threat Reports from August 18, 2013, through August 24, 2013**

Between August 18, 2013 and August 24, 2013, the Office of Investigations responded to 32 threat incidents directed at the IRS and its employees.

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<sup>1</sup> C.D. Cal. Judgment filed Aug. 5, 2013.

<sup>2</sup> C.D. Cal. Amended Plea Agreement filed Sept. 8, 2011.

<sup>3</sup> C.D. Cal. Indict. filed Feb. 10, 2011.

<sup>4</sup> C.D. Cal. Amended Plea Agreement filed Sept. 8, 2011.

<sup>5</sup> C.D. Cal. Indict. filed Feb. 10, 2011.

<sup>6</sup> C.D. Cal. Amended Plea Agreement filed Sept. 8, 2011.

<sup>7</sup> C.D. Cal. Judgment filed Aug. 5, 2013.



*The following final reports have been issued and are awaiting public release:*

**Subject: Fiscal Year 2013 Statutory Review of Compliance With Legal Guidelines When Issuing Levies (Reference No. 2013-30-092).**

**Subject: Trends in Compliance Activities Through Fiscal Year 2012 (Reference No. 2013-30-078).**



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

August 21, 2013

INFORMATION MEMORANDUM FOR SECRETARY LEW

FOR *Michael R. Phillips*  
FROM: J. Russell George  
Treasury Inspector General for Tax Administration  
SUBJECT: TIGTA Weekly Report for the Week of August 25, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Gary McDevitt Arrested for Threatening to Kill an IRS Employee**

On July 25, 2013, in the Middle District of Florida, Treasury Inspector General for Tax Administration (TIGTA) special agents arrested Gary McDevitt for a threatening communication transmitted in interstate commerce, and threats of force to intimidate an officer of the United States.<sup>1</sup>

McDevitt's arrest was based on a June 12, 2013 indictment. According to court documents, during a telephone communication transmitted from Florida to Illinois, McDevitt threatened to kill a Revenue Officer (RO) of the Internal Revenue Service. McDevitt endeavored to intimidate and impede the RO, who was acting in an official capacity, because of a notice of levy filed on McDevitt's bank account.<sup>2</sup>

McDevitt was released on a \$25,000 unsecured bond and was ordered to avoid contact with the RO.<sup>3</sup> A trial date has been set for September 3, 2013.<sup>4</sup>

**Threat Reports from August 11, 2013, through August 17, 2013**

Between August 11, 2013 and August 17, 2013, the Office of Investigations responded to 38 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

*No final reports have been issued for this reporting period.*

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<sup>1</sup> M.D. Fla. Return of Warrant for Arrest filed July 26, 2013.

<sup>2</sup> M.D. Fla. Indict. filed June 12, 2013.

<sup>3</sup> M.D. Fla. Release Bond filed July 26, 2013.

<sup>4</sup> M.D. Fla. Criminal Docket filed June 12, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

August 14, 2013

INFORMATION MEMORANDUM FOR SECRETARY LEW

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of August 18, 2013

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Internal Revenue Service Employee Joy Fox Indicted in Identity Theft Scheme**

On July 18, 2013, in the Eastern District of Kentucky, Internal Revenue Service (IRS) employee Joy Fox was indicted for fraud and related activity in connection with computers, aggravated identity theft, mail fraud, and conspiracy to file false claim.<sup>1</sup>

According to court documents, as part of her duties with the IRS, Fox had access to an IRS computer system which maintains taxpayer information, including names, Social Security Numbers, and dates of birth of taxpayers. On dates between January 2013 and March 2013, Fox and a co-conspirator, Patrick Sharpe, carried out a scheme to defraud and obtain money by means of false pretense.

As part of the plan, Sharpe requested that Fox provide identifying information on individuals 65 years of age or older who were entitled to receive Social Security benefits. Fox exceeded her authorized access to the IRS computer system and improperly, without authority, obtained the personal identifying information of at least eight individuals. This information was provided to Sharpe for use in the scheme.<sup>2</sup>

Trial is scheduled for September 23, 2013.<sup>3</sup>

#### **Threat Reports from August 4, 2013, through August 10, 2013**

Between August 4, 2013 and August 10, 2013, the Office of Investigations responded to 39 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

**Subject: Income and Withholding Verification Processes Are Resulting in the Issuance of Potentially Fraudulent Tax Refunds (Reference No. 2013-40-083) –** Final report issued and awaiting public release.

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<sup>1</sup> E.D. KY Indictment, filed July 18, 2013.

<sup>2</sup> *Id.*

<sup>3</sup> E.D. KY Criminal Docket, filed July 18, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

August 7, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of August 11, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Former Internal Revenue Service Employee Sentenced for Conflict of Interest and Unauthorized Disclosure**

On July 16, 2013, in the Southern District of New York, former Internal Revenue Service (IRS) employee Dennis Lerner<sup>1</sup> was sentenced for acts affecting a personal financial interest and unauthorized disclosure of information.<sup>2</sup>

According to court documents, Lerner, while an IRS employee, personally and substantially participated in IRS settlement negotiations with a company while actively seeking employment with the company. Lerner also, while still an IRS employee, knowingly and willfully disclosed tax return information regarding audits being conducted by the IRS to an individual who was not an IRS employee.<sup>3</sup>

Lerner was sentenced to three years of probation and 150 hours of community service, and was fined \$10,000.<sup>4</sup>

#### **Threat Reports from July 28, 2013, through August 3, 2013**

Between July 28, 2013, and August 3, 2013, the Office of Investigations responded to 51 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

**Subject: Vulnerabilities Exist for Improper or Fraudulent Claims for Bond Tax Credits (Reference No. 2013-10-060).**

**Subject: Improvements Are Needed to Ensure Successful Development and System Integration for the Return Review Program (Reference No. 2013-20-063).**

**Subject: Fiscal Year 2013 Statutory Audit of Compliance With Notifying Taxpayers of Their Rights When Requested to Extend the Assessment Statute (Reference No. 2013-30-071).**

**Subject: Fiscal Year 2013 Statutory Review of Disclosure of Collection Activity With Respect to Joint Returns (Reference No. 2013-30-079).**

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<sup>1</sup> S.D. N.Y. Info. filed Dec. 18, 2012.

<sup>2</sup> S.D. N.Y. Judgment In A Criminal Case filed July 16, 2013.

<sup>3</sup> S.D. N.Y. Info. filed Dec. 18, 2012.

<sup>4</sup> S.D. N.Y. Judgment In A Criminal Case filed July 16, 2013.



**Subject: Fiscal Year 2013 Statutory Review of Compliance With Lien Due Process Procedures (Reference No. 2013-30-072).**



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

July 31, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of August 4, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- On Friday, August 2, Michael E. McKenney, Acting Deputy IG for Audit, will testify before the House Committee on Oversight and Government Reform, Subcommittee on Government Operations.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Individual Indicted on Weapons Charges Previously Threatened to Bomb an IRS Office**

On July 23, 2013, in the District of Utah, Central Division, Keith Pierce was indicted for Failure to Register as a Dealer and Manufacturer, Illegal Possession of Machine Guns, and Possession of a Firearm with an Obliterated Serial Number.<sup>1</sup> Pierce was arrested on July 10, 2013, in Provo, Utah on Federal weapons charges.<sup>2</sup>

According to court documents, an investigation was initiated on Pierce in November 2012 after he made statements to a confidential source about bombing the Internal Revenue Service (IRS) office in Provo, Utah, the Provo Police Department, and a court building. Pierce also claimed to have access to automatic weapons, as well as the tools and knowledge to make fully automatic weapons. During the investigation, Pierce delivered a fully automatic firearm with an obliterated serial number to a Federal Bureau of Investigations (FBI) undercover employee. The Bureau of Alcohol, Tobacco, Firearms, and Explosives (BATF) review and testing of the weapon revealed its modified configuration and concluded it could be defined as a machine gun.<sup>3</sup>

After his arrest, the court found that Pierce constitutes a risk of danger to the community and ordered he be detained pending trial.<sup>4</sup>

The investigation was worked by members of the Joint Terrorism Task Force. The arrest was conducted by agents of the FBI, BATF, and the Treasury Inspector General for Tax Administration (TIGTA).

#### **Threat Reports from July 21, 2013, through July 27, 2013**

Between July 21, 2013 and July 27, 2013, the Office of Investigations responded to 36 threat incidents directed at the IRS and its employees

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<sup>1</sup> D. Utah Indictment filed July 23, 2013.

<sup>2</sup> D. Utah Warrant for Arrest filed July 10, 2013.

<sup>3</sup> D. Utah Complaint filed July 9, 2013.

<sup>4</sup> D. Utah Criminal Docket Minute Entry filed July 15, 2013.

**Inspections & Evaluations**

**Analysis of Executive Travel Within the Internal Revenue Service (Reference No. 2013-IE-R007)** – Final report issued July 22, 2013; released to the public July 23, 2013.

*The following final reports have been issued and are awaiting public release:*

No reports have been issued for this reporting period.





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

July 24, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of July 28, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- On Friday, August 2, TIGTA will testify before the House Committee on Oversight and Government Reform, Subcommittee on Government Operations.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Individual Pleads Guilty to Bribery of Public Officials**

On June 21, 2013, in the District of New Jersey, Woodland Park resident<sup>1</sup> Michael Kazmark entered a guilty plea<sup>2</sup> for knowingly and corruptly giving something of value to public officials with the intent to influence official acts.<sup>3</sup>

Kazmark had an outstanding Federal tax liability of approximately \$98,046 and was seeking to reduce it.<sup>4</sup> Kazmark made two bribe payments totaling \$18,500 to public officials he understood to work for the Internal Revenue Service (IRS) in exchange for their official assistance.<sup>5</sup>

In addition to the payments, it was further a part of Kazmark's bribery scheme that the public officials agree to accept an offer in compromise for the amount of \$9,760 that he had already paid to the IRS, and place his Federal tax liability in a non-collectible status for two years.<sup>6</sup>

Sentencing is set for September 26, 2013.<sup>7</sup>

**Threat Reports from July 14, 2013 through July 20, 2013**

Between July 14, 2013 and July 20, 2013, the Office of Investigations responded to 50 threat incidents directed at the IRS and its employees.

***The following final reports have been issued and are awaiting public release:***

No reports were issued during this reporting period.

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<sup>1</sup> D. N.J. Info. filed June 21, 2013.

<sup>2</sup> D. N.J. Application for Permission to Enter Plea of Guilty filed June 21, 2013.

<sup>3</sup> D. N.J. Plea Agr. filed June 21, 2013.

<sup>4</sup> D. N.J. Info. filed June 21, 2013.

<sup>5</sup> D. N.J. Info. filed June 21, 2013; D. N.J. Plea Agr. Filed June 21, 2013.

<sup>6</sup> D. N.J. Info. filed June 21, 2013.

<sup>7</sup> D. N.J. Crim. Docket filed June 21, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

July 17, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of July 21, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- On Thursday, July 18, 2013, the Inspector General, Chief Counsel, and Assistant IG for Audit (Management Services and Exempt Organizations), are scheduled to testify before the House Oversight and Government Reform full committee.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Individual Pleads Guilty to Interference with Tax Administration and Retaliation of Federal Officials**

On June 18, 2013, in the Eastern District of Arkansas, Fred Neal, Jr. pled guilty to corruptly interfering with the Internal Revenue laws, and filing false liens against Government employees and officials.<sup>1</sup>

A February 2, 2011 indictment charged that Neal corruptly endeavored to obstruct or impede the due administration of the Internal Revenue Code by attempting to intimidate, harass, and attack the financial integrity of Government officials believed to be party to legal actions brought against Neal by the Internal Revenue Service (IRS).<sup>2</sup>

Neal acknowledged he did so with the intent to secure an unlawful advantage or benefit to himself by attempting to keep the United States from foreclosing on his property.<sup>3</sup> Neal and his spouse had outstanding Federal income tax assessments of approximately \$1.3 million.<sup>4</sup>

Neal engaged in open defiance of the liability after legal action and collection proceedings were initiated.<sup>5</sup> Neal caused repeated filings of fictitious legal and tax documents attacking the personal financial integrity and well-being of officials and employees of the United States, including the Secretary of the Treasury, seven IRS employees, three Department of Justice Tax Division attorneys, at least three Federal judges and associated United States Court personnel, and a United States Attorney.<sup>6</sup>

Neal's filings of fictitious forms misrepresented that the Government employees and officials had paid and received personal income reportable to the IRS totaling more than one billion dollars.<sup>7</sup> Additionally, Neal filed in public records false and fraudulent liens against the real and personal property of these officers and employees of the United States on account of the performance of their official duties.<sup>8</sup> Neal acknowledged he knew the liens or encumbrances were false or contained materially false statements.<sup>9</sup>

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<sup>1</sup> E.D. Ark. Plea Agr. filed June 18, 2013.

<sup>2</sup> E.D. Ark. Indict. filed Feb. 2, 2011.

<sup>3</sup> E.D. Ark. Plea Agr. filed June 18, 2013.

<sup>4</sup> *Id.*

<sup>5</sup> E.D. Ark. Indict. filed Feb. 2, 2011.

<sup>6</sup> E.D. Ark. Indict. filed Feb. 2, 2011 and E.D. Ark. Plea Agr. filed June 18, 2013.

<sup>7</sup> E.D. Ark. Indict. filed Feb. 2, 2011.

<sup>8</sup> E.D. Ark. Indict. filed Feb. 2, 2011 and E.D. Ark. Plea Agr. filed June 18, 2013.

<sup>9</sup> *Id.*



Sentencing is scheduled for October 4, 2013.

### **Threat Reports from July 7, 2013, through July 13, 2013**

Between July 7, 2013 and July 13, 2013, the Office of Investigations responded to 38 threat incidents directed at the IRS and its employees.

### **Inspections and Evaluations**

**Review of the Implementation of the Telework Enhancement Act of 2010 (Reference No. 2013-IE-R006)** – Final report issued July 11, 2013; released to the public July 17, 2013

This report presented the results of our inspection to determine whether the IRS has taken appropriate actions for compliance with the *Telework Enhancement Act of 2010* (hereafter referred to as the Act).<sup>[1]</sup>

The IRS implemented most of the requirements of the Act, establishing a telework policy that includes requirements for eligibility, as well as employee and manager requirements for issues, such as performance, training, and completing a written telework agreement.

The IRS's Headquarters Continuity of Operations Plan recommends telework in appropriate situations; however, IRS teleworkers are required to telework in an emergency only on their scheduled telework day(s).

Management partially agreed with our recommendations to require non-bargaining unit teleworkers to telework when the office is closed due to emergency, and include emergency expectations for teleworkers in telework agreements. The IRS could implement this policy for non-bargaining unit employees without negotiations. To ensure that all IRS employees are treated consistently, changes to telework requirements for bargaining unit employees will be addressed with the National Treasury Employees Union in upcoming term negotiations. Implementation for both bargaining and non-bargaining unit employees will be contingent on the outcome of these negotiations.

***The following final reports have been issued and are awaiting public release:***

**Subject: (Reference No.)** – Final report issued and awaiting public release.

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<sup>[1]</sup> Pub. L. No. 111-292, 124 Stat. 3165 (2010).



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

July 10, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of July 14, 2013

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- On Wednesday, July 17, 2013, Alan Duncan, Assistant IG for Audit, Security and Information Technology within the Treasury Inspector General for Tax Administration, will testify in a joint hearing with the House Oversight and Government Reform Subcommittee on Energy Policy, Health Care, and Entitlements and the House Homeland Security Subcommittee on Cybersecurity, Infrastructure Protection, and Security Technologies.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

## **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **IRS Employee Sentenced to Total Term of Imprisonment of 228 Months for Fraud and Extortion**

On June 11, 2013, in the Eastern District of Pennsylvania, Internal Revenue Service (IRS) employee Patricia Fountain<sup>1</sup> was sentenced for conspiracy to defraud the United States and the IRS, false claims to the IRS, filing a false tax return, aiding and abetting the presentation of a false tax return, and Hobb Act extortion.<sup>2</sup> Fountain was convicted of the charges on March 13, 2013.<sup>3</sup>

As an IRS employee, Fountain was entrusted with a variety of duties, including sending disallowance letters to taxpayers whose claims for certain tax credits or refunds were not properly calculated or lacked supporting documentation. Fountain and her co-conspirators knowingly, intentionally, and voluntarily conspired and agreed together and with others to defraud the United States and the IRS by obtaining and aiding to obtain the payment or allowance of false, fictitious and fraudulent claims, that is tax returns, claiming undeserved tax credits and refunds.<sup>4</sup>

According to court documents, from November 2006 to December 2007, Fountain and her co-conspirators obtained the personal identifying information of various taxpayers, including their name and Social Security Numbers, and filed false Federal income tax returns in the names of those taxpayers claiming refunds to which they were not entitled. Fountain directed each taxpayer who received a refund from the IRS to pay a \$400 fee, warning them that if they failed to pay the cash fee she would “red flag” their account. For those taxpayers who failed to pay the \$400 fee, Fountain prepared and filed IRS Forms 1040X, reversing the refunds for eight taxpayers.<sup>5</sup>

Fountain was sentenced to a total term of imprisonment of 228 months and ordered to pay \$1,740,211.40 in restitution.<sup>6</sup> This case was worked jointly with the IRS’s Criminal Investigation Division.

#### **Threat Reports from June 30, 2013, through July 6, 2013**

Between June 30, 2013, and July 6, 2013, the Office of Investigations responded to 19 threat incidents directed at the IRS and its employees.

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<sup>1</sup> E.D. Pa. Third Superseding Indict. filed Oct. 9, 2012.

<sup>2</sup> E.D. Pa. Judgment filed June 11, 2013.

<sup>3</sup> E.D. Pa. Verdict Sheet filed Mar. 13, 2013.

<sup>4</sup> E.D. Pa. Third Superseding Indict. filed Oct. 9, 2012.

<sup>5</sup> *Id.*

<sup>6</sup> E.D. Pa. Judgment filed June 11, 2013.

*The following final reports have been issued and are awaiting public release:*

*No reports have been issued for this reporting period.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

July 3, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of July 7, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Joseph Fienga Pleads Guilty to Assaulting an IRS Employee**

On June 19, 2013, in the Southern District of New York, Joseph P. Fienga pled guilty to Count One of an Information,<sup>1</sup> charging him with assaulting an Internal Revenue Service (IRS) employee in Middletown, New York.<sup>2</sup>

According to court documents, on or about October 22, 2012, Fienga did forcibly assault, resist, oppose, impede, intimidate, interfere with, and commit simple assault on an IRS employee, who was engaged in the performance of his official duties, by throwing coffee on him.<sup>3</sup>

#### **Threat Reports from June 23, 2013, through June 29, 2013**

Between June 23, 2013 and June 29, 2013, the Office of Investigations investigated four threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

**Subject: The Taxpayer Protection Program Improves Identity Theft Detection; However, Case Processing Controls Need to Be Improved (Reference No. 2013-40-062).**

**Subject: Desktop and Laptop Software License Management Is Not Being Adequately Performed (Reference No. 2013-20-025).**

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<sup>1</sup> S.D.N.Y. Criminal Docket filed June 19, 2013.

<sup>2</sup> S.D.N.Y. Information filed May 8, 2013.

<sup>3</sup> *Id.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

June 26, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week June 30, 2013

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Veta Thompson Sentenced to 27 Months in Prison**

On May 17, 2013, Veta Thompson was sentenced in the Western District of Louisiana for corruptly endeavoring to obstruct or impede the due administration of the Internal Revenue laws.<sup>1</sup>

In 2008, Veta Thompson contacted the Internal Revenue Service (IRS) to find out how they handled overpayments to taxpayers' accounts. She was told that if an overpayment was made to her account, the IRS would issue her a refund. From January 15, 2008, and continuing through April 29, 2010, Thompson submitted 386 payments to the IRS totaling \$12,825,992.33, knowing that she had no tax liability and that no money was owed to her by the IRS. All of the payments were rejected by the bank because the accounts were either closed or there were insufficient funds in the accounts.<sup>2</sup>

After Thompson submitted these payments to the IRS, the IRS credited her tax account before they knew the payments were drawn on accounts that were either closed or that contained nonsufficient funds. Because her IRS account showed a credit balance, the IRS issued 9 refund checks to her, totaling \$77,349.09. After the IRS realized what had happened, they placed a freeze on her account, preventing any additional erroneous refunds from being issued to her.<sup>3</sup>

Thompson was sentenced to 27 months in prison and ordered to make restitution to the IRS in the amount of \$77,349.09.<sup>4</sup> She previously pled guilty to the charge on January 17, 2013.<sup>5</sup>

#### **Threat Reports from June 16, 2013 through June 22, 2013**

Between June 16, 2013, and June 22, 2013, the Office of Investigations investigated 10 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

**Subject: Employers Do Not Always Follow Internal Revenue Service Worker Determination Rulings (Reference No. 2013-30-058).**

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<sup>1</sup> W.D. La. Judgment filed May 22, 2013.

<sup>2</sup> W.D. La. Stipulated Factual Basis filed Jan. 17, 2013.

<sup>3</sup> *Id.*

<sup>4</sup> W.D. La. Judgment filed May 22, 2013.

<sup>5</sup> W.D. La. Plea Agr. filed Jan. 17, 2013.

**Subject: The Purchase Card Program Lacks Consistent Oversight to Identify and Address Inappropriate Use (Reference No. 2013-10-056).**





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

June 19, 2013

INFORMATION MEMORANDUM FOR SECRETARY LEW

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of June 23, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- ☐ None

*Long-term*

Audits:

- ☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **13 Current and Former IRS Employees Arrested for Concealing Material Information and Making False Statements**

Thirteen current and former Internal Revenue Service (IRS) employees were arrested in the Western District of Tennessee on April 17, 2013, for concealing material information and making false statements.<sup>1</sup>

According to indictments filed in March 2013, the individuals were charged with concealing material information and making false statements related to obtaining Government benefits. All 13, individually charged in separate indictments, were alleged to have concealed material information and falsely stated that they were unemployed while applying for or recertifying to obtain unemployment payments. However, at all times relevant to the indictments, the individuals were employed by the IRS.<sup>2</sup>

Some individuals were also charged with concealing material information and making false statements to obtain food stamps,<sup>3</sup> welfare,<sup>4</sup> and housing vouchers.<sup>5</sup>

#### **Threat Reports from June 9, 2013, through June 15, 2013**

Between June 9, 2013 and June 15, 2013, the Office of Investigations investigated nine threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

**Subject: The Data Center Consolidation Initiative Has Made Significant Progress, but Program Management Should Be Improved to Ensure That Goals Are Achieved (Reference No. 2013-20-013).**

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<sup>1</sup> W.D. Tenn. Arrest Warrants Returned Executed: Angela Allison, Dorothy Simmons, Teresa Jenkins, Angela Scales, Mary Weeks, Evonna Yarbrough, Lillian Hamilton, Jessica Davis, Shari House, Talari Mitchell, Serina Gaither, Joanne Johnson, and Gale Baker filed Apr. 17, 2013; W.D. Tenn. Indictments: Angela Allison, Dorothy Simmons, Teresa Jenkins, Angela Scales, Mary Weeks, Evonna Yarbrough, Lillian Hamilton, Jessica Davis, Shari House, Talari Mitchell, Serina Gaither, Joanne Johnson, and Gale Baker filed Mar. 27, 2013.

<sup>2</sup> W.D. Tenn. Indictments: Angela Allison, Dorothy Simmons, Teresa Jenkins, Angela Scales, Mary Weeks, Evonna Yarbrough, Lillian Hamilton, Jessica Davis, Shari House, Talari Mitchell, Serina Gaither, Joanne Johnson, and Gale Baker filed Mar. 27, 2013.

<sup>3</sup> W.D. Tenn. Indictments: Angela Allison, Dorothy Simmons, and Teresa Jenkins filed Mar. 27, 2013.

<sup>4</sup> W.D. Tenn. Indictment: Dorothy Simmons filed Mar. 27, 2013.

<sup>5</sup> W.D. Tenn. Indictment: Angela Allison filed Mar. 27, 2013.

**Subject: Fiscal Year 2013 Review of Compliance With Legal Guidelines When Conducting Seizures of Taxpayers' Property (Reference No. 2013-30-061).**



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

June 12, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of June 16, 2013

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **IRS Revenue Agent Sentenced for Theft of Public Money**

Internal Revenue Service employee Becky L. Book<sup>1</sup> was sentenced on May 21, 2013, in the District of Kansas for theft of public money, a felony.<sup>2</sup>

Between March 2010 and April 2011, Book, an Internal Revenue Service (IRS) Revenue Agent, fraudulently charged 744 hours to her cases which she did not actually work and prepared travel vouchers which claimed fraudulent mileage to appointments with taxpayers she never attended, resulting in a total loss to the IRS of \$26,449.65. When interviewed by Treasury Inspector General for Tax Administration Special Agents, Book admitted to filing fraudulent travel vouchers and "pencil whipping" her Examining Officers Activity Records to cover for her lack of work.<sup>3</sup>

Book previously pled guilty to the charge of theft of public money on February 14, 2013, in the District of Kansas.<sup>4</sup> She was sentenced to two years of probation and ordered to make restitution in the amount of \$26,449.65.<sup>5</sup>

#### **Threat Reports from May 25, 2013 through June 8, 2013**

Between May 25, 2013 and June 8, 2013, the Office of Investigations investigated 16 threat incidents directed at the IRS and its employees.

*The following final reports have been issued and are awaiting public release:*

**Subject: Processes Ensure That Taxpayer Identification Numbers Used to Claim Dependent Exemptions Are Valid (Reference No. 2013-40-059)** – Final report issued and awaiting public release.

**Subject: The Enterprise Collection Strategy Organization Has Centralized Management of the Collection Organization; However, Performance Measures and Key Roles Need to Be Developed (Reference No. 2013-30-054)** – Final report issued and awaiting public release.

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<sup>1</sup> D. Kan. Plea Agr. filed Feb. 14, 2013.

<sup>2</sup> D. Kan. Judgment filed May 22, 2013.

<sup>3</sup> D. Kan. Plea Agr. filed Feb. 14, 2013.

<sup>4</sup> *Id.*

<sup>5</sup> D. Kan. Judgment filed May 22, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

June 5, 2013

INFORMATION MEMORANDUM FOR SECRETARY LEW

FOR *Michael R. Phillips*  
FROM: J. Russell George  
Treasury Inspector General for Tax Administration  
SUBJECT: TIGTA Weekly Report for the Week of June 9, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

*There are no items to report.*

***The following final reports have been issued and are awaiting public release:***

*No reports have been issued for this reporting period.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

May 22, 2013

INFORMATION MEMORANDUM FOR SECRETARY LEW

FOR *Michael R. Phillips*  
FROM: J. Russell George  
Treasury Inspector General for Tax Administration  
SUBJECT: TIGTA Weekly Report for the Week of May 26, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Leroy Altona Sentenced for Threatening to Shoot IRS Employees**

Leroy Altona was sentenced, in the Western District of Washington, for interference with the administration of Internal Revenue laws.<sup>1</sup>

Altona called the Internal Revenue Service (IRS) in November 2012, to complain about a tax penalty that had been assessed in connection with his previous business. During the call, he threatened to shoot any IRS employees who entered his property by making such statements as, “How ‘about if I tell ‘em to come and get it and I’ll wait here with my, uh, Mac 15, and pick ‘em off as they come up the driveway?” and, “My attitude is like, Revenuers, you shoot ‘em on sight.”<sup>2</sup>

Altona was sentenced to two-years of probation on April 30, 2013.<sup>3</sup> He previously pled guilty to the charge on January 29, 2013.<sup>4</sup>

***The following final reports have been issued and are awaiting public release:***

*No reports have been issued for this period.*

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<sup>1</sup> W.D. Wash. Judgment filed Apr. 30, 2013.

<sup>2</sup> W.D. Wash. Plea Agr. filed Jan. 29, 2013.

<sup>3</sup> W.D. Wash. Judgment filed Apr. 30, 2013.

<sup>4</sup> W.D. Wash. Plea Agr. filed Jan. 29, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

May 15, 2013

INFORMATION MEMORANDUM FOR SECRETARY LEW

FOR *Michael R. Phillips*

FROM: J. Russell George  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of May 19, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- On Wednesday, May 22, 2013, the Inspector General is scheduled to testify before the House Committee on Oversight and Government Reform.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Tammi Haines Sentenced for Impersonation of IRS Employee**

Tammi Haines was sentenced in the District of New Jersey<sup>1</sup> for impersonation of an officer or employee of the United States. Haines prepared a letter, which displayed the letterhead of the Department of Treasury and Internal Revenue Service (IRS), purportedly authored by “Senior Revenue Officer Jason Riesen.” The letter, which she provided to her mother who was identified only as “D.G.” in court documents, indicated that D.G. owed no tax.<sup>2</sup>

D.G. had authorized her daughter, Haines, to prepare and file Federal income tax returns for her for tax years 2003, 2004, 2005, and 2006; however, Haines never filed the returns. The IRS subsequently filed tax returns on her behalf, which resulted in a tax liability to D.G. of approximately \$330,000. When the IRS Revenue Officer assigned to collect the tax liability contacted D.G., D.G. provided the Revenue Officer with the letter she received from her daughter which she believed was authentic.<sup>3</sup> Haines later admitted that she wrote the fraudulent letter to “buy time” with D.G. so that she would not take immediate action on the tax liability.<sup>4</sup>

On March 21, 2013, Haines was sentenced to 12-months in prison followed by one-year of supervised release and was ordered to pay a \$100 special assessment for impersonation of an officer or employee of the United States.<sup>5</sup> Haines had previously pled guilty to the charge on December 21, 2011.<sup>6</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Controls Over Partial Payment Installment Agreements Can Be Improved (Reference No. 2013-30-040).**

**Subject: Oversight of Revenue Officer Case Actions Can Be Improved (Reference No. 2013-30-043).**

<sup>1</sup> D.N.J. Judgment filed Mar. 22, 2013.

<sup>2</sup> D.N.J. Info. filed Dec. 21, 2011.

<sup>3</sup> *Id.*

<sup>4</sup> D.N.J. Compl. filed Sept. 28, 2010.

<sup>5</sup> D.N.J. Judgment filed Mar. 22, 2013.

<sup>6</sup> D.N.J. Minutes of Proceedings filed Dec. 21, 2011.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

May 8, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of May 12, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- On Wednesday, May 08, 2013, the Inspector General is scheduled to testify before the Senate Committee on Appropriations, Subcommittee on Financial Services and General Government.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **IRS Employee Antonio Willabus Sentenced for False Statements**

Internal Revenue Service (IRS) employee Antonio Willabus was sentenced in the District of Maryland for making false statements.<sup>1</sup> Willabus was a GS-15 information technology specialist who worked a compressed schedule and was placed on a “flexiplace” work schedule that permitted him to work at his home on designated days. He entered his own time, attendance, and leave data into the IRS’s time reporting database. His supervisor validated the time and attendance based upon approved leave requests.<sup>2</sup>

From about January 13, 2012 to June 8, 2012, Willabus falsely certified in his database entries that he had worked designated hours when, in fact, he had not worked the hours and had taken personal time off without authorization. As a result, Willabus received approximately \$28,692 in salary for hours that he did not work.<sup>3</sup>

On April 18, 2013, Willabus was sentenced to four months of imprisonment and one year of supervised release with the additional condition to perform 400 hours of community service. He was also ordered to pay \$24,427.45 in restitution and a \$100 assessment.<sup>4</sup> Willabus had previously pled guilty to the false statements charge on January 18, 2013.<sup>5</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Cost-Reimbursement Contracts Did Not Fully Comply With Federal Acquisition Regulation Revisions (Reference No. 2013-10-046).**

**Subject: Review and Verification of Individual Taxpayer Identification Number Applications Has Improved; However, Additional Processes and Procedures Are Still Needed (Reference No. 2013-40-052).**

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<sup>1</sup> D. Md. Judgment filed Apr. 19, 2013.

<sup>2</sup> D. Md. Indict. filed July 16, 2012.

<sup>3</sup> *Id.*

<sup>4</sup> D. Md. Judgment filed Apr. 19, 2013.

<sup>5</sup> D. Md. Plea Agr. filed Jan. 18, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

May 1, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of May 5, 2013

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- On Wednesday, May 08, 2013, the Inspector General is scheduled to testify before the Senate Committee on Appropriations, Subcommittee on Financial Services and General Government.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **IRS Employee Pleads Guilty to Conspiracy to Commit Passport Fraud**

On April 4, 2013, in the Southern District of Texas, Temi Russell, an Internal Revenue Service (IRS) employee, pled guilty to conspiracy to commit passport fraud.

From October 11, 2007 through September 2, 2010, Russell and a co-conspirator, Nyle Churchwell, worked at a Federal building in Houston, Texas.<sup>1</sup> Russell was an IRS Tax Examiner and Churchwell was an Adjudication Manager for the Houston Passport Agency.<sup>2</sup> Russell introduced another co-conspirator, Lorna Brown, to Churchwell.<sup>3</sup>

As part of the scheme, Brown, who was found guilty of aiding and abetting in this matter,<sup>4</sup> brought non-U.S. citizens to the passport office to get false U.S. passports. Churchwell approved the false passports knowing that the documents and witness information submitted was false. After the passports were issued, Russell would pick up and deliver them.<sup>5</sup>

Sentencing is scheduled for June 28, 2013.<sup>6</sup>

*The following final report has been issued and is awaiting public release:*

**Subject: Enhancements Made to the Modernized e-File System in Release 8 Should Improve System Performance for the 2013 Filing Season (Reference No. 2013-20-039).**

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<sup>1</sup> S.D. Tex. Plea Agr. filed Apr. 5, 2013; S.D. Tex. Superseding Indict. filed Sept. 5, 2012.

<sup>2</sup> S.D. Tex. Superseding Crim. Indict. filed Sept. 5, 2012.

<sup>3</sup> S.D. Tex. Plea Agr. filed Apr. 5, 2013.

<sup>4</sup> S.D. Tex. Order for Presentence Investigation and Disclosure & Sentencing Dates filed Sept. 5, 2012; S.D. Tex. Superseding Crim. Info. filed Aug. 23, 2012.

<sup>5</sup> S.D. Tex. Plea Agr. filed Apr. 5, 2013.

<sup>6</sup> S.D. Tex. Crim. Docket filed Apr. 5, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

April 24, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of April 28, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

### **Investigations**

#### **Hoang O. Hoang Pleads Guilty to Bribery of a Public Official**

On April 4, 2013, in the District of New Hampshire, Hoang O. Hoang pled guilty to bribery of a public official.<sup>1</sup> Beginning in December 2011, and continuing through January 2012, Hoang corruptly gave, offered, and promised United States currency to an Internal Revenue Service Revenue Agent with the intent to influence official acts. Specifically, Hoang intended to cause the Revenue Agent to falsely reduce the amount of tax due and owing with respect to an audit being conducted by the Revenue Agent of a business in New Hampshire owned by Hoang.<sup>2</sup>

Sentencing is scheduled for July 10, 2013.<sup>3</sup>

### **Audit**

*The following final report has been issued and is awaiting public release:*

**Subject: Card Controls Are Generally Effective, but More Aggressive Actions to Address Misuse Are Needed (Reference No. 2013-10-032).**

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<sup>1</sup> D.N.H. Crim. Docket filed Apr. 4, 2013.

<sup>2</sup> D.N.H. Info. filed Oct. 2, 2012.

<sup>3</sup> D.N.H. Crim. Docket filed Apr. 4, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

April 17, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of April 21, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Jared Brewton Sentenced for Impersonating an IRS employee, Identity Theft, and Subscribing to False and Fraudulent Income Tax Returns**

Jared Brewton was sentenced for impersonating an Internal Revenue Service (IRS) employee, identity theft, and subscribing to false and fraudulent income tax returns.<sup>1</sup>

From 2006 through 2010, Brewton obtained false and fraudulent tax refunds from the IRS. To carry out his scheme, Brewton falsely posed as an employee of the IRS, claiming to be an “Audit Group Representative” named “Susan Waters.” When falsely posing as an employee of the IRS, Brewton sent letters to various employers demanding that the employers send him the names, contact information, dates of birth, and Social Security numbers of employees. On at least one occasion, Brewton informed an employer that “identity theft is an [sic] an all-time high... [and that] [o]ur offices are making every effort to ensure that no possible identity theft can occur by [sending the personal identifying information].”<sup>2</sup>

Brewton then prepared and sent false and fraudulent Federal tax returns and accompanying forms that contained Form W-2 information, such as income and withholding, that was falsely and fraudulently inflated, in the names of various other taxpayers without their knowledge or consent. Brewton received fraudulently-procured tax refunds, including those in the names of the other taxpayers, and used the refunds to purchase various personal items.<sup>3</sup> Brewton pled guilty on July 11, 2012.<sup>4</sup>

On March 22, 2013, Brewton was sentenced in the Southern District of New York to 41-months in prison and three-years of supervised release. He was also ordered to pay \$8,716.62 in restitution and a \$600 special assessment.<sup>5</sup>

***The following final reports have been issued and are awaiting public release:***

*No reports were issued this period.*

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<sup>1</sup> S.D.N.Y. Judgment filed Mar. 25, 2013.

<sup>2</sup> S.D.N.Y. Crim. Indict. filed Jan. 25, 2012.

<sup>3</sup> *Id.*

<sup>4</sup> S.D.N.Y. Judgment filed Mar. 25, 2013.

<sup>5</sup> *Id.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

April 10, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of April 14, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Carlos Batista Sentenced for Misuse of Department of the Treasury Names and Symbols**

Carlos Batista was sentenced for misuse of the Department of the Treasury names and symbols.<sup>1</sup>

In August 2009, Batista, in connection with a solicitation or business activity, knowingly used the words, letters, symbols, and emblems of the Department of the Treasury in a manner which could reasonably convey the false impression that such solicitation or business activity was authorized or associated with the Department of the Treasury.

Specifically, Batista affixed the seal of the Department of the Treasury, Internal Revenue Service (IRS), on a letter dated August 24, 2009, which wrongfully represented that Batista owed the IRS \$6,395. The purpose for obtaining \$6,395 from his employer was so he could pay a purported debt to the IRS.<sup>2</sup>

On February 13, 2013, Batista was sentenced in the District of Arizona and placed on one-year supervised probation, and ordered to pay \$6,395 restitution to the victim and a \$25 special assessment.<sup>3</sup>

***The following final reports have been issued and are awaiting public release:***

*No reports were issued this week.*

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<sup>1</sup> D. Ariz. Judgment filed Feb. 15, 2013.

<sup>2</sup> D. Ariz. Plea Agr. filed Feb. 13, 2013.

<sup>3</sup> D. Ariz. Judgment filed Feb. 15, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

April 3, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of April 7, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- On Wednesday, April 10, 2013, the Inspector General is scheduled to testify before the Senate Special Committee on Aging regarding tax fraud and identity theft.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Randy Huffaker Sentenced for Impeding Internal Revenue Laws and Filing False Liens or Encumbrances Against Government Officials**

Randy Huffaker was sentenced for impeding Internal Revenue laws and filing false liens or encumbrances against Government officials.<sup>1</sup>

Huffaker filed, or attempted to file, false and fictitious liens or encumbrances against the Commissioner of Internal Revenue and the Comptroller of the Currency, both of whom are Government officials protected by Federal law. Huffaker filed these liens or encumbrances knowing that each lien or encumbrance was false and fictitious. Huffaker also repeatedly mailed extensive documents to the personal residence of the Commissioner regarding Huffaker's tax debts, demanding action, and falsely claiming the Commissioner's personal indebtedness to Huffaker.<sup>2</sup>

Huffaker was sentenced on March 18, 2013, in the District of Utah, Central Division, to time served and 12-months supervised release. He was also ordered to pay \$33,996 in restitution to the IRS and a \$300 assessment for impeding Internal Revenue laws and filing false liens or encumbrances against Federal Government officials.<sup>3</sup> Huffaker had previously pled guilty to the charges on December 3, 2012.<sup>4</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Improvements Are Needed to Ensure That Performance Measures Are Balanced and Adequately Assess the Effectiveness of the Collection Program (Reference No. 2013-30-028).**

**Subject: Integrated Financial System Updates Are Improving System Security, but Remaining Weaknesses Should Be Addressed (Reference No. 2013-20-030).**

**Subject: Affordable Care Act: Implementation of Key Information Reporting Provisions (Reference No. 2013-43-033).**

**Subject: Affordable Care Act – The Income and Family Size Verification Project: Improvements Could Strengthen the Internal Revenue Service's New Systems Development Process (Reference No. 2013-23-034).**

**Subject: Interim Results of the 2013 Filing Season (Reference No. 2013-40-035).**

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<sup>1</sup> D. Utah. Judgment filed Mar. 21, 2013.

<sup>2</sup> D. Utah. Stat. in Advance of Plea filed Dec. 3, 2012.

<sup>3</sup> D. Utah. Judgment filed Mar. 21, 2013.

<sup>4</sup> D. Utah. Crim. Docket filed Dec. 3, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

March 27, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of March 31, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- On Wednesday, April 10, 2013, the Inspector General is scheduled to testify before the Senate Special Committee on Aging regarding tax fraud and identity theft.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Elizabeth Cowart Sentenced for Attempting to Interfere With Administration of Internal Revenue Laws**

Elizabeth Cowart was sentenced for attempting to interfere with the administration of Internal Revenue laws.<sup>1</sup>

In April 2012, Cowart telephoned the Internal Revenue Service's (IRS) Tax Help Line from Thomasville, Georgia. She spoke with an IRS contact representative to inquire about the status of her 2011 Federal income tax refund. Because Cowart was the victim of an identity theft, processing of her tax refund had been delayed. The IRS contact representative told her that she could expect to receive her refund by April 23, 2012.<sup>2</sup>

Cowart was not satisfied with this answer and asked to speak with someone else. She was told that no one else was available but that she could go to her local walk-in office for assistance. Cowart then stated, "If it is not here on April 23rd, I'm going to go to my local ... local office with a machine gun; and I'm gonna shoot every \*\*\* body in there. I will go. Oh, I will."<sup>3</sup>

Cowart pled guilty on December 12, 2012, to Count Two of the indictment; attempt to interfere with the administration of Internal Revenue laws.<sup>4</sup> She was sentenced on March 7, 2013, in the Middle District of Georgia, Albany Division, to 12 months' probation and ordered to pay a \$25 assessment.<sup>5</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Assessment of the Internal Revenue Service's Interpretation of Section 1302 of the Recovery Act: Qualifying Advanced Energy Project Credit (Reference No. 23013-40-029).**

**Subject: Processing of Foreign Currency Check Payments Is Causing Unnecessary Taxpayer Burden (Reference No. 2013-30-027).**

<sup>1</sup> M.D. Ga. Judgment filed Mar. 14, 2013.

<sup>2</sup> M.D. Ga. Plea Agr. filed Dec. 12, 2012.

<sup>3</sup> *Id.*

<sup>4</sup> M.D. Ga. Minute Sheet: Change of Plea filed Dec. 12, 2012; M.D. Ga. Indict. filed Sept. 12, 2012.

<sup>5</sup> M.D. Ga. Judgment filed Mar. 14, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

March 20, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of March 24, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Vihn Q. Tran Sentenced for Bribery of a Public Official**

Vihn Q. Tran, owner and operator of St. Vincent Seafood Co., Inc., a shrimp and seafood distributor in Leesville, Louisiana,<sup>1</sup> was sentenced for bribery of a public official.<sup>2</sup>

In August 2007, an Internal Revenue Service (IRS) agent delivered an appointment letter to Tran to schedule an IRS audit of Tran's business. At the conclusion of the meeting, Tran offered the IRS agent lunch; however, the agent declined. As the IRS agent was walking away, Tran told him, "... I will take good care of you."<sup>3</sup>

In a subsequent meeting between Tran and the IRS agent, Tran told the IRS agent that he would take care of him if the IRS agent took care of Tran. Tran then asked the IRS agent to make sure he owed little or no taxes and to make the audit paperwork "clear."<sup>4</sup> Tran offered \$6,000 cash and other things of value to the IRS agent with the intent to influence an IRS audit being conducted of his seafood distribution business.<sup>5</sup> Tran made an initial bribe payment of \$500 cash and 75 pounds of jumbo shrimp valued at approximately \$400. Tran made additional cash payments to the agent totaling \$5,500 during three meetings between June and August 2008.<sup>6</sup>

In April 2011, Treasury Inspector General for Tax Administration Special Agents interviewed Tran concerning the bribery payments he made to the IRS agent. Tran acknowledged he had made bribe payments over the course of several meetings. Tran also admitted that he was aware that what he was doing was against the law.<sup>7</sup>

Tran pled guilty to bribery of a public official on January 5, 2012.<sup>8</sup> On March 7, 2013, in the Eastern District of Louisiana, Tran was sentenced to three-years of probation, to include six-months of home detention with electronic monitoring, and he was ordered to pay a \$100 assessment for bribery of a public official.<sup>9</sup>

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<sup>1</sup> E.D. La. Factual Basis filed Jan. 5, 2012.

<sup>2</sup> E.D. La. Judgment filed Mar. 7, 2013.

<sup>3</sup> E.D. La. Factual Basis filed Jan. 5, 2012.

<sup>4</sup> *Id.*

<sup>5</sup> E.D. La. Bill of Information filed Nov. 29, 2011.

<sup>6</sup> E.D. La. Factual Basis filed Jan. 5, 2012.

<sup>7</sup> *Id.*

<sup>8</sup> E.D. La. Plea letter filed Jan. 5, 2012.

<sup>9</sup> E.D. La. Judgment filed Mar. 7, 2013.

*The following final reports have been issued and are awaiting public release:*

**Subject: Actions Can Be Taken to Reinforce the Importance of Recognizing and Investigating Fraud Indicators During Office Audits (Reference No. 2013-30-020)**



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

March 13, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of March 17, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**IRS Revenue Agent Becky L. Book Pleads Guilty to Theft of Public Money**

According to court documents, an Internal Revenue Service (IRS) Supervisory Revenue Agent reported that IRS Revenue Agent Becky L. Book was documenting a significant amount of time on her assigned cases which she was not actually working. An investigation by the Treasury Inspector General for Tax Administration (TIGTA) confirmed this.

The total amount of hours fraudulently claimed by Book between March 2010 and April 2011 was 744, with a total loss to the IRS of \$26,449. Book also prepared 14 travel vouchers in which she claimed fraudulent mileage to appointments with taxpayers she never attended, for a total loss to the Government of \$528.

When Book was interviewed by a TIGTA Special Agent, she admitted to filing the fraudulent travel vouchers and "pencil whipping" her Examining Officers Activity Record to cover for her lack of work.<sup>1</sup>

Book pled guilty on February 14, 2013, in the District of Kansas, to theft of public money. Sentencing is scheduled for May 23, 2013.<sup>2</sup>

***The following final reports have been issued and are awaiting public release:***

*No reports have been issued for this reporting period.*

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<sup>1</sup> D. Kan. Plea Agr. filed Feb. 14, 2013.

<sup>2</sup> D. Kan. Crim. Docket file Jan. 22, 2013.




INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

March 6, 2013

**INFORMATION MEMORANDUM FOR SECRETARY LEW**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of March 10, 2013

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Gavriel Murdukhayevich Aronov Sentenced for Illegal Gratuity to a Public Official and Structuring**

On February 19, 2013, Gavriel Murdukhayevich Aronov was sentenced in the District of Arizona for Illegal Gratuity to a Public Official and Structuring.<sup>1</sup> Aronov was previously indicted by a Federal grand jury, charging him with one-count of Bribery and nine-counts of Structuring.<sup>2</sup> Aronov pled guilty to Illegal Gratuity to a Public Official, a lesser included offense of Count One of the Indictment, and Structuring.<sup>3</sup>

In the plea agreement, Aronov admitted that in April 2012, an Internal Revenue Service (IRS) revenue agent was conducting an audit of Aronov's income tax returns for 2009 and 2010. During the course of the audit, the revenue agent determined that Aronov owed approximately \$34,000 in additional unpaid taxes and penalties based in part on unreported income and debt cancellation. Aronov offered the revenue agent \$5,000 in cash for the revenue agent to adjust the audit report to show zero tax liability.<sup>4</sup>

Aronov also admitted that, on October 15, 2010, he entered a bank and stated that he wanted to deposit \$40,000 in cash but did not want the transaction reported to the Government. Aronov asked the banker for ways to avoid the reporting requirements and then deposited the cash at a different bank in a series of transactions under \$10,000.<sup>5</sup>

Aronov was sentenced to three-years of probation and ordered to pay a \$5,000 fine and a \$200 special assessment.<sup>6</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: The Internal Revenue Service Was Not in Compliance With All Requirements of the Improper Payments Elimination and Recovery Act for Fiscal Year 2012 (Reference No. 2013-40-024)** – Final report issued and awaiting public release.

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<sup>1</sup> D. Ariz. Judgment filed Feb. 20, 2013.

<sup>2</sup> D. Ariz. Indictment filed June 5, 2012.

<sup>3</sup> D. Ariz. Plea Agr. filed Dec. 6, 2012

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> D. Ariz. Judgment filed Feb. 20, 2013.

**Subject: Improvements Are Needed to Ensure the Effectiveness of the Privacy Impact Assessment Process (Reference No. 2013-20-023)** – Final report issued and awaiting public release.





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

February 27, 2013

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of March 3, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- On Tuesday, March 5, 2013, the Inspector General will testify before the House Committee on Appropriations, Subcommittee on Financial Services and General Government.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **James Lee Dardy Sentenced for Conspiracy to Steal Tax Remittance Checks**

On January 30, 2013, in the Southern District of Florida, James Lee Dardy was sentenced to five years' probation, ordered to perform 100 hours of community service, and ordered to participate in the Home Detention Electronic Monitoring Program for one year. Dardy was also ordered to pay \$21,152 restitution and a \$100 assessment for conspiracy to commit theft of public money and property.<sup>1</sup>

According to court documents, between approximately June 2011 and October 2011, Dardy worked as a mailroom clerk in an Internal Revenue Service (IRS) branch office located in Miami, Florida. In approximately June 2011, Dardy and a co-conspirator agreed to steal checks that had been mailed to the IRS branch office at which Dardy worked and they agreed to share the stolen money. Dardy stole checks made payable to the IRS from the IRS mailroom and provided them to his co-conspirator.<sup>2</sup>

The co-conspirator altered the name on the payee line of the tax remittance checks. He, or an individual acting at his direction, deposited the stolen checks into a bank account belonging to another co-conspirator. The illicit proceeds were dispersed to the co-conspirators by wire transfer and postal money order.<sup>3</sup>

#### **Cynthia Lewis Sentenced for Unauthorized Disclosure of Tax Return Information**

On February 11, 2013, in the Eastern District of California, Cynthia Lewis was sentenced to 24 months' probation and ordered to pay a \$100 assessment for unauthorized disclosure of tax return information by a Federal employee.<sup>4</sup>

According to court documents, Lewis, an IRS employee, willfully disclosed tax return or return information to other persons without authorization to do so. The unauthorized disclosures began in about October 2010 and continued to about March 2011.<sup>5</sup> On August 16, 2012, Lewis was indicted by a grand jury for the violation.<sup>6</sup> On November 19, 2012, she pled guilty.<sup>7</sup>

<sup>1</sup> S.D. Fla. Judgment filed Feb. 1, 2013.

<sup>2</sup> S.D. Fla. Stipulated Factual Proffer filed Nov. 5, 2012.

<sup>3</sup> S.D. Fla. Indict. filed Sept. 25, 2012.

<sup>4</sup> E.D. Cal. Judgment filed Feb. 12, 2013.

<sup>5</sup> E.D. Cal. Memorandum of Plea Agreement filed Oct. 31, 2012; and E.D. Cal. Indict. filed Aug. 16, 2012.

<sup>6</sup> E.D. Cal. Indict. filed Aug. 16, 2012.

<sup>7</sup> E.D. Cal. Crim. Docket filed Nov. 27, 2012.

*The following final reports have been issued and are awaiting public release:*

**Subject: Taxpayer Referrals of Suspected Tax Fraud Result in Tax Assessments, but Processing of the Referrals Could Be Improved (Reference No. 2013-40-022).**

**Subject: The Compliance Assurance Process Has Received Favorable Feedback, but Additional Analysis of Its Costs and Benefits Is Needed (Reference No. 2013-30-021).**



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

February 20, 2013

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of February 24, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- ☐ None

*Long-term*

Audits:

- ☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- On Tuesday, March 5, 2013, the Inspector General will testify before the House Committee on Appropriations, Subcommittee on Financial Services and General Government



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Leroy Altona Pleads Guilty to Interference with Administration of Internal Revenue Laws**

On January 29, 2013, in the Western District of Washington at Seattle, Leroy Altona pled guilty to interference with administration of Internal Revenue laws.<sup>1</sup>

According to court documents, Altona, by threats of force, endeavored to intimidate employees of the Internal Revenue Service (IRS) while acting in their official capacity.<sup>2</sup>

On November 5, 2012, Altona telephoned the IRS to complain about a tax penalty that had been assessed in connection with his previous business. During the call, Altona threatened to shoot any IRS employees who entered his property. Specifically, he said, "How about if I tell 'em to come and get it and I'll wait here with my, uh, Mac 15, and pick 'em off as they come up the driveway?" He also said, "My attitude is like, Revenuers, you shoot 'em on sight." He later stated, "If they want it come and get it 'cause I got my guns loaded."<sup>3</sup>

Sentencing is scheduled for April 30, 2013.<sup>4</sup>

***The following final reports have been issued and are awaiting public release:***

*No reports have been issued this week.*

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<sup>1</sup> W.D. Wash. Plea Agr. filed Jan. 29, 2013; W.D. Wash. Criminal Docket filed Jan. 22, 2013.

<sup>2</sup> W.D. Wash. Info. filed Jan. 22, 2013.

<sup>3</sup> *Id.*; W.D. Wash. Plea Agr. filed Jan. 29, 2013.

<sup>4</sup> W.D. Wash. Criminal Docket filed Jan. 22, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

February 13, 2013

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of February 17, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Cynthia Reid Sentenced for Conspiracy to Embezzle Treasury Checks**

On January 14, 2013, in the Southern District of New York, Cynthia Reid (also known as Cynthia Richardson)<sup>1</sup> was sentenced to probation for a term of two years, and ordered to pay \$11,512 in restitution to the Internal Revenue Service (IRS) and a \$25 assessment for conspiracy to embezzle Treasury checks.<sup>2</sup>

According to court documents, as part of a scheme, Reid received United States Treasury checks at the direction of an IRS employee. The IRS employee used her position and access to IRS databases to have refund checks owed to defunct businesses made out to individuals with whom the IRS employee had relationships. The IRS employee directed these refund checks to various individuals, including Reid. Reid deposited the checks into a bank account under the name of her company, cashed the checks, got a small cut from each check, and then remitted the balance to the IRS employee.<sup>3</sup>

***The following final reports have been issued and are awaiting public release:***

*No reports were issued for this reporting period.*

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<sup>1</sup> S.D.N.Y. Information filed Aug. 13, 2012.

<sup>2</sup> S.D.N.Y. Judgment filed Jan. 14, 2013; and S.D.N.Y. Information filed Aug. 13, 2012.

<sup>3</sup> S.D.N.Y. Sentencing Submission filed Jan. 11, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

February 6, 2013

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of February 10, 2013

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Antonio Willabus Pleads Guilty to False Statements**

On January 18, 2013, in the United States District Court for the District of Maryland, Antonio Willabus pled guilty to making a false statement.<sup>1</sup>

According to court documents, Willabus was employed by the Internal Revenue Service (IRS). He worked a compressed week schedule. In addition, he was placed on a “flexiplace” work schedule that permitted him to work at his home on designated days. Willabus entered his own time, attendance, and leave data into the IRS’s database. Willabus’s supervisor would then validate the time and attendance based on approved leave requests.<sup>2</sup>

On or about January 13, 2012, Willabus falsely certified in his database entry that he had worked designated hours when in fact he had not worked the hours and had taken personal time off without authorization. As a result, Willabus received approximately \$28,692 in salary for hours that he did not work.<sup>3</sup>

Sentencing is scheduled for April 18, 2013.<sup>4</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Fraud and Abuse Are Addressed in the Indian Tribal Sector, but Performance Objectives and Measures Are Needed to Assess Program Effectiveness (Reference No. 2013-10-018).**

**Subject: Improper Payments Elimination and Recovery Act Risk Assessments of Revenue Programs Are Unreliable (Reference No. 2013-40-015).**

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<sup>1</sup> D. Md. Plea Agreement filed Jan. 18, 2013; D. Md. Criminal Docket entry dated Jan. 18, 2013.

<sup>2</sup> D. Md. Indict. filed July 16, 2012.

<sup>3</sup> *Id.*

<sup>4</sup> D. Md. Regular Sentencing Order filed Jan. 18, 2013.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 30, 2013

**INFORMATION MEMORANDUM FOR ACTING SECRETARY WOLIN**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of February 3, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Alaska Couple Sentenced for Conspiracy to Murder Federal Officials**

On January 7, 2013, in the District of Alaska, Lonnie and Karen Vernon (the Vernons) were sentenced for conspiracy to kill a United States District Court Judge and an Internal Revenue Service (IRS) Revenue Officer while engaged in the performance of their official duties. Lonnie Vernon's sentence also included conspiracy to possess unregistered silencers and destructive devices.<sup>1</sup>

Lonnie Vernon was sentenced to 310 months of imprisonment.<sup>2</sup> Karen Vernon was sentenced to a prison term of 144 months.<sup>3</sup> Upon release from imprisonment, both of the Vernons will be on supervised release for a term of five years. Lonnie and Karen Vernon were also ordered to pay \$200 and \$100 assessments respectively.<sup>4</sup>

According to court documents, in 2008, the IRS recorded Federal tax liens against the Vernons as a result of their failing to pay taxes to the IRS over the course of several years. In 2009, the United States filed a civil tax case against the Vernons alleging that they owed approximately \$165,750 and seeking to foreclose its Federal tax liens against real property belonging to the Vernons. The United States sought to reduce the tax assessments to judgment, foreclose its liens, sell the property belonging to the Vernons, and apply the proceeds toward their tax liabilities.<sup>5</sup>

In 2011, Lonnie Vernon purchased a pistol/silencer combination and two hand grenades, not knowing at the time that they were inert.<sup>6</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Significant Delays Hindered Efforts to Provide Continuous Monitoring of Security Settings on Computer Workstations (Reference No. 2013-20-016).**

**Subject: Independent Attestation Review of the Internal Revenue Service's Fiscal Year 2012 Annual Accounting of Drug Control Funds and Related Performance (Reference No. 2013-10-019).**

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<sup>1</sup> D. Alaska Judgment (Karen Vernon) filed Jan. 8, 2013; D. Alaska Judgment (Lonnie Vernon) filed Jan. 8, 2013; D. Alaska First Superseding Indict. filed Mar. 17, 2011; and D. Alaska Third Superseding Indict. filed Jan. 20, 2012.

<sup>2</sup> D. Alaska Judgment (Lonnie Vernon) filed Jan. 8, 2013.

<sup>3</sup> D. Alaska Judgment (Karen Vernon) filed Jan. 8, 2013.

<sup>4</sup> D. Alaska Judgment (Karen Vernon) filed Jan. 8, 2013; D. Alaska Judgment (Lonnie Vernon) filed Jan. 8, 2013.

<sup>5</sup> D. Alaska Plea Agr. (Karen Vernon) filed Aug. 27, 2012; D. Alaska Plea Agr. (Lonnie Vernon) filed Aug. 27, 2012.

<sup>6</sup> D. Alaska Third Superseding Indict. filed Jan. 20, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 23, 2013

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of January 27, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Jason Bowser Sentenced for Threat Against a Federal Official**

On December 19, 2012, in the Middle District of Pennsylvania, Jason Bowser was sentenced to time served for making a threat against a Federal official. Bowser was also ordered to pay a \$200 fine and a \$25 assessment.<sup>1</sup>

According to court documents, on or about March 1, 2012, Bowser threatened to assault and murder Internal Revenue Service (IRS) agents, with intent to impede, intimidate, and interfere with the agents while engaged in performance of their official duties.<sup>2</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Potentially Dangerous Taxpayer and Caution Upon Contact Cases Are Adequately Controlled, but Improvements in Training and Outreach Are Needed (Reference No. 2013-40-014).**

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<sup>1</sup> M.D. Pa. Judgment filed Dec 19, 2012.

<sup>2</sup> M.D. Pa. Indict. filed Apr. 25, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 16, 2013

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of January 20, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

*None*

*The following final reports have been issued and are awaiting public release:*

**Subject: Inadequate Aircard and Blackberry Assignment and Monitoring Processes Result in Millions of Dollars in Unnecessary Access Fees (Reference No. 2013-10-010)** – Final report issued and awaiting public release.

**Subject: Improvements Have Been Made to Address Human Capital Issues, but Continued Focus Is Needed (Reference No. 2013-10-017)** – Final report issued and awaiting public release.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 9, 2013

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of January 13, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Elizabeth Cowart Pleads Guilty to Attempt to Interfere With Administration of Internal Revenue Laws**

On December 12, 2012, in the Middle District of Georgia, Albany Division, Elizabeth Cowart pled guilty to attempt to interfere with administration of Internal Revenue laws.<sup>1</sup>

According to the plea agreement, on April 10, 2012, Cowart telephoned the Internal Revenue Service (IRS) Tax Help Line and spoke with an IRS Contact Representative to inquire about the status of her 2011 Federal income tax refund. Due to Cowart being the victim of an identity theft, processing of her tax refund had been delayed. The IRS Contact Representative told Cowart that she could expect to receive her refund by April 23, 2012.<sup>2</sup>

Cowart was not satisfied with this answer and asked to speak with someone else. She was told that no one else was available but that Cowart could go to her local walk-in office for assistance. Cowart then stated, "If it is not here on April 23rd, I'm going to go to my local ... local office with a machine gun; and I'm gonna shoot every \*\*\* body in there. I will go. Oh, I will."<sup>3</sup>

Sentencing is scheduled for March 7, 2013.<sup>4</sup>

***The following final reports have been issued and are awaiting public release:***

*No reports have been issued.*

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<sup>1</sup> M.D. Ga. Minute Sheet: Change of Plea filed Dec. 12, 2012, and M.D. Ga. Indict. filed Sept. 12, 2012.

<sup>2</sup> M.D. Ga. Plea Agr. filed Dec. 12, 2012.

<sup>3</sup> *Id.*

<sup>4</sup> M.D. Ga. Minute Sheet: Change of Plea filed Dec. 12, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 2, 2013

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM:

J. Russell George

A handwritten signature of J. Russell George in black ink.

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of January 6, 2013

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

None

*The following final reports have been issued and are awaiting public release:*

No reports were issued this week.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

December 26, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: Michael R. Phillips *Michael R. Phillips* For:  
J. Russell George  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of December 30, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Gavriel Murdukhayevich Aronov Pleads Guilty to Illegal Gratuity to a Public Official and Structuring**

On December 6, 2012, in the District of Arizona, Phoenix Division, Gavriel Murdukhayevich Aronov pled guilty to illegal gratuity to a public official and structuring.<sup>1</sup>

According to the plea agreement, on October 15, 2010, Aronov entered a bank and stated that he wanted to deposit \$40,000 in cash, but that he did not want the transaction reported to the Government. Aronov asked the banker for ways to avoid the reporting requirements. He then deposited the cash at a different bank in a series of transactions under \$10,000, including a deposit of \$9,500 on October 15, 2010.<sup>2</sup>

In April 2012, an Internal Revenue Service (IRS) revenue agent was conducting an audit of Aronov's income tax returns for 2009 and 2010. During the course of the audit, the revenue agent determined that Aronov owed approximately \$34,000 in additional unpaid taxes and penalties based in part on unreported income and debt cancellation. On April 20, 2012, Aronov offered the revenue agent \$5,000 in cash for the revenue agent to adjust the audit report to show a zero tax liability.<sup>3</sup>

Sentencing is scheduled for February 19, 2013.<sup>4</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Further Efforts Are Needed to Ensure the Internal Revenue Service Prisoner File Is Accurate and Complete (Reference No. 2013-40-011).**

**Subject: Many Taxpayers Are Still Not Complying With Noncash Charitable Contribution Reporting Requirements (Reference No. 2013-40-009).**

---

<sup>1</sup> D. Ariz. Criminal Docket filed June 5, 2012.

<sup>2</sup> D. Ariz. Plea Agr. filed Dec. 6, 2012.

<sup>3</sup> *Id.*

<sup>4</sup> D. Ariz. Criminal Docket filed June 5, 2012.




INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

December 19, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of December 23, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Randy Huffaker Pleads Guilty to Impeding Internal Revenue Laws and Filing False Liens or Encumbrances Against Government Officials**

On December 3, 2012, in the District of Utah, Central Division, Randy Huffaker pled guilty to impeding Internal Revenue laws and filing false liens or encumbrances against Federal Government officials.<sup>1</sup>

According to court documents, Huffaker filed or attempted to file false and fictitious liens or encumbrances against the Commissioner of the Internal Revenue Service and the Comptroller of the Currency, both of whom are Government officials protected by Federal law.

Huffaker filed the false liens or encumbrances against these two individuals because of performance of their official duties. Moreover, he repeatedly mailed extensive documents to the personal residence of the Commissioner regarding Huffaker's tax debts, demanding action, and falsely claiming the Commissioner's personal indebtedness to him, knowing that the liens or encumbrances were false and fictitious<sup>2</sup>

Sentencing is scheduled for February 11, 2013.<sup>3</sup>

***The following final reports have been issued and are awaiting public release:***

No reports have been issued this week.

---

<sup>1</sup> D.U.C.D. Criminal Docket filed Feb. 22, 2012; and D.U.C.D. Statement in Advance of Plea filed Dec. 3, 2012.

<sup>2</sup> D.U.C.D. Statement in Advance of Plea filed Dec. 3, 2012.

<sup>3</sup> D.U.C.D. Criminal Docket filed Feb. 22, 2012.




INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

December 12, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of December 16, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Terri Fiorini Sentenced for Unauthorized Inspection of Tax Return Information**

On November 29, 2012, in the Eastern District of California, Terri Fiorini was sentenced to one-year of unsupervised probation for unauthorized inspection of tax return information. She was also ordered to pay a \$1,000 fine and a \$25 penalty assessment.<sup>1</sup>

According to court documents, Fiorini knowingly and willfully inspected Federal tax return information without authorization while working as an employee of the Internal Revenue Service by accessing the electronically stored tax return information of six individuals. The unauthorized inspection occurred between about May 2010 and January 2012.<sup>2</sup> In November 2012, Fiorini pled guilty in district court.<sup>3</sup>

***The following final reports have been issued and are awaiting public release:***

*No reports were issued for this period.*

---

<sup>1</sup> E.D.C. Judgment filed Dec. 3, 2012.

<sup>2</sup> E.D.C. Memorandum of Plea Agreement filed Sept. 28, 2012.

<sup>3</sup> E.D.C. Criminal docket filed Nov. 29, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

December 5, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of December 9, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Cynthia Lewis Pleads Guilty to Unauthorized Disclosure of Tax Return Information**

On November 19, 2012, in the Eastern District of California, Cynthia Lewis pled guilty to unauthorized disclosure of tax return information by a Federal employee.<sup>1</sup>

According to court documents, Lewis, an Internal Revenue Service employee, willfully disclosed tax return or return information to other persons without authorization to do so. The unauthorized disclosures began in about October 2010 and continued until about March 2011.<sup>2</sup> On August 16, 2012, Lewis was indicted by a grand jury for the violations.<sup>3</sup>

Sentencing is scheduled for February 11, 2013.<sup>4</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: New Employees Are Being Hired More Quickly; However, Improvements Are Needed to Correct Some Hiring Monitoring Data (Reference No. 2013-10-007).**

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<sup>1</sup> E.D. Cal. Criminal Docket filed Nov. 27, 2012; and E.D. Cal. Indict. filed Aug. 16, 2012.

<sup>2</sup> E.D. Cal. Memorandum of Plea Agreement filed Oct. 31, 2012; and E.D. Cal. Indict. filed Aug. 16, 2012.

<sup>3</sup> E.D. Cal. Indict. filed Aug. 16, 2012.

<sup>4</sup> E.D. Cal. Crim. Docket filed Nov. 27, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

November 28, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of December 2, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**John Williamson Sentenced for Retaliating Against IRS Employees**

On November 15, 2012, in the District of New Mexico, John Williamson was sentenced to four months in prison for attempting to interfere with the administration of Internal Revenue laws, and retaliating against Federal employees by false claim, with three-years supervised release, and ordered to pay a \$200 special assessment.<sup>1</sup>

According to the indictment, Williamson attempted to impede the administration of the Internal Revenue Code by filing a false claim of lien and encumbrance against the real and personal property of Internal Revenue Service (IRS) employees for performing their official duties. Williamson knew that the lien and encumbrance was false and contained fraudulent statements, including a claim that the IRS employees owed Williamson approximately \$1 billion.<sup>2</sup>

***The following final reports have been issued and are awaiting public release:***

*No reports have been issued this period.*

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<sup>1</sup> D. N.M. Sentencing Minute Sheet filed Nov. 15, 2012

<sup>2</sup> D. N.M. Indictment filed Oct. 26, 2012




INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

November 21, 2012

INFORMATION MEMORANDUM FOR SECRETARY GEITHNER

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of November 25, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- On Thursday, November 29, the Inspector General is scheduled to testify before the Subcommittee on Government Organization, Efficiency and Financial Management, House Committee on Oversight and Government Affairs, on refund-related identity theft.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Marian Lee Sentenced for Theft of Public Money**

On November 7, 2012, in the Northern District of Georgia, Marian Lee was sentenced to 12 months' probation for theft of public money. Lee was also ordered to pay a fine in the amount of \$3,661, and a special assessment of \$50.<sup>1</sup>

According to the indictment, on or about March 31, 2011, Lee obtained money from the Internal Revenue Service (IRS) based on her submission of a fraudulent request for reimbursement. She embezzled, stole and knowingly converted to her use money of the United States and the IRS.<sup>2</sup> On October 30, 2012, Lee pled guilty to count one of the indictment.<sup>3</sup>

***The following final reports have been issued and are awaiting public release:***

No final reports have been issued this week.

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<sup>1</sup> N.D. Ga. Minute Sheet for proceedings held in Open Court filed Nov. 13, 2012.

<sup>2</sup> N.D. Ga. Indict. filed Sept. 25, 2012.

<sup>3</sup> N.D. Ga. Magistrate's Crim. Minutes (Plea) filed Oct. 30, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

November 14, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of November 18, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- On Thursday, November 29, the Inspector General is scheduled to testify before the Subcommittee on Government Organization, Efficiency and Financial Management, House Committee on Oversight and Government Affairs, on refund-related identity theft.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**IRS Employee Pleads Guilty to Conspiracy to Steal Tax Remittance Checks**

On November 2, 2012, in the Southern District of Florida, James Lee Dardy pled guilty to conspiracy to commit an offense or to defraud United States.<sup>1</sup>

According to court documents, between approximately June 2011 and October 2011, Dardy worked as a mailroom clerk in an Internal Revenue Service (IRS) branch office located in Miami, Florida. In approximately June 2011, Dardy and a co-conspirator agreed to steal checks that had been mailed to the IRS branch office at which Dardy worked and they agreed to share the stolen money. Dardy stole checks made payable to the IRS from the IRS mailroom and provided them to the co-conspirator.<sup>2</sup>

The co-conspirator altered the name on the payee line of the tax remittance checks. He, or an individual acting at his direction, deposited the stolen checks into a bank account belonging to another co-conspirator. The illicit proceeds were dispersed to the co-conspirators by wire transfer and postal money order. Dardy pled guilty to stealing tax remittance checks worth approximately \$18,000.<sup>3</sup>

Sentencing is scheduled for January 30, 2013.<sup>4</sup>

***The following final reports have been issued and are awaiting public release:***

There were no reports issued for this reporting period.

---

<sup>1</sup> S.D. Fla. Change of Plea filed Nov. 2, 2012.

<sup>2</sup> S.D. Fla. Stipulated Factual Proffer filed Nov. 5, 2012.

<sup>3</sup> S.D. Fla. Indict. filed Sept. 25, 2012.

<sup>4</sup> S.D. Fla. Change of Plea filed Nov. 2, 2012.

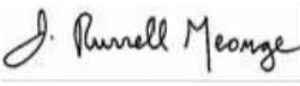


INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

November 7, 2012

INFORMATION MEMORANDUM FOR SECRETARY GEITHNER

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of November 11, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- On Thursday, November 29, the Inspector General is scheduled to testify before the Subcommittee on Government Organization, Efficiency and Financial Management, House Committee on Oversight and Government Affairs, on refund-related identity theft.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Ezenwa Ihenachor Sentenced for Wire Fraud, Aiding and Abetting**

On September 11, 2012, in the Central District of California, Ezenwa Ihenachor was sentenced to 20-months imprisonment, and three years of supervised release for wire fraud, aiding and abetting. He was ordered to pay restitution in the amount of \$42,775.50 to victims, and a special assessment of \$100 to the United States. Ihenachor was also ordered to participate in 150 hours of community service, educating senior citizens and students at high schools and colleges about advanced-fee scams.<sup>1</sup>

According to court documents, beginning on an unknown date and continuing until around August 2009, Ihenachor conspired with others to knowingly execute a scheme to defraud private individuals by means of false pretenses. A co-conspirator would send a solicitation e-mail to victims representing that the co-conspirator was an attorney or foreign Government official and was responsible for distributing an inheritance to the victim. When a victim responded to one of the solicitation e-mails, a co-conspirator would contact the victim via telephone and e-mail, using a fictitious identity and pretending that he or she could assist the victim in obtaining the promised inheritance.<sup>2</sup> The co-conspirator would also tell the victim that they first needed to send money for taxes and attorney's fees before receiving the inheritance.<sup>3</sup>

The co-conspirator instructed the victim to pay the fees via wire transfers. Ihenachor and co-conspirators would retain the victims' funds for their own benefit and would wire transfer some of the proceeds generated as a result of the fraudulent scheme to their co-conspirators in Nigeria and elsewhere.<sup>4</sup>

***The following final reports have been issued and are awaiting public release:***

*There are no reports for this period.*

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<sup>1</sup> C.D. Cal. Judgment filed Sept. 11, 2012.

<sup>2</sup> C.D. Cal. Indict. filed Feb. 10, 2011.

<sup>3</sup> C.D. Cal. Plea Agr. filed Jan. 12, 2012.

<sup>4</sup> C.D. Cal. Indict. filed Feb. 10, 2011.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

October 31, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of November 4, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**IRS Employee Sentenced for Unauthorized Inspection of Tax Returns**

On October 9, 2012, in the Eastern District of Virginia, Dora Broadnax was sentenced to one-year of supervised probation and ordered to pay a \$25 special assessment for unauthorized inspection of tax returns.<sup>1</sup>

According to facts admitted in court documents, Broadnax was hired by the Internal Revenue Service as an Individual Taxpayer Advisory Specialist in 1999, and held that position at the time she committed the unauthorized inspection of tax returns. As an Individual Taxpayer Advisory Specialist, Broadnax had access to tax return and return information of United States taxpayers through computers for business purposes. In the months of January and June 2011, Broadnax willfully inspected tax returns and return information of taxpayers without authorization and for purposes unrelated to her official duties.<sup>2</sup>

***The following final reports have been issued and are awaiting public release:***

*There are no report for this period.*

---

<sup>1</sup> E.D. Va. Judgment filed October 9, 2012.

<sup>2</sup> E.D. Va. Statement of Facts filed October 9, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

October 24, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM:

J. Russell George

A handwritten signature of J. Russell George in black ink.

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of October 28, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **IRS Employee Sentenced for Theft of Public Money**

On September 14, 2012, in the Southern District of Florida, Corey Ivey was sentenced to three-years of probation and ordered to perform 250 hours of community service for theft of public money. Ivey was also ordered to pay \$7,435 in restitution and a \$25 penalty assessment.<sup>1</sup>

According to court documents, Ivey was employed with the Internal Revenue Service (IRS) in a position that required him to travel as part of his work. Ivey had a pattern of submitting false claims, particularly for lodging expenses and rental car reimbursement. He submitted false claims for official Government travel and converted the money to which he was not entitled to his own use. Ivey advised that he created fake hotel receipts submitted with his voucher and claimed rental car expenses that he never incurred. The loss incurred by the IRS from Ivey's false reimbursement claims and travel advances is approximately \$7,434.<sup>2</sup>

***The following final reports have been issued and are awaiting public release:***

*There are no reports for this period.*

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<sup>1</sup> S.D. Fla Judgment filed Sept. 17, 2012.

<sup>2</sup> S.D. Fla Factual Proffer filed July 3, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

October 17, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of October 21, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**IRS Employee Sentenced for Unauthorized Inspection of Tax Return Information**

On August 30, 2012, in California, Eduardo Duarte was sentenced to one-year of unsupervised probation for unauthorized inspection of tax return information. Duarte was also ordered to pay a \$1,000 fine and a \$25 penalty assessment.<sup>1</sup>

According to court documents, between about April 29, 2010, and September 9, 2011, Duarte knowingly inspected tax returns and tax return information without authorization while working as an employee of the IRS. He willfully accessed the electronically stored Federal tax returns and tax return information of individuals outside the scope of his employment. Duarte pled guilty as charged in a plea agreement filed on August 27, 2012.<sup>2</sup>

***The following final reports have been issued and are awaiting public release:***

*There are no reports for this period.*

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<sup>1</sup> E.D. Cal. Judgment filed Sept. 5, 2012.

<sup>2</sup> E.D. Cal. Plea Agr. filed Aug. 27, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

October 10, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM:

J. Russell George

A handwritten signature of J. Russell George in black ink, enclosed in a rectangular box.

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of October 14, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Alaska Couple Pleads Guilty to Conspiracy to Murder Federal Officials**

On August 27, 2012, in the U.S. District Court of Alaska, Lonnie and Karen Vernon (the Vernons) both pled guilty to conspiracy to kill a United States District Court Judge and an Internal Revenue Service (IRS) Revenue Officer while engaged in the performance of their official duties.<sup>1</sup>

According to court documents, in 2008, the IRS recorded Federal tax liens against the Vernons as a result of their failing to pay taxes to the IRS over the course of several years. In 2009, the United States filed a civil tax case against the Vernons alleging that they owed approximately \$165,750 and seeking to foreclose its Federal tax liens against real property belonging to the Vernons. The United States also sought to reduce the tax assessments to judgment, foreclose its liens, sell the property belonging to the Vernons, and apply the proceeds toward their tax liabilities.<sup>2</sup>

In 2011, Lonnie Vernon traveled with another person to Anchorage, Alaska to obtain a silencer. He also stated that he planned to use the silencer to kill an IRS employee. Later, Lonnie Vernon asked if that person could provide him with hand grenades and the Vernons offered to trade jewelry in exchange for the grenades. While buying a pistol and silencer, the Vernons purchased and received three hand grenades, not knowing at the time that they were inert.<sup>3</sup>

Sentencing is scheduled for November 14, 2012.<sup>4</sup>

***The following final reports have been issued and are awaiting public release:***

*There are no reports for this period.*

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<sup>1</sup> D. Alaska Minutes of the U.S. District Court filed Aug. 27, 2012; and D. Alaska Plea Agr. filed Aug. 27, 2012.

<sup>2</sup> D. Alaska Plea Agr. filed Aug. 27, 2012.

<sup>3</sup> D. Alaska Superseding Indict. filed Mar. 17, 2011.

<sup>4</sup> D. Alaska Minutes of the U.S. District Court filed Aug. 27, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

October 3, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of October 7, 2012

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **John Daly Sentenced for Threatening and Intimidating an IRS Employee**

On September 18, 2012, in the District of Massachusetts, John Daly was sentenced to two-years of probation and ordered to pay a \$250 assessment for threatening and intimidating a United States official acting in an official capacity.<sup>1</sup>

According to court documents, Daly threatened to assault and to retaliate against an Internal Revenue Service employee for performing official duties. He endeavored to intimidate the employee and to impede the due administration of the Internal Revenue Code.<sup>2</sup> On June 6, 2012, Daly pled guilty to a four-count indictment charging him with threatening and intimidating a United States official.<sup>3</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: The Information Technology Organization Needs to Implement a Competency Database to Efficiently Manage Its Workforce (Reference No. 2012-20-107).**

**Subject: An Enterprise Approach Is Needed to Address the Security Risk of Unpatched Computers (Reference No. 2012-20-112).**

**Subject: Processes for the Direct Deposit of Tax Refunds Need Improvement to Increase Accuracy and Minimize Fraud (Reference No. 2012-40-118).**

**Subject: Subject: The Estimated Tax Penalty Is Not Administered Equitably (Reference No. 2012-40-117).**

**Subject: The Majority of Individual Tax Returns Were Processed Timely, but Not All Tax Credits Were Processed Correctly During the 2012 Filing Season (Reference No. 2012-40-119).**

**Subject: The Customer Account Data Engine 2 Database Was Initialized; However, Database and Security Risks Remain, and Initial Timeframes to Provide Data to Three Downstream Systems May Not Be Met (Reference No. 2012-20-109).**

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<sup>1</sup> D. Mass. Judgment filed Sept. 20, 2012.

<sup>2</sup> D. Mass. Indict. filed Feb. 16, 2011.

<sup>3</sup> D. Mass. Judgment filed Sept. 20, 2012.

**Subject: Despite Steps Taken to Increase Electronic Returns, Unresolved Modernized e-File System Risks Will Delay the Retirement of the Legacy e-File System and Implementation of Business Forms (Reference No. 2012-20-121).**

**Subject: Treasury Inspector General for Tax Administration – Federal Information Security Management Act Report for Fiscal Year 2012 (Reference No. 2012-20-114).**

**Subject: Using SmartID Cards to Access Computer Systems Is Taking Longer Than Expected (Reference No. 2012-20-115).**

**Subject: Annual Assessment of the Internal Revenue Service Information Technology Program (Reference No. 2012-20-120).**

**Subject: Customer Account Data Engine 2 (CADE2): System Requirements and Testing Processes Need Improvements (Reference No. 2012-20-122).**



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

September 26, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of September 30, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Individual Sentenced for Corrupt Interference with Internal Revenue Laws**

On September 5, 2012, in Atlanta, Georgia, Rose Royce was sentenced to 36-months imprisonment followed by one-year of supervised release pursuant to a June 11, 2012, jury verdict finding Royce guilty<sup>1</sup> of Corrupt Interference with Internal Revenue Laws.<sup>2</sup> She was also ordered to pay \$277,671 in restitution and a \$100 special assessment.<sup>3</sup>

According to the indictment, Royce filed a fraudulent 2008 Form 1040 with the Internal Revenue Service (IRS). As a result, she received an electronic deposit in the amount of \$347,530 into her personal bank account and withdrew \$300,000 from that account. After an IRS Revenue Officer served Royce with a Notice of Levy, Royce withdrew a total of \$170,000 from two bank accounts that she controlled.

Beginning in December 2008, and continuing through August 2009, Royce corruptly endeavored to impede the due administration of the Internal Revenue laws by having documents mailed, hand-delivered, or faxed to IRS and Department of the Treasury officials. These documents included Forms 56 "Notice Concerning Fiduciary Relationship" which designated certain IRS and Department of the Treasury officials as Royce's fiduciaries, when those officials were not Royce's fiduciaries.<sup>4</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Control Weaknesses Could Allow Taxpayers' Delinquent Accounts to Be Inappropriately Closed As Currently Not Collectible (Reference No. 2012-40-108).**

**Subject: Collection Field Function Procedures Were Not Always Followed When Assessing Taxes on Businesses That Have Not Filed Tax Returns (Reference No. 2012-30-110).**

**Subject: Delays In Processing Net Operating Loss Cases Resulted in Millions of Dollars in Unnecessary Interest Payments (Reference No. 2012-40-111).**

**Subject: Deficiencies Continue to Exist in Verifying Contractor Labor Charges Prior to Payment (Reference No. 2012-11-101).**

<sup>1</sup> N.D. Ga. Jury Verdict filed June 11, 2012.

<sup>2</sup> N.D. Ga. Judgment filed Sep. 5, 2012.

<sup>3</sup> N.D. Ga. Minute Sheet for Proceedings Held in Open Court filed Sep. 5, 2012.

<sup>4</sup> N.D. Ga. Indict. filed Nov. 15, 2011.



**Subject: Penalty Abatement Procedures Should Be Applied Consistently to All Taxpayers and Should Encourage Voluntary Compliance (Reference No. 2012-40-113).**

**Subject: While Use of the Modernized e-File System for Individual Tax Returns Has Increased, the Legacy e-File System Is Still Needed As a Backup (Reference No. 2012-40-116).**

**Subject: Audit Trails Did Not Comply With Standards or Fully Support Investigations of Unauthorized Disclosure of Taxpayer Data (Reference No. 2012-20-099).**





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

September 19, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM:

J. Russell George

A handwritten signature of J. Russell George in black ink.

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of September 23, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **IRS Employee Sentenced for Mail Fraud Related to a Benefits Scheme**

On September 4, 2012, in the Eastern District of California, Internal Revenue Service (IRS) employee Cheryl Frazier was sentenced to four-months imprisonment to be followed by three-years of supervised release for mail fraud. Frazier was also ordered to pay \$13,285 in restitution and a \$200 special assessment.<sup>1</sup>

Frazier pled guilty, on June 6, 2012, to two counts of mail fraud related to a scheme to defraud the State of California of money. As part of her scheme, Frazier filed for and received unemployment insurance (UI) benefits from the California Employment Development Department (EDD) despite having obtained full-time employment with the IRS. She listed false information on claim forms and mailed them to the EDD. Frazier became a full-time IRS employee on about October 2008, but continued filing for and receiving UI benefits through about April 2011.<sup>2</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Actions Are Needed to Ensure Audit Results Post Timely and Accurately to Taxpayer Accounts (Reference No. 2012-30-097).**

**Subject: Expansion of Controls Over Refundable Credits Could Help Reduce the Billions of Dollars of Improperly Paid Claims (Reference No. 2012-40-105).**

**Subject: The Process for Individuals to Report Suspected Tax Law Violations Is Not Efficient or Effective (Reference No. 2012-40-106).**

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<sup>1</sup> E.D. Cal. Judgment filed Sep. 6, 2012.

<sup>2</sup> E.D. Cal. Plea Agr. filed June 8, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

September 12, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of September 16, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **John Williamson Convicted for Retaliating Against IRS Employees**

On August 21, 2012, in the District of New Mexico, a jury found John Williamson guilty as charged in a two-count indictment for attempting to interfere with the administration of Internal Revenue laws and retaliating against Federal employees by false claim.<sup>1</sup>

According to the indictment, Williamson attempted to impede the administration of the Internal Revenue Code by filing false claims of liens and encumbrances against the real and personal property of Internal Revenue Service (IRS) employees in retaliation for performing their official duties. Williamson knew that the liens and encumbrances were false and contained fraudulent statements, including a claim that the IRS employees owed Williamson approximately \$1 billion.<sup>2</sup>

#### **Thomas Poppe Sentenced for Making a False Statement to the IRS**

On August 28, 2012, in the District of Kansas, Thomas Poppe was sentenced to probation for a term of three years for making a false statement when he falsely identified himself as a Certified Public Accountant (CPA) on IRS forms. Special conditions of Poppe's supervision by the probation office include that he shall not prepare tax returns for other individuals or provide tax work for others. Poppe was also ordered to pay a \$100 assessment.<sup>3</sup>

According to the plea agreement, in early 2010, an IRS Revenue Agent was conducting an audit of a business and met with the company's shareholders and return preparer, Thomas Poppe. Before the Revenue Agent could discuss substantive tax matters with Poppe, the IRS required the company to complete a Form 2848, Power of Attorney and Declaration of Representation. On March 3, 2010, Poppe submitted Form 2848 and identified himself as a CPA who is licensed to practice in the State of Kansas.<sup>4</sup>

The Revenue Agent checked Poppe's background and learned his CPA license had been revoked by the Kansas State Board of Accountancy. Further investigation revealed that Poppe's CPA license in the State of Missouri had also been revoked, and that he was convicted in 2008 for falsely representing himself to be a CPA on filings made with the Department of Labor. When the Revenue Agent confronted Poppe

<sup>1</sup> D.N.M. Verdict Form filed Aug. 21, 2012.

<sup>2</sup> D.N.M. Indict. filed Oct. 26, 2012.

<sup>3</sup> D. Kan. Judgment Aug. 29, 2012.

<sup>4</sup> D. Kan. Plea Agr. July 3, 2012.



regarding his lack of a CPA license, he submitted a different Form 2848, identifying himself as an unenrolled return preparer. This status limited how Poppe could act on behalf of the business being audited and did not allow him to address substantive tax issues with the IRS on behalf of the company.<sup>5</sup>

A review of the IRS database revealed several Forms 2848 submitted by Poppe, in which he falsely identified himself as a CPA licensed in either Kansas or Missouri. Poppe admitted his CPA licenses had been revoked in 2004, and that he knowingly falsely signed the Forms 2848 claiming to be a licensed CPA. Poppe also admitted he had not told his clients that he was no longer a licensed CPA.<sup>6</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Fiscal Year 2012 Statutory Review of Restrictions on Directly Contacting Taxpayers (Reference No. 2012-30-089).**

**Subject: Fiscal Year 2012 Statutory Audit of Compliance With Notifying Taxpayers of Their Rights When Requested to Extend the Assessment Statute (Reference No. 2012-30-102).**

**Subject: A Concerted Effort Should Be Taken to Improve Federal Government Agency Tax Compliance (Reference No. 2012-30-094).**

**Subject: Criminal Investigation's Firearms Training and Qualification Policies Need to Be Clarified (Reference No. 2012-30-104).**

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<sup>5</sup> D. Kan. Plea Agr. July 3, 2012.

<sup>6</sup> *Id.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

September 5, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of September 9, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- Michael McKenney, Acting Deputy Inspector General for Audit, conducting a Town Hall meeting in Philadelphia, PA; September 11, 2012

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

## **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Georgia Men Sentenced to Five Years for Plot against the Government**

On August 22, 2012, in Gainesville, Georgia, Frederick W. Thomas and Emory Dan Roberts were sentenced to five years for Conspiracy to Possess an Unregistered Explosive Device<sup>1</sup> after pleading guilty on April 10, 2012.

Both defendants acknowledged that the Government could prove by admissible evidence and beyond a reasonable doubt that on or about the dates alleged in the indictment, Thomas conspired with Roberts to illegally acquire an unregistered explosive device, that is, an improvised explosive device; and did so in connection with another felony, namely, a conspiracy to assault Federal agents.<sup>2</sup>

Thomas and Roberts planned armed attacks on Government buildings and Federal employees,<sup>3</sup> including IRS employees.<sup>4</sup> Thomas and Roberts were indicted on November 3, 2011, by a Federal grand jury for Conspiracy to Possess an Unregistered Explosive Device, Possession of an Unregistered Silencer, Conspiracy to Possess and Produce a Biological Toxin, and Attempted Production of a Biological Toxin.<sup>5</sup>

#### **Janet Damewood Sentenced to 12 Months for Wire Fraud**

On August 23, 2012, in Beckley, West Virginia, Janet Damewood was sentenced to 12-months imprisonment, two years of supervised release, and ordered to pay a \$100 special assessment and make restitution to the victim in the amount of \$35,741.38 for wire fraud.<sup>6</sup>

Damewood was indicted by a Federal grand jury on December 13, 2011, on Count One, Wire Fraud, and Count Two, Corrupt Endeavor to Obstruct or Impede the Due Administration of the Internal Revenue Laws.<sup>7</sup> She pled guilty to Count One. Count Two was dismissed.<sup>8</sup>

Damewood falsely represented to CitiFinancial that a \$256,000 Federal tax lien on her property was satisfied, when in fact it was not, to obtain approximately \$34,000 in loan proceeds from CitiFinancial.<sup>9</sup>

<sup>1</sup> N.D. Ga. Judgment filed Aug. 22, 2012.

<sup>2</sup> N.D. Ga. Guilty Plea and Plea Agr. filed Apr. 10, 2012.

<sup>3</sup> N.D. Ga. Crim. Indict. filed Nov. 3, 2011.

<sup>4</sup> N.D. Ga. Crim. Compl. filed Apr. 10, 2012.

<sup>5</sup> N.D. Ga. Crim. Indict. filed Nov. 3, 2011.

<sup>6</sup> S.D.W. Va. Judgment filed Aug. 23, 2012.

<sup>7</sup> S.D.W. Va. Indict. filed Dec. 13, 2011.

<sup>8</sup> S.D.W. Va. Plea Hearing Feb. 16, 2012.

<sup>9</sup> S.D.W. Va. Indict. filed Dec. 13, 2011.

*The following final reports have been issued and are awaiting public release:*

**Subject: Significant Additional Real Estate Cost Savings Can Be Achieved by Implementing a Telework Workstation Sharing Strategy (Reference No. 2012-10-100).**



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

August 29, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

For:

FROM:

J. Russell George

*Michael R. Phillips*

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of September 2, 2012

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- On Wednesday, September 12, the Office of Audit will meet with staff from the House Committee on Ways and Means to provide an overview of its Fiscal Year 2013 audit plan and to discuss any issues and concerns that staffers may have regarding audit coverage.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Internal Revenue Service Employee George Albright Sentenced for Aggravated Identity Theft and False Claims**

On August 15, 2012, in the Middle District of Tennessee, Internal Revenue Service (IRS) employee George L. Albright was sentenced to 24 months and one-day imprisonment, followed by one year of supervised release, for committing aggravated identity theft and making false claims. Albright was also ordered to pay restitution to his victims in the amount of \$9,669, and a court assessment of \$200.<sup>1</sup> Albright pled guilty as charged of the two counts on May 18, 2012.

According to court documents, Albright accessed Federal tax records to obtain the names, Social Security Numbers, and dates of birth of other persons. He then used this information between early 2008 and early 2011 to electronically file nine fraudulent Federal tax returns which were sent to the U.S. Department of the Treasury and the IRS.<sup>2</sup>

Albright falsified these persons' earnings, Federal taxes withheld from their earnings, and Federal tax refunds due. He requested refunds on these returns and then directed payments totaling \$10,954 to be electronically deposited into bank accounts which he controlled. Albright ultimately received refunds from eight of nine fraudulent returns totaling \$9,669.<sup>3</sup>

#### **Christian Amaukwu Sentenced for Internet Fraud Scheme**

On July 31, 2012, in Brooklyn, New York, Christian Amaukwu was sentenced to a total of 30 months of imprisonment and five years of supervised release for Aggravated Identity Theft and Conspiracy to Commit Wire Fraud. In addition, he was ordered to pay \$1,741,822 restitution to victims, and a \$200 assessment.<sup>4</sup>

According to court documents, Amaukwu and co-conspirators operated a scheme to defraud numerous individuals through Internet solicitations, stealing more than \$1 million and the identities of those individuals.<sup>5</sup> Amaukwu and his co-conspirators obtained massive e-mail distribution lists containing thousands of e-mail addresses and sent unsolicited e-mails falsely informing victims that they had won a lottery or had inherited money from a distant relative. Follow-up e-mails instructed the victims

<sup>1</sup> M.D. Tenn. Judgment filed Aug. 15, 2012.

<sup>2</sup> M.D. Tenn. Plea Agr. filed May 18, 2012.

<sup>3</sup> *Id.*

<sup>4</sup> E.D.N.Y. Judgment filed Aug. 9, 2012.

<sup>5</sup> E.D.N.Y. Response to Defendant's Sentencing Letter filed Dec. 19, 2011.

to provide personal and bank account information to receive their lottery winnings or inheritance.<sup>6</sup>

Subsequent e-mails to victims falsely indicated that a Government or a quasi-governmental agency, such as the Internal Revenue Service (IRS) or the United Nations<sup>7</sup>, would not pay the money due to them because advance payment of taxes and other fees was required. The e-mails solicited the victims to wire the money necessary to pay the taxes and other fees to designated bank accounts controlled by Amaukwu and his co-conspirators.<sup>8</sup>

If the victims were unable to pay the taxes and fees, Amaukwu and his co-conspirators offered to loan them the money. Victims were convinced to open online bank accounts and provide the necessary login information. Using this information, Amaukwu and his co-conspirators stole money from various bank accounts, transferred that stolen money to the victims' accounts, and instructed the victims to wire the money to foreign bank accounts controlled by Amaukwu and his co-conspirators as payment for taxes and other fees on their purported lottery winnings or inheritance. The victims never received any lottery winnings, inheritance, or other money in connection with the scheme.<sup>9</sup>

### **Claudio Uche Dibe Pleads Guilty to Wire Fraud Scheme that Targeted the Elderly**

On July 31, 2012, in the Central District of California, Claudio Dibe pled guilty to an indictment charging him with 15 counts of wire fraud.<sup>10</sup> According to court documents, in a fraud scheme that targeted the elderly,<sup>11</sup> Dibe and co-conspirators defrauded victims and obtained money by means of false representations and promises.

As part of the scheme, a co-conspirator would send e-mails to victims representing that the co-conspirator was an attorney or foreign government official who was responsible for distributing an inheritance.<sup>12</sup> The e-mails sent to unsuspecting victims falsely informed them that they owed additional taxes to the IRS, or had inherited millions of dollars but needed to pay processing fees to release the funds.<sup>13</sup>

When a victim responded to a solicitation e-mail, Dibe and his co-conspirators contacted the victim by telephone and e-mail using fictitious identities, pretending to be people who could assist in obtaining the promised inheritance, induced them into believing they were legitimate business people, and informed them they must pay fees in advance of receiving the inheritance. Contrary to their representations to the

<sup>6</sup> E.D.N.Y. Superseding Info. filed May 10, 2011

<sup>7</sup> E.D.N.Y. Gov. Letter filed Dec. 19, 2011

<sup>8</sup> E.D.N.Y. Superseding Info. filed May 10, 2011

<sup>9</sup> *Id.*

<sup>10</sup> C.D. Cal. Criminal Minutes-Change of Plea, filed July 31, 2012.

<sup>11</sup> C.D. Cal. Opposition to Defendant's Ex Parte Application to Continuance of Trial Date filed June 6, 2012.

<sup>12</sup> C.D. Cal. Indict. filed Oct. 21, 2009.

<sup>13</sup> C.D. Cal. Crim. Compl. filed Aug. 3, 2009.

victims, the funds received were not used to pay any fees nor were inheritance payments issued to the victims. Dibe and co-conspirators kept the funds for their own benefit.<sup>14</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Procedures for Withdrawals and Releases of Notices of Federal Tax Lien Were Not Always Followed (Reference No. 2012-30-096).**

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<sup>14</sup> C.D. Cal. Crim. Compl. filed Aug. 3, 2009.





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

August 22, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM:

J. Russell George

A handwritten signature of J. Russell George in black ink.

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of August 26, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- On August 28-29, the Inspector General will attend the IRS National Tax Forum in New York City and provide a presentation titled "Doing the Right Thing: TIGTA, Integrity, and You."

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

- None

*The following final reports have been issued and are awaiting public release:*

**Subject: The End-User Equipment and Services Organization Successfully Planned Its Reorganization; However, Program Measures and Efficiencies Can Be Improved (Reference No. 2012-20-086).**

**Subject: Business Taxpayers Were Effectively Transitioned to Electronic Payments; However, They Were Not Always Timely Contacted When Payments Were Missed (Reference No. 2012-30-092).**

**Subject: Improved Toll-Free Telephone Services Should Make It Easier for Taxpayers to Obtain Assistance During a Correspondence Audit (Reference No. 2012-30-093).**

**Subject: Fiscal Year 2012 Statutory Review of Compliance With Legal Guidelines When Issuing Levies (Reference No. 2012-30-095).**



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

August 15, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of August 19, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- On August 28-29, the Inspector General will attend the IRS National Tax Forum in New York City, and provide a presentation titled “Doing the Right Thing: TIGTA, Integrity and You.”

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary’s Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

- None
- **The following final reports have been issued and are awaiting public release:**

**Subject: Inspection of the Exchange of Information Program at the Plantation, Florida, Office (Reference No. 2012-IE-R006)** – Final report issued July 25, 2012, and scheduled for public release Thursday, August 16, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

August 8, 2012

INFORMATION MEMORANDUM FOR SECRETARY GEITHNER

FROM: J. Russell George *Michael R. Phillips* FOR  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of August 13, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- On August 28-29, the Inspector General will attend the IRS National Tax Forum in New York City and provide a presentation titled "Doing the Right Thing: TIGTA, Integrity and You."

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None



*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations****Christopher Jones Sentenced for Obstructing the Administration of Internal Revenue Laws and False Statements**

On July 6, 2012, in the Western District of Tennessee, Christopher Jones was sentenced to serve 24 months in prison, followed by three years of supervised release for obstructing the due administration of internal revenue laws and for making false statements. Jones was also ordered to pay \$278,740.94 in restitution and a \$200 court assessment.<sup>1</sup>

On February 1, 2012, Jones pled guilty to obstructing the due administration of internal revenue laws and to making false statements.<sup>2</sup> According to court documents, Jones collected \$146,456.08 in employee withholding taxes from Rippee Rehab, Inc., Rippee Rehab, Rippee Rehab, LLC, and Dental Connection East, PC, and then converted the funds for his personal use rather than sending the funds to the Internal Revenue Service (IRS). He also filed with the IRS a United States Treasury Form 2848, Power of Attorney and Declaration of Representative, falsely certifying that he was an enrolled agent.<sup>3</sup>

The investigation was worked jointly with IRS-Criminal Investigation

**Former CPA Thomas Poppe Pleads Guilty to Making a False Statement to the IRS**

On July 3, 2012, in the District of Kansas, Thomas Poppe pled guilty to making a false statement when he identified himself as a Certified Public Accountant (CPA) on IRS forms.<sup>4</sup>

According to the plea agreement, in early 2010, an IRS Revenue Agent was conducting an audit of the business Top Notch, Inc. and met with the company's shareholders and return preparer, Thomas Poppe. For the Revenue Agent to discuss substantive tax matters with the defendant, the IRS required the company to complete a Form 2848, Power of Attorney and Declaration of Representation.

<sup>1</sup> W.D. Tenn. Judgment July 20, 2012.

<sup>2</sup> W.D. Tenn. Plea Agr. Feb. 1, 2012.

<sup>3</sup> W.D. Tenn. Info. Feb. 1, 2012.

<sup>4</sup> D. Kan. Plea Agr. July 3, 2012.

The next day, March 3, 2010, the defendant submitted Form 2848 and identified himself as a CPA licensed to practice in the State of Kansas, under penalty of perjury. Subsequently, the Revenue Agent checked the defendant's background and learned his CPA license had been revoked in 2004, by the Kansas State Board of Accountancy.

Further investigation revealed the defendant's CPA license in Missouri had also been revoked in 2004, and he was convicted in 2008 for falsely representing himself to be a CPA on filings made with the Department of Labor in connection with ERISA plans.<sup>5</sup>

Once the Revenue Agent confronted Poppe regarding his lack of a CPA license, he submitted a different Form 2848, identifying himself as an un-enrolled return preparer. This status limited how Poppe could act on behalf of the business being audited and did not allow him to address substantive tax issues on the company's behalf with the IRS.<sup>6</sup>

A review of the IRS database revealed several Form 2848s submitted by Poppe since 2006, in which he falsely identified himself as a CPA licensed in either Kansas or Missouri. Those Forms 2848 were retrieved from the IRS with two others submitted in 2009. Each of the companies or individuals for whom Poppe submitted Form 2848s were interviewed and all believed he was a licensed CPA.<sup>7</sup>

During an interview with Treasury Inspector General for Tax Administration agents, the defendant admitted his CPA licenses had been revoked in 2004, and that he knowingly falsely signed the Forms 2848 claiming to be a licensed CPA, which materially affected how he was able to represent those clients with respect to the IRS. Specifically, the defendant had represented certain taxpayers before IRS Collection during this period when he falsely claimed to be a licensed CPA and absent such licensure as a CPA or lawyer, individuals may not so practice before the IRS in this manner. The defendant also admitted he had not told his clients that he was no longer a licensed CPA.<sup>8</sup>

### **Audit**

*The following final reports have been issued and are awaiting public release:*

**Statistical Portrayal of the Tax Exempt Bonds Office's Enforcement Activities Fiscal Year 2005 Through Fiscal Year 2010 (Reference No. 2012-10-087)** – Final report issued and awaiting public release.

**The Onboarding Process Has Improved, but Additional Steps Should Be Taken to Ensure Employees Have the Tools, Resources, and Knowledge to Be Successful and Productive (Reference No. 2012-10-091)** – Final report issued and awaiting public release.

<sup>5</sup> D. Kan. Plea Agr. July 3, 2012.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

August 1, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of August 5, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Jared Brewton Pleads Guilty to Impersonating an IRS Employee and Identity Theft in Fraudulent Tax Refund Scheme**

On July 11, 2012, in the Southern District of New York, Jared Brewton pled guilty to false impersonation of an officer and employee of the United States; identity theft; subscribing to false and fraudulent U.S. individual income tax returns; and false, fictitious or fraudulent claims. Brewton was indicted by a grand jury on January 25, 2012.<sup>1</sup>

According to court documents, from 2006 through 2010, Brewton obtained false and fraudulent tax refunds from the Internal Revenue Service (IRS). To carry out his scheme, Brewton falsely posed as an employee of the IRS, claiming to be an "Audit Group Representative" named "Susan Waters." When falsely posing as an employee of the IRS, Brewton sent letters to various employers demanding that the employers send him the names, contact information, dates of birth, and Social Security Numbers of employees. On at least one occasion, Brewton informed an employer that "identity theft is an [sic] an all-time high ... [and that] [o]ur offices are making every effort to ensure that no possible identity theft can occur by [sending the personal identifying information]." <sup>2</sup>

Brewton then prepared and sent false and fraudulent Federal tax returns and accompanying forms that contained Form W-2 information, such as income and withholding, that was falsely and fraudulently inflated, in the names of various other taxpayers without their knowledge or consent. Brewton received fraudulently-procured tax refunds, including those in the names of the other taxpayers, and used the refunds to purchase various personal items.<sup>3</sup>

The investigation was worked jointly with IRS-Criminal Investigation.

*The following final reports have been issued and are awaiting public release:*

**Subject: The Internal Revenue Service Is Making Progress Toward Implementing Daily Processing of Individual Tax Returns (Reference No. 2012-40-085).**

**Subject: An Independent Risk Assessment of Facility Physical Security Was Not Performed in Compliance With Contract Requirements (Reference No. 2012-10-075).**

<sup>1</sup> S.D. N.Y. Minute Entry filed July 11, 2012.

<sup>2</sup> S.D. N.Y. Crim. Indict. filed Jan. 25, 2012.

<sup>3</sup> *Id.*

**Subject: Office of Appeals Errors in the Handling of Collection Due Process Cases Continues to Exist (Reference No. 2012-10-077).**

**Subject: The Collection Function Develops Quality Fraud Referrals but Can Improve the Identification and Development of Additional Fraud Cases (Reference No. 2012-30-083).**

**Subject: Ensuring the Quality Review Process Is Consistently Followed Remains a Problem for the Volunteer Program (Reference No. 2012-40-088).**





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

July 25, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of July 29, 2012

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Former IRS Employee Arrested for Aggravated Identity Theft, Mail Fraud and Unauthorized Inspection and Disclosure of Tax Returns and Return Information**

On July 5, 2012, in Lake Mary, FL, former Internal Revenue Service (IRS) employee Domeen Flowers was arrested<sup>1</sup> after being charged by a Federal grand jury on June 26, 2012, for aggravated identity theft, mail fraud, unauthorized inspection of tax returns and return information, and unauthorized disclosure of tax returns and return information.<sup>2</sup>

According to the indictment, Flowers was hired by the IRS as a mailroom clerk in July 2007. During 2009, Flowers accessed the IRS Integrated Data Retrieval System (IDRS), an electronic database, to inspect several taxpayer accounts without authorization. After accessing IDRS to obtain her landlord's taxpayer information, Flowers used her landlord's personally identifying information to apply for a credit card in her landlord's name, using her rental address, without having previously obtained the approval of her landlord.<sup>3</sup>

Capital One Visa issued a credit card in Flowers' landlord's name with a credit limit of \$15,000. Flowers used the credit card to purchase items for her benefit or the benefit of others. On June 15, 2009, Flowers caused a series of purchases to be charged to the credit card aggregating approximately \$220. Capital One placed a hold on the credit card after Flowers then attempted to use the credit card to pay an outstanding debit to the Philadelphia Gas Works in the amount of \$1002.95. Capital One mailed a letter addressed to Flowers' landlord at Flowers' rental address advising that it had placed a hold on the credit card account. The letter advised, "In order to remove this hold, we will need the following documents from you to verify information on your personal credit file: a copy of a valid driver's license or state issued I.D. card; a copy of a valid Social Security card; a recent utility bill showing current mailing address."<sup>4</sup>

Flowers attempted to remove the hold placed on the credit card by fraudulently acquiring additional identifying information from her landlord. Flowers prepared a bogus letter on IRS letterhead to her landlord which falsely informed her landlord that the IRS would audit her tax returns unless she faxed to the IRS copies of a valid driver's license or state issued I.D. card and a valid Social Security card. In the letter,

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<sup>1</sup> E.D. Pa. Arrest Warrant executed July 5, 2012.

<sup>2</sup> E.D. Pa. Crim. Indict. filed June 26, 2012.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

Flowers instructed her landlord to fax copies of the documents to a fax machine located in her work area within the IRS workspace.<sup>5</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Substantial Changes Are Needed to the Individual Taxpayer Identification Number Program to Detect Fraudulent Applications (Reference No. 2012-42-081).**

**Subject: The Remediation Plan Still Does Not Contain All the Necessary Actions to Address the Unpaid Assessments Material Weakness (Reference No. 2012-10-069).**

**Subject: There Are Billions of Dollars in Undetected Tax Refund Fraud Resulting From Identity Theft (Reference No. 2012-42-080).**

**Subject: The Full Costs of Work Performed on Reimbursable Agreements Are Not Always Charged, Resulting in Reduced Funds Available for Tax Administration (Reference No. 2012-10-076).**

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<sup>5</sup>E.D. of Pa. Crim. Indict. filed 6/26/12.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

July 18, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of July 22, 2012

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**California Tax Preparer Charged with Conspiracy to File False Claims, Conspiracy to Commit Wire Fraud, Aiding and Abetting, and Aggravated Identity Theft**

On June 19, 2012, in the Southern District of California, Neil A. Thomsen was charged with conspiracy to file false, fictitious, and fraudulent claims; conspiracy to commit wire fraud; aiding and abetting; and aggravated identify theft.<sup>1</sup>

According to a superseding indictment, Thomsen worked as a tax preparer from January 2002 to June 2010. In 2010, Thomsen used the means of identification of other people to file false income tax returns and obtain refunds from the Internal Revenue Service (IRS). Thomsen obtained the means of identification from his previous employment as a tax preparer and from other employment positions. He provided most of the means of identification of other people to co-conspirators so that they could also file false income tax returns and obtain refunds from the IRS.<sup>2</sup>

Thomsen used a computer to create and maintain electronic copies of forged Social Security cards and California driver's licenses. He and others used these documents to file false tax returns at tax preparation businesses located in Texas, Nevada, and Arizona. Thomsen opened a safe deposit box at a bank in California in order to conceal cash, debit cards, and other identity documents that were obtained and used during the fraud. Thomsen and his co-conspirators ultimately defrauded and attempted to defraud the IRS out of at least \$560,000 in tax refunds.<sup>3</sup>

The investigation was worked jointly with IRS-Criminal Investigation.

*The following final reports have been issued and are awaiting public release:*

**Subject: Accounting for the Austin Incident (Reference No. 2012-10-074).**

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<sup>1</sup> S.D. Cal. Superseding Indict. filed June 19, 2012.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

July 11, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of July 15, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- ☐ None

*Long-term*

Audits:

- ☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Internal Revenue Service Employee George Albright Pleads Guilty to False Claims and Aggravated Identity Theft**

On May 18, 2012, in Nashville, Tennessee, Internal Revenue Service (IRS) employee George L. Albright pled guilty to making false claims, in violation of Title 18, United States Code, Section 287, and committing aggravated identity theft, in violation of Title 18, United States Code, Section 1028A.<sup>1</sup>

According to the plea agreement, Albright accessed Federal tax records to obtain personal taxpayer information, such as names, Social Security Numbers, and dates of birth. He then used this information between early 2008 and early 2011 to electronically file nine fraudulent Federal tax returns which were sent to the U.S. Department of the Treasury and the IRS.

Albright falsified the taxpayers' earnings, Federal taxes withheld from their earnings, and Federal tax refunds due. He requested refunds on these returns and then directed payments totaling \$10,954 to be electronically deposited into bank accounts which he controlled. Albright ultimately received refunds from eight of nine fraudulent returns totaling \$9,669.<sup>2</sup>

Sentencing is scheduled for August 10, 2012.<sup>3</sup>

**IRS Employee Cheryl Lynn Frazier Pleads Guilty to Mail Fraud**

On June 6, 2012, in California, IRS employee Cheryl Lynn Frazier pled guilty to mail fraud in violation of Title 18, United States Code, Section 1341.<sup>4</sup>

According to the plea agreement, Frazier was a seasonal employee with the IRS. She filed for and received State unemployment benefits when she was furloughed during the off-season. Frazier became a full-time employee of the IRS in October 2008, but continued to file for and receive State unemployment checks through April 2011.

On her unemployment claim forms, Frazier either listed that she had not worked, and therefore had not received any wages, or she under-reported the hours she had worked and the wages she had received from IRS.<sup>5</sup>

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<sup>1</sup> M.D. Tenn. Plea Agr. filed May 18, 2012.

<sup>2</sup> *Id.*

<sup>3</sup> M.D. Tenn. Sentencing Order filed May 12, 2012.

<sup>4</sup> E.D. Cal. Plea Agr. filed June 8, 2012.

<sup>5</sup> *Id.*

Frazier defrauded the California Employment Development Department (EDD) of at least \$13,285. As part of the plea agreement, Frazier agreed to voluntarily and immediately forfeit to the United States all of her right, title and interest to any and all assets subject to forfeiture, including a personal forfeiture money judgment in the amount of \$13,285.<sup>6</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Better Information Is Needed to Assess Ongoing Efforts to Expand Self-Assistance and Virtual Services to Taxpayers (Reference No. 2012-40-073).**

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<sup>6</sup> E.D. Cal. Plea Agr. filed June 8, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

July 4, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of July 8, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

- *None*

*The following final reports have been issued and are awaiting public release:*

**Subject: Implementation of the Return Preparer Visitation Project Was Successful, but Improvements Are Needed to Increase Its Effectiveness (Reference No. 2012-30-068).**

**Subject: Insufficient E-Services Controls May Put Taxpayer Information at Risk (Reference No. 2012-40-071).**

**Subject: Fiscal Year 2012 Review of Compliance With Legal Guidelines When Conducting Seizures of Taxpayer Property (Reference No. 2012-30-072).**



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

June 27, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of July 1, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **California Woman Sentenced for Misusing the Department of the Treasury Symbols**

On June 11, 2012, in the Eastern District of California, Desiree Caldwell, Chief Executive Officer of Elite HR Logistics, was sentenced to 36 months of probation, ordered to pay a fine of \$1500 and a \$25 assessment fee.<sup>1</sup> Caldwell pled guilty to one count of misusing the Department of the Treasury symbols or emblems, in violation of Title 31, USC, Section 333(a)(5).<sup>2</sup>

According to court documents, Caldwell cut out an image of the IRS seal, as well as the signature of an IRS employee, from a document she had previously received from the IRS and taped the seal and signature onto a fake Letter of Subordination she created. Caldwell created and faxed the fake letter to Riviera Finance to convey the false impression that the Letter of Subordination had been approved, endorsed and authorized by the IRS. Relying upon the fake Letter of Subordination, Riviera Finance provided Caldwell's company \$7,807.33 in financing.<sup>3</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Despite Some Favorable Partnership Audit Trends, the Number of No-Change Audits Is a Concern (Reference No. 2012-30-060)** – Final report issued and awaiting public release.

**Subject: Fiscal Year 2012 Statutory Audit of Compliance With Legal Guidelines Prohibiting the Use of Illegal Tax Protester and Similar Designations (Reference No. 2012-30-066)** – Final report issued and awaiting public release.

**Subject: The Recommended Adjustments From S Corporation Audits Are Substantial, but the Number of No-Change Audits Is a Concern (Reference No. 2012-30-062)** – Final report issued and awaiting public release.

**Subject: Affordable Care Act: While Much Has Been Accomplished, the Extent of Additional Controls Needed to Implement Tax-Exempt Hospital Provisions Is Uncertain (Reference No. 2012-13-070)** – Final report issued and awaiting public release.

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<sup>1</sup> Eastern District of California Judgment, June 11, 2012.

<sup>2</sup> Eastern District of California Plea Agreement, February 27, 2012.

<sup>3</sup> *Id.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

June 20, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM:

J. Russell George

A handwritten signature of J. Russell George in black ink, enclosed in a rectangular box.

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of June 24, 2012

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*



- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Internal Revenue Service Employee Sentenced for Unauthorized Access to Tax Return Information**

On May 31, 2012, in Fresno, California, Internal Revenue Service (IRS) employee Noah Viengxay was sentenced to serve 24 months of probation, ordered to complete 180 hours of community service, and ordered to pay a \$25 assessment fee.<sup>1</sup>

From February 6, 2009 to September 29, 2010, Viengxay, while employed at the IRS, willfully and unlawfully inspected the tax return information of 25 individuals without authorization, in violation of Title 26, United States Code, Section 7213A.<sup>2</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Processes to Address Erroneous Adoption Credits Result in Increased Taxpayer Burden and Credits Allowed to Nonqualifying Individuals (Reference No. 2012-40-065).**

**Subject: Affordable Care Act: Planning Efforts for the Tax Provisions of the Patient Protection and Affordable Care Act Appear Adequate; However, the Resource Estimation Process Needs Improvement (Reference No. 2012-43-064).**

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<sup>1</sup> E.D. Cal. Judgment June 5, 2012.

<sup>2</sup> E.D. Cal. Plea Agr. May 31, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

June 13, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM:

J. Russell George

A handwritten signature in cursive script, reading "J. Russell George".

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of June 17, 2012

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Internal Revenue Service Employee Sentenced for Unauthorized Access to a Computer**

On May 31, 2012, in Fresno, California, Internal Revenue Service (IRS) employee Anita M. Abraham was sentenced to serve 12 months of probation, fined \$500, ordered to complete 50 hours of community service, and also ordered to pay a \$25 assessment.<sup>1</sup>

From May 11, 2009, to May 13, 2011, Abraham knowingly and willfully inspected tax return information without authorization while working as an IRS employee. Abraham accessed the electronically stored Federal tax return information of eight individuals, in violation of Title 26, United States Code, Section 7213A.<sup>2</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: The Taxpayer Advocate Service's ASK\_TAS1 Toll-Free Line Has Evolved Over Time, but Additional Steps Are Necessary to Evaluate Its Impact (Reference No. 2012-10-052)** – Final report issued and awaiting public release.

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<sup>1</sup> E.D. Cal. Judgment June 1, 2012.

<sup>2</sup> E.D. Cal. Plea Agr. May 31, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

June 6, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of June 10, 2012

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Internal Revenue Service Employee Sentenced for Falsely Claiming a First Time Homebuyer Credit**

On May 7, 2012, in Worcester, Massachusetts, Internal Revenue Service (IRS) employee Michael A. Doyle was sentenced to serve three years of probation, fined \$2,000, and ordered to pay \$7,500 restitution and \$100 assessment.<sup>1</sup>

On March 23, 2011, Doyle was indicted by a Federal grand jury on one count of violating Title 18, United States Code, Section 2878 – Filing False Fictitious and Fraudulent Claims.<sup>2</sup> He was arrested on March 25, 2011,<sup>3</sup> and was found guilty by a jury on February 8, 2012.<sup>4</sup>

In 2008, the United States Congress enacted the Housing and Economic Recovery Act that established a first-time homebuyer tax credit. The Act allowed first-time home buyers to receive tax credits of up to \$7,500 when purchasing their homes, so long as the home was purchased after April 8, 2008 and before July 1, 2009.<sup>5</sup>

Doyle had been employed by the IRS for approximately 20 years and, at the time of the offense, worked as a supervisor in the Small Business and Self Employed division, at the Andover Campus location.<sup>6</sup> Between February 12, 2009 and March 2, 2009, Doyle completed a 2008 U. S. Individual Income Tax Return, Form 1040, in which he falsely claimed to have purchased a home on April 15, 2008, in order to obtain a \$7,500 first-time homebuyer tax credit. In fact, that home was purchased on August 15, 2007 and was not eligible for the credit.<sup>7</sup>

This investigation was worked jointly with IRS-Criminal Investigation.

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<sup>1</sup>D. Mass. Judgment dated May 8, 2012.

<sup>2</sup>D. Mass. Indict. dated Mar. 23, 2011.

<sup>3</sup>D. Mass. Arrest Warrant executed Mar. 25, 2011.

<sup>4</sup>D. Mass. Verdict dated Feb. 8, 2012.

<sup>5</sup>D. Mass. Indict. dated Mar. 23, 2011.

<sup>6</sup>*Id.*

<sup>7</sup>*Id.*

*The following final reports have been issued and are awaiting public release:*

**Subject: Oversight of the Public Transportation Subsidy Program Can Be Further Improved (Reference No. 2012-IE-R004)** – Final report issued May 22, 2012 and scheduled for public release Thursday, June 7, 2012.

**Subject: Problems Persist When Processing Undelivered Lien Notices and Notifying Taxpayers' Representatives (Reference No. 2012-30-057).**

**Subject: Implementing Better Management Controls Would Improve the Exempt Organizations Function's Ability to Properly Oversee and Timely Process Referrals (Reference No. 2012-10-058).**



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

May 30, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of June 3, 2012

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Fugitive Larry M. Myers Sentenced for Conspiracy to Obstruct Justice**

On May 14, 2012, in Tampa, Florida, fugitive Larry M. Myers was sentenced to 78 months' imprisonment to be followed by 24 months of supervised probation. He was also ordered to pay a \$250 special assessment fee.<sup>1</sup> Myers was indicted along with 10 other individuals in March, 1996.<sup>2</sup> He remained a fugitive for 14 years<sup>3</sup> until his arrest on August 5, 2011.<sup>4</sup>

According to the indictment, Myers and his co-conspirators were members of "The Constitutional Court of We The People In and For The United States of America;" also known as the "Constitutional Common Law Court;" also known as "The Supreme Court of the Constitutional Court of We the People – In and For the united [sic] States of America" (CLC), which was a pseudo-judicial, non-governmental, and unofficial enterprise, created and established in 1992 in Tampa, Florida.<sup>5</sup>

In conjunction with his co-conspirators, Myers established "The Constitutional Common Law Militia" (militia) to act as the "Supreme Law Enforcement Authority" of the CLC. This militia was entrusted by the CLC to execute its "arrest warrants" and to enforce its judicial "orders." Militia members were, in most cases, participants in or "members" of the CLC.<sup>6</sup>

The Internal Security Division of the Internal Revenue Service (IRS), now known as the Treasury Inspector General for Tax Administration (TIGTA), participated in the investigation of Myers and his co-conspirators. Myers, along with others, sent a "complaint" to the assigned IRS Inspector, accusing him of Treason; and threatened arrest and incarceration unless he ceased his investigation.<sup>7</sup>

Myers was found guilty by a Federal jury on February 14, 2012, for conspiring to use threats and intimidation to prevent officers of the United States, including the IRS Inspector, from carrying out their official duties; mailing threatening communications with the intent to extort a thing of value; and obstruction of justice. The jury also found Myers guilty of conspiracy to mail threatening communications to intimidate and impede jurors and judicial personnel in the discharge of their lawful responsibilities.<sup>8</sup>

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<sup>1</sup> M.D. Fla. Sentencing Notice filed May 14, 2012.

<sup>2</sup> M.D. Fla. Indict. filed Mar. 15, 1996.

<sup>3</sup> M.D. Fla. Joint Status Report filed Sept. 15, 2011.

<sup>4</sup> M.D. Fla. Arrest Warrant Ret. Exec. filed Aug. 23, 2011.

<sup>5</sup> M.D. Fla. Indict. filed Mar. 15, 1996.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> M.D. Fla. Sentencing Notice filed May 14, 2012.



### **IRS Employee Sentenced for Unauthorized Inspection of Return Information**

On May 10, 2012, in Fresno, California, IRS employee Jamie Kerby was sentenced to one year of unsupervised probation and ordered to pay a \$25 assessment fee.<sup>9</sup>

According to court documents, between November 7, 2008 and about February 9, 2001, Kerby inspected, without authorization, the tax returns of private individuals while serving as a clerk for the IRS. Her access of this information was willful, intentional, and beyond what was authorized by her job duties.<sup>10</sup> On May 10, 2012, Kerby pled guilty to unauthorized inspection of tax return information in violation of Federal law.<sup>11</sup>

*The following final reports have been issued and are awaiting public release:*

There have been no reports issued.

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<sup>9</sup> E.D. Cal. Judgment filed May 11, 2012.

<sup>10</sup> E.D. Cal. Info. filed Oct. 6, 2011.

<sup>11</sup> E.D. Cal. Plea Agr. filed May 10, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

May 23, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of May 27, 2012

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

- None

*The following final reports have been issued and are awaiting public release:*

**Subject: Customer Account Data Engine 2 Performance and Capacity Is Sufficient, but Actions Are Needed to Improve Testing (Reference No. 2012-20-051) – Final report issued and awaiting public release.**



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

May 16, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of May 20, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**IRS Employee Pleads Guilty to Intentionally Exceeding Authorized Access to a Computer and Obtaining Information from the IRS**

On April 26, 2012, in Buffalo, New York, Internal Revenue Service (IRS) employee Ingrid Aquilino pled guilty to fraud and related activity in connection with computers.<sup>1</sup>

According to the plea agreement, Aquilino worked as an IRS employee for approximately three years. During that time, she intentionally exceeded her authorized permission to a computer by accessing taxpayer account information for 12 taxpayers on the IRS's database. Aquilino's unauthorized access to the account information was not consistent with her job functions and was in violation of Federal law.<sup>2</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Oversight of Nonbank Trustees Has Improved, but Resources Expended on the Program Should Be Reevaluated (Reference No. 2012-10-055).**

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<sup>1</sup> W.D.N.Y. Plea Agr. filed Apr. 26, 2012.

<sup>2</sup> Id.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

May 9, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of May 13, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

- *None*

*The following final reports have been issued and are awaiting public release:*

**Audit**

**Subject: Disaster Recovery Testing Is Being Adequately Performed, but Problem Reporting and Tracking Can Be Improved (Reference No. 2012-20-041).**

**Subject: Most Taxpayers Whose Identities Have Been Stolen to Commit Refund Fraud Do Not Receive Quality Customer Service (Reference No. 2012-40-050).**

**Subject: The Exempt Organizations Function Should Take Action to Limit the Disclosure of Social Security Numbers on Publicly Available Tax-Exempt Returns (Reference No. 2012-10-046) – Sensitive But Unclassified.**




INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

May 2, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of May 6, 2012

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- House Committee on Ways and Means, Subcommittee on Social Security Administration and Subcommittee on Oversight joint hearing on Identity Theft and Tax Fraud on Tuesday, May 8th.
- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**IRS Employee Pleads Guilty to Theft of Taxpayer's Remittance Check**

On April 2, 2012, in North Carolina, Internal Revenue Service (IRS) employee Stephanie Taylor pled guilty to theft of Government property.<sup>1</sup>

According to court documents, Taylor was a secretary for the IRS's collections group office in Winston-Salem, NC. In this capacity, one of her duties was to open and distribute the mail including any remittance checks taxpayers sent to that office.

On February 23, 2011, a taxpayer reported that a check in the amount of \$1,738 was mailed to the IRS, but never posted to her account. The taxpayer then provided copies of both the original check made payable to the IRS, and the negotiated check which had been altered, endorsed, and deposited by Taylor.<sup>2</sup>

The investigation revealed that the taxpayer sent the remittance check to the IRS on February 9, 2011. The check was then stolen and altered to reflect the name of "Stephanie Taylor" in the "To the order of" section, and it was also signed by Taylor.

A review of Taylor's bank account revealed that she had deposited the altered check into her personal account on February 15, 2011. The taxpayer did not know Taylor or authorize Taylor to cash the check.<sup>3</sup>

**IRS Employee Sentenced for Unauthorized Inspection of Return Information**

On April 24, 2012, in Seattle, Washington, IRS employee Jeanne Desozier was sentenced to a term of one-year probation and ordered to pay a \$25 assessment for inspecting tax return information without authorization.<sup>4</sup>

According to court documents, as an employee of the IRS, Desozier willfully and without authorization accessed and inspected the tax return information of three private individuals in violation of Federal law.<sup>5</sup> Desozier admitted that she should not have accessed the information.

She pled guilty as charged and lost her job with the IRS in addition to being sentenced for her actions.<sup>6</sup>

<sup>1</sup> M.D.N.C. Plea Agr. filed Apr. 2, 2012.

<sup>2</sup> M.D.N.C. Factual Basis filed Mar. 30, 2012.

<sup>3</sup> *Id.*

<sup>4</sup> W.D. Wash. Judgment, filed Apr. 24, 2012.

<sup>5</sup> W.D. Wash. Info. filed Apr. 11, 2012.

<sup>6</sup> W.D. Wash. Defendant's Sentencing Memorandum & Recommendation filed Apr. 20, 2012

*The following final reports have been issued and are awaiting public release:*

**Subject: Future Improvements Could Further Increase the Benefits of the Tuition Assistance Program (Reference No. 2012-10-043).**

**Subject: Opportunities Exist to Reduce Lockbox Fingerprinting Costs (Reference No. 2012-10-040).**

**Subject: No Fair Tax Collection Practices Violations Were Closed in Fiscal Year 2011 (Reference No. 2012-10-044).**

**Subject: Improved Oversight Is Needed to Effectively Process Whistleblower Claims (Reference No. 2012-30-045).**

**Subject: Additional Steps Are Needed to Ensure the Volunteer Income Tax Assistance Grant Program Reaches More Underserved Taxpayers (Reference No. 2012-40-049).**




INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

April 25, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of April 29, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- House Committee on Ways and Means, Subcommittee on Social Security Administration and Subcommittee on Oversight joint hearing on Identity Theft and Tax Fraud.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**California Man Pleads Guilty to Making a False Statement to the IRS**

On April 4, 2012, in California, Thomas Gipson pled guilty to count 2 of the indictment, making a false statement to the Internal Revenue Service (IRS).<sup>1</sup>

According to court documents, in April 2009, Gipson submitted to the IRS Form 2848, Power of Attorney and Declaration of Representative, which falsely stated that he was a member in good standing of the bar of the highest court in California. Furthermore, between 1991 and 2009, Gipson filed more than 44 Forms 2848 in which he claimed false designations of Certified Public Accountant or an Attorney.

Gipson's false statement influenced activities of the IRS as the IRS relies on the designation statements in Form 2848 to determine how to interact with a taxpayer's representative.<sup>2</sup>

Sentencing for this matter is scheduled for July 2, 2012.<sup>3</sup>

***The following final reports have been issued and are awaiting public release:***

*There are no reports for this period.*

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<sup>1</sup> C.D. Cal. Crim. Minutes filed Apr. 4, 2012.

<sup>2</sup> C.D. Cal. Indict. filed Dec. 16, 2011, and Plea Agr. filed Mar. 29, 2012.

<sup>3</sup> C.D. Cal. Crim. Minutes filed Apr. 4, 2012.



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**California Man Pleads Guilty to Making a False Statement to the IRS**

On April 4, 2012, in California, Thomas Gipson pled guilty to count 2 of the indictment, making a false statement to the Internal Revenue Service (IRS).<sup>1</sup>

According to court documents, in April 2009, Gipson submitted to the IRS Form 2848, Power of Attorney and Declaration of Representative, which falsely stated that he was a member in good standing of the bar of the highest court in California. Furthermore, between 1991 and 2009, Gipson filed more than 44 Forms 2848 in which he claimed false designations of Certified Public Accountant or an Attorney.

Gipson's false statement influenced activities of the IRS as the IRS relies on the designation statements in Form 2848 to determine how to interact with a taxpayer's representative.<sup>2</sup>

Sentencing for this matter is scheduled for July 2, 2012.<sup>3</sup>

***The following final reports have been issued and are awaiting public release:***

*There are no reports for this period.*

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<sup>1</sup> C.D. Cal. Crim. Minutes filed Apr. 4, 2012.

<sup>2</sup> C.D. Cal. Indict. filed Dec. 16, 2011, and Plea Agr. filed Mar. 29, 2012.

<sup>3</sup> C.D. Cal. Crim. Minutes filed Apr. 4, 2012.





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

April 18, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of April 22, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- ☐ None

*Long-term*

Audits:

- ☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- House Committee on Ways and Means, Subcommittee on Social Security Administration and Subcommittee on Oversight joint hearing on Identity Theft scheduled for Thursday, May 17<sup>th</sup>.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Individual Sentenced for Filing False Liens Against Public Officials**

On March 26, 2012, in the State of Washington, Ronald James Davenport was sentenced to 41 months' imprisonment and three years of supervised release<sup>1</sup> for filing more than \$20 billion in false liens against four Federal Government officials.<sup>2</sup>

According to the indictment, in December 2009, Davenport filed false liens and encumbrances against four U.S. Government employees. Davenport filed the liens, knowing that they were false and contained materially false statements and representations, on account of the employees' performance of their official duties.

Each lien claimed that the victim owed Davenport \$5,184,000,000. This matter was prosecuted by the U.S. Department of Justice, Tax Division.<sup>3</sup>

***The following final reports have been issued and are awaiting public release:***

*There are no reports for this period.*

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<sup>1</sup> E.D. Wash. Sentencing Hearing filed Mar. 26, 2012.

<sup>2</sup> E.D. Wash. Indict. filed June 22, 2010.

<sup>3</sup> *Id.*




INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

April 11, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of April 15, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- ☐ None

*Long-term*

Audits:

- ☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- House Committee on Oversight and Government Reform, Subcommittee on Government Organization, Efficiency, and Financial Management hearing on the Tax Gap and Identity Theft scheduled for Thursday, April 19<sup>th</sup>.

*Long-term*

- House Committee on Ways and Means, Subcommittee on Social Security Administration and Subcommittee on Oversight joint hearing on Identity Theft scheduled for Thursday, May 17<sup>th</sup>.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

*There are no events to report for this period.*

*The following final reports have been issued and are awaiting public release:*

*There are no final reports awaiting public release for this period.*






INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

April 4, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of April 8, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- ☐ None

*Long-term*

Audits:

- ☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- The House Committee on Oversight and Government Reform, Subcommittee on Government Organization, Efficiency, and Financial Management hearing on the Tax Gap and Identity Theft scheduled for Thursday, April 19<sup>th</sup>.
- House Committee on Ways and Means, Subcommittee on Social Security Administration and Subcommittee on Oversight joint hearing on Identity Theft scheduled for Thursday, May 17<sup>th</sup>.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None
- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Arkansas Woman Sentenced for Filing False IRS Forms Against US Government Officials**

On March 6, 2012, in Arkansas, Alys Dimmitt was sentenced to 37 months' in Federal prison for filing false Internal Revenue Service (IRS) Forms 1099-Original Issue Discount (OID) against several U.S. Government officials. Additionally, Dimmitt was sentenced to 36-months incarceration for misprision of a felony concerning her knowledge of a mail fraud scheme. The terms of her imprisonment were ordered to be served concurrently. Dimmitt was also sentenced to three-years supervised release following her incarceration.<sup>1</sup>

On February 24, 2011, Dimmitt was indicted in connection with a mail fraud scheme.<sup>2</sup> On October 21, 2011, Dimmitt waived indictment, consented to the filing of an Information, and pled guilty to making materially false statements to the IRS by submitting false documents to the IRS. She also pled guilty to misprision of a felony for failing to disclose her knowledge of the mail fraud scheme to authorities.<sup>3</sup>

According to the plea agreement, in April 2008, Dimmitt submitted fraudulent IRS Forms 1099-OID to the IRS claiming she paid U.S. Government officials, two of whom conducted the mail fraud investigation, \$50 million dollars each in gross income. In a hearing before a Chief U.S. Magistrate Judge, Dimmitt testified under oath that she believed that filing the false IRS Forms 1099-OID was a "way to, you know, get us out of the system, you know, type of thing and I realize now it's ridiculous."<sup>4</sup>

Dimmitt also admitted in the plea agreement that, by filing the false IRS Forms 1099, she intended to submit documents that the IRS relies upon to assess the amount of tax an individual owes.<sup>5</sup>

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<sup>1</sup> W.D. Ark. Judgment filed Mar. 6, 2012

<sup>2</sup> W.D. Ark. Indict. filed Feb. 24, 2011

<sup>3</sup> W.D. Ark. Info. filed Oct. 21, 2011; W.D. Ark. Plea Agr. filed Oct. 21, 2011

<sup>4</sup> W.D. Ark. Plea Agr. Filed Oct. 21, 2011

<sup>5</sup> *Id.*

*The following final reports have been issued and are awaiting public release:*

**Subject: Designated Payment Codes Are Inaccurate and Ineffective  
(Reference No. 2012-30-026)**

**Subject: Actions Can Be Taken to Reinforce the Importance of Recognizing and Investigating Fraud Indicators During Field Audits (Reference No. 2012-30-030)**

**Subject: Appropriate Actions Were Taken to Identify Thousands of Organizations Whose Tax-Exempt Status Had Been Automatically Revoked, but Improvements Are Needed (Reference No. 2012-10-027)**

**Subject: Virtual Server Technology Has Been Successfully Implemented, but Additional Actions Are Needed to Further Reduce the Number of Servers and Increase Savings (Reference No. 2012-20-029)**

**Subject: Citibank Purchase Card and Fleet Card Rebates Were Maximized and Are Now Properly Allocated (Reference No. 2012-10-031)**

**Subject: Increasing Requests for Offers in Compromise Have Created Inventory Backlogs and Delayed Responses to Taxpayers (Reference No. 2012-30-033)**

**Subject: Interim Results of the 2012 Filing Season (Reference No. 2012-40-036)**



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

March 28, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of April 1, 2012

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- House Committee on Ways and Means, Subcommittee on Social Security Administration and Subcommittee on Oversight joint hearing on Identity Theft.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



## **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **California Woman Pleads Guilty to Misuse of Department of the Treasury Symbols**

On February 27, 2012, in California, Desiree Caldwell pled guilty to misuse of the Department of the Treasury's symbols or emblems.<sup>1</sup>

According to the plea agreement, Caldwell created and submitted a phony Internal Revenue Service (IRS) letter of subordination to secure financing to cover company payroll. Caldwell was the Chief Executive Officer at Elite HR Logistics (Elite HR), a business that employs commercial truck drivers and provides truck driving and fleet management services to other businesses. Elite HR received financing from Riviera Finance (Riviera) by selling its accounts receivable to Riviera for a cash advance.

In June 2011, Riviera learned that Elite HR owed the IRS substantial amounts of money and that the IRS had tax liens against the company. To ensure that the IRS would not step in and seize Elite HR's accounts receivable to satisfy liens against them, Riviera requested that Elite HR secure a letter of subordination from the IRS.<sup>2</sup>

Caldwell contacted the IRS and learned that the process to secure a letter of subordination could take up to 45 days. Since Elite HR's payroll was coming due and Caldwell determined it could not pay its employees without financing from Riviera, Caldwell constructed an IRS letter of subordination. Caldwell affixed an image of the IRS's seal and provided the signature of an IRS employee from a document she had previously received from the IRS. The letter of subordination was then sent to Riviera by Caldwell to give the impression that the document was associated with, approved, endorsed, and authorized by the IRS. Relying on the fake letter of subordination, Riviera provided Elite HR financing in the amount of \$7,807.<sup>3</sup>

Sentencing for this matter is scheduled for June 11, 2012.<sup>4</sup>

***The following final reports have been issued and are awaiting public release:***

*There are no reports for this period.*

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<sup>1</sup> E.D. Cal. Crim. Minutes filed Feb. 27, 2012; E.D. Cal. Plea Agr. filed Feb. 27, 2012.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> E.D. Cal. Schedule filed Feb. 27, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

March 21, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of March 25, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- ☐ None

*Long-term*

Audits:

- ☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- House Committee on Ways and Means, Subcommittee on Social Security Administration and Subcommittee on Oversight joint hearing on Identity Theft.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **West Virginia Woman Pleads Guilty to Wire Fraud Involving a Federal Tax Lien Document**

On February 16, 2012, in West Virginia, Janet Damewood pled guilty to wire fraud.<sup>1</sup>

According to the plea agreement, Damewood created and used a fraudulent Federal Tax Lien (FTL) document to obtain a second mortgage on a piece of property. Damewood owned property with a mortgage held by the First Community Bank. The Internal Revenue Service (IRS) filed a Federal Tax Lien against the property because Damewood owed approximately \$256,000 in unpaid taxes. Subsequently, she applied for another mortgage on the property from CitiFinancial, Inc. (Citi) and falsely signed a form representing to Citi that she had no outstanding tax liens.<sup>2</sup>

As part of its underwriting process, Citi discovered the FTL. Damewood claimed that the FTL had been released. As proof, she created a fraudulent document using a portion of an authentic FTL release from an unrelated entity and the real FTL on file against her property. Damewood then faxed the fraudulent release to Citi. The fraud against Citi was discovered during foreclosure proceedings. The IRS intervened in the civil matter and collected \$36,000 after the mortgage to First Community Bank was satisfied.<sup>3</sup>

Sentencing for this matter is scheduled for June 14, 2012.<sup>4</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: The Computer Security Incident Response Center Is Effectively Performing Most of Its Responsibilities, but Further Improvements Are Needed (Reference No. 2012-20-019)**

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<sup>1</sup> S.D. W.Va. Written Plea of Guilty filed Feb. 16, 2012.

<sup>2</sup> S.D. W.Va. Plea Agr. filed Feb. 16, 2012.

<sup>3</sup> *Id.*

<sup>4</sup> S.D. W.Va. Order filed Feb. 16, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

March 14, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of March 18, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- House Committee on Ways and Means, Subcommittee on Social Security Administration and Subcommittee on Oversight joint hearing on identity Theft, May 17<sup>th</sup> (time TBD).

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Fugitive Convicted of Conspiracy to Obstruct Justice**

On February 14, 2012, in Tampa, Florida, a Federal jury found Larry M. Myers guilty of conspiracy to mail threatening communications to intimidate and impede jurors and judicial personnel in the discharge of their lawful responsibilities. The jury also found Myers guilty of conspiring to use threats and intimidation to prevent officers of the United States from carrying out their official duties; mailing threatening communications with the intent to extort a thing of value; and obstruction of justice.<sup>1</sup>

In March 1996, Myers was indicted along with 10 other individuals. He remained a fugitive for 14 years.<sup>2</sup> On August 5, 2011, Myers was arrested.<sup>3</sup>

According to the indictment, Myers and co-conspirators were members of “The Constitutional Court of We The People In and For The United States of America” also known as the “Constitutional Common Law Court”; also known as “The Supreme Court of the Constitutional Court of We the People – In and For the united [sic] States of America” (CLC), which was a pseudo-judicial, non-governmental, and unofficial enterprise, created and established in 1992 in Tampa, Florida.<sup>4</sup>

The CLC ideology advocated that there are two separate classes of citizens in the United States. The doctrine held that the “superior class” referred to as “sovereigns” or “preamble citizens,” consisted of individuals who claimed to be the direct descendants and heirs of the “Founding Fathers.” Consequently, as members of the “sovereign” class, they believed that they were above the laws of the United States. In addition, they believed that an “inferior class” of citizens existed comprising people who pay Federal income taxes, participate in Social Security programs, and accept “privileges and immunities” from the Government under the Fourteenth Amendment to the Constitution.<sup>5</sup>

In conjunction with his co-conspirators, Myers established “The Constitutional Common Law Militia” (militia) to act as the “Supreme Law Enforcement Authority” of the CLC. This militia was entrusted by the CLC to execute its “arrest warrants” and to enforce its judicial “orders.” Militia members were, in most cases, participants in or “members” of the CLC.<sup>6</sup>

<sup>1</sup> M.D. Fla. Jury Verdict filed Feb. 14, 2012.

<sup>2</sup> M.D. Fla. Joint Status Rpt. filed Sept. 15, 2011.

<sup>3</sup> M.D. Fla. Arrest Warrant Ret. Exec. filed Aug. 23, 2011.

<sup>4</sup> M.D. Fla. Indict. filed Mar. 15, 1996.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

Myers and his co-conspirators mailed a CLC arrest warrant to a Chief Judge of a Florida State court. They also issued a CLC contempt of court order and “militia” arrest warrant to a District Judge. By use of threats and threatening communications, Myers and co-conspirators attempted to influence, intimidate, obstruct, and impede jurors and officers in and of the Courts of the United States. For instance, they endeavored to intimidate a jury panel with a CLC “contempt of court order,” in which they threatened arrest by “militia” for alleged acts of treason.<sup>7</sup>

In order to obtain favorable rulings in criminal cases, dismissals of indictments, reversals of convictions, and the release from incarceration of individuals who had been lawfully convicted in accordance with State and Federal law, Myers and his co-conspirators engaged in this conspiracy.<sup>8</sup>

Sentencing for this matter is scheduled for May14, 2012.<sup>9</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: The Internal Revenue Service Is Not in Compliance With All Improper Payments Elimination and Recovery Act Requirements (Reference No. 2012-40-028).**

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<sup>7</sup> M.D. Fla. Indict. filed Mar. 15, 1996.

<sup>8</sup> *Id.*

<sup>9</sup> M.D. Fla. Sentencing Notice filed Feb. 15, 2012.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

March 7, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of March 11, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- House Committee on Ways and Means, Subcommittee on Social Security Administration and Subcommittee on Oversight joint hearing on Identity Theft, March 27<sup>th</sup> (time TBD).

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Maryland Man Sentenced for Filing a False Retaliatory Lien and Three False Claims for Tax Refunds**

On February 15, 2012, in Maryland, Andrew Isaac Chance was sentenced for filing a false retaliatory lien against a Government employee and for filing three false claims against the United States for income tax refunds. Chance was ordered to serve 65 months' imprisonment followed by three years of supervised release. He must also pay a \$400 special assessment fee.<sup>1</sup>

According to the Indictment, in 2007, Chance was convicted for filing a false Internal Revenue Service (IRS) Form 1041, *U.S. Income Tax Return for Estates and Trusts*. He falsely claimed a \$306,753 refund for Tax Year 2005. For this conviction, Chance was sentenced to 27 months in Federal prison. In 2009, he was released.<sup>2</sup>

Shortly after his release from prison in 2009, Chance filed a false lien against the Federal prosecutor from his 2007 case, claiming that the prosecutor owed him \$1.3 billion. Chance subsequently submitted additional false returns with the IRS seeking refunds for 2007, 2008, and 2009. With these filings, Chance sought a total of \$900,000. He once again falsified IRS Form 1041, which had previously resulted in his 2007 conviction.<sup>3</sup> In the end, on November 18, 2011, Chance was convicted of filing a false retaliatory lien. In addition, he received a second conviction for filing false claims for tax refunds.

***The following final reports have been issued and are awaiting public release:***

*There are no reports for this period.*

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<sup>1</sup> D. Md. Judgment filed Feb. 17, 2012.

<sup>2</sup> D. Md. Indict. filed Dec. 13, 2010.

<sup>3</sup> *Id.*






INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

February 29, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of March 4, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- House Committee on Appropriations, Subcommittee on Financial Services and General Government hearing on FY2013 Budget, March 7<sup>th</sup>, 2:00p.m.

*Long-term*

- House Ways and Means Subcommittee hearing on Identity Theft; March 27<sup>th</sup> (time TBD)

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Arkansas Woman Sentenced for Defrauding Clients of \$1.5 Million**

On February 9, 2012, in Arkansas, Kimberly O'Dell, who pled guilty to wire fraud, money laundering, and misuse of the Department of the Treasury's seal, names and symbols, was sentenced to serve 108 months' imprisonment and three years of supervised release. O'Dell was also ordered to pay \$1,561,069 in restitution, \$150,000 in fines, and a \$1,025 special assessment.<sup>1</sup>

According to the plea agreement, O'Dell founded the business "O'Dell and Associates," which provided general accounting services in Arkansas. From November 2005 through September 2008, she devised a scheme to obtain money from her clients under fraudulent pretenses, representations, and promises. O'Dell's scheme included transferring money from her clients' bank accounts via telephone transfers and online computer transfers to her company's American Express account. She also took money from her clients' bank accounts by writing checks on their accounts to herself and her accounting firm. Typically, these transactions were done without her clients' authorization.<sup>2</sup>

In July 2008, O'Dell misused the name of the Internal Revenue Service (IRS) in a manner that conveyed a false impression. For the purpose of delaying the discovery of her fraudulent scheme, she tampered with a letter purporting to be from the IRS. O'Dell used the IRS letterhead, falsified the contents of the letter, signed it with a fictitious name, and then sent it to her victim clients.<sup>3</sup>

*The following final report has been issued and is awaiting public release:*

**Subject: The Volunteer Program Management Information System Has Improved, but Better Controls Are Needed to Ensure Data Reliability (Reference No. 2012-40-021)**

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<sup>1</sup> W.D. Ark. Judgment filed Feb. 9, 2012.

<sup>2</sup> W.D. Ark. Plea Agr. filed Sept. 8, 2011.

<sup>3</sup> *Id.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

February 22, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of February 26, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- House Committee on Appropriations, Subcommittee on Financial Services and General Government hearing on FY2013 Budget, March 7<sup>th</sup>.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Individual Sentenced for Aiding and Abetting Wire Fraud in Fake Inheritance and IRS Scam**

On January 9, 2012, in Tennessee, Kendra Walker pled guilty to aiding and abetting wire fraud. She was sentenced to serve five years' probation and to perform 150 hours of community service. Additionally, Walker was ordered to pay \$15,000 in restitution to the victims of the wire fraud scheme and a \$100 special assessment.<sup>1</sup>

According to court documents, Stephanie Bare, and her husband, David, embarked on a confidence scheme which involved a fake inheritance and an alleged freeze on their assets by the Internal Revenue Service (IRS). Stephanie devised an elaborate plan to defraud victims of more than \$500,000. The scheme involved collecting money from family members and friends with the promise of repayment after the IRS freeze on their assets was released. This ruse continued for nearly five years.<sup>2</sup>

From 2008 through 2010, Walker assisted the Bares in committing acts of fraud upon victims. Walker, a friend of Stephanie Bare, initially was unaware of the criminal scheme being conducted by the Bares and gave money to her. When Walker demanded repayment of the money, Stephanie Bare enlisted Walker's assistance in contacting the individuals. Stephanie said that if Walker could collect money from those individuals, she could repay her. She persuaded Walker to impersonate an IRS employee in order to strengthen their scheme. At Stephanie's direction, Walker adopted the persona of an IRS employee. Walker contacted persistent victims who sought repayment, told them she was an IRS employee, and affirmed the falsehoods that Stephanie made to her victims.<sup>3</sup>

Walker's acts in furtherance of the scheme included telephone conversations, e-mail communications, and false claims about transactions with the State of Tennessee, the Commonwealth of Virginia, and the IRS, specifically including Walker's impersonation of an IRS employee.<sup>4</sup>

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<sup>1</sup> E.D. Tenn. Crim. Minutes: Sentencing filed Jan. 9, 2012.

<sup>2</sup> E.D. Tenn. Plea Agr. filed July 7, 2011.

<sup>3</sup> E.D. Tenn. Plea Agr. filed July 8, 2011.

<sup>4</sup> *Id.*

*The following final reports have been issued and are awaiting public release:*

**Subject: Procedures Need to Be Updated to Ensure Proper Determinations of Tax Relief for Taxpayers Affected by Disasters (Reference No. 2012-40-015)**

**Subject: Improvements Are Needed to Ensure the Business Master File Case Creation Nonfiler Identification Process Is Working Effectively (Reference No. 2012-30-020)**





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

February 15, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of February 19, 2012

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- House Committee on Appropriations, Subcommittee on Financial Services and General Government hearing on FY2013 Budget, March 7<sup>th</sup>.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Alabama Man Sentenced For Threat to an IRS Employee**

On January 30, 2012, in Alabama, Thomas Sitzler was sentenced to 12 months' probation with special conditions to participate in mental health rehabilitation programs, as well as drug and alcohol counseling. Additionally, Sitzler must pay a \$3,000 fine and a \$25 special assessment fee for making a telephone threat to an Internal Revenue Service (IRS) employee.<sup>1</sup>

According to the plea agreement, on September 12, 2011, Sitzler called an IRS facility located in Dallas, Texas, requesting to speak with a supervisor regarding a tax matter. An IRS employee advised Sitzler that she could not find a supervisor at that time. The employee also told Sitzler that she would leave a note requesting that her supervisor contact Sitzler. Hearing that, Sitzler became incensed and issued a threat. Sitzler stated, "I have paid over \$1.5 million in Federal taxes while illegals reap the benefits of people like me who pay their taxes. And the IRS is screwin' me over. So write that down please. Report it to anybody you wanna report it to. I'll be in Austin next week, and I will blow up the building. I'll make Waco, Oklahoma City, and 9/11 look like a fire drill."

Sitzler then hung up. The incident was immediately referred for investigation.<sup>2</sup>

***The following final reports have been issued and are awaiting public release:***

*There are no reports for this period.*

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<sup>1</sup> N. D. Ala. Judgment filed Feb. 3, 2012.

<sup>2</sup> N. D. Ala. Plea Agr. filed Jan. 19, 2012.




INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

February 8, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of February 12, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- Mike Phillips, Deputy IG for Audit; Town Hall meeting – Dallas, TX (Feb 6-8)
- Tim Camus, Deputy IG for Investigations; Prosecution Team member for trial – Tampa, FL (Feb 6-17)

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Individual Sentenced For Bribing a Public Official**

On December 14, 2011, in New York, Chinh Tran was sentenced to time served and two years' supervised release for bribing an IRS revenue agent (RA). The first year will be served as home confinement. Tran must also pay a special assessment of \$100.<sup>1</sup>

According to court documents, between August 17, 2010 and October 5, 2010, Tran unlawfully and knowingly gave things of value to the RA with the intent to influence an official act. Specifically, Tran gave the RA \$18,000 in cash and a bottle of tequila for the purpose of having the RA close a pending tax audit of Tran's income tax return. Tran also expected that the RA would issue a letter indicating that no changes were proposed to her income tax return as a result of the audit.<sup>2</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: The Internal Revenue Service Disallowed Erroneous First-Time Homebuyer Credits Totaling \$1.6 Billion; However, Its Examination Resources Could Have Been Used More Effectively (Reference No. 2012-41-013)**

**Subject: Criminal Investigation Can Take Steps to Strengthen Oversight of Its Undercover Operations (Reference No. 2012-30-014)**

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<sup>1</sup> S. D. N.Y. Judgment filed Jan. 10, 2012.

<sup>2</sup> S. D. N.Y. Criminal Info. filed May 11, 2011.





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

February 1, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of February 5, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Colorado Couple Sentenced for Obstruction of Internal Revenue Laws**

On January 10, 2012, in Colorado, Gregory White and his wife, Mary, were sentenced for obstructing and impeding the administration of the Internal Revenue laws and aiding and abetting as charged in a Superseding Indictment.<sup>1</sup> Gregory White's sentence included an additional offense of making a false claim. He was sentenced to 18 months of imprisonment and three years of supervised release. Additionally, Gregory White was ordered to pay a \$200 assessment fee.<sup>2</sup> Mary White was sentenced to three years probation and was ordered to pay a \$100 assessment fee.<sup>3</sup>

According to the plea agreement, beginning in September 2006, Internal Revenue Service (IRS) special agents began a criminal investigation into the activities of Gregory and Mary White. Between 2006 and 2011, the Whites engaged in a series of activities, such as filing false affidavits, which were designed to delay, hinder, and obstruct the IRS investigation.<sup>4</sup>

Additionally, the Whites submitted multiple bonds, bills of exchange, money orders, and other correspondence to the U.S. Department of the Treasury under the pretense of discharging debts owed by them to private creditors or the Treasury Department. The items falsely purported to establish or draw on accounts supposedly held by the Whites with the Treasury Department.<sup>5</sup>

For example, in June 2007, Gregory White submitted a fictitious "Private Discharge and Indemnity Bond" to the IRS bearing his signature and thumb print. This bond purported to obligate the Treasury Department for \$300,000,000 towards the Whites' debt, including any funds owed to the IRS. From 2006 to 2008, the Whites filed a total of approximately 30 similar fictitious "offset" bonds with the IRS.<sup>6</sup>

***The following final reports have been issued and are awaiting public release:***

There are no reports for this period.

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<sup>1</sup> D. Colo. Judgment G. White filed Jan. 17, 2012; Judgment M. White filed Jan. 17, 2012.

<sup>2</sup> D. Colo. Judgment G. White filed Jan. 17, 2012.

<sup>3</sup> D. Colo. Judgment M. White filed Jan. 17, 2012.

<sup>4</sup> D. Colo. Plea Agr. filed Oct. 19, 2011.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 25, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of January 29, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Louisiana Seafood Distributor Pleads Guilty to Bribery**

On January 5, 2012, in Louisiana, Vihn Q. Tran pled guilty to bribery of a Public Official.<sup>1</sup> According to court documents, Tran offered \$6,000 cash and other items of value to an Internal Revenue Service (IRS) agent with the intent to influence an IRS audit being conducted of his seafood distribution business.<sup>2</sup>

Tran owns and operates a seafood company that was licensed to conduct business in Louisiana as a shrimp and seafood distributor. In August 2007, an IRS agent delivered an appointment letter to Tran to schedule an IRS audit of Tran's business. At the conclusion of the meeting, Tran offered the IRS agent lunch; however, the agent declined. During a subsequent meeting, Tran told the agent that he would take care of him, if the agent took care of him. Tran then asked the agent to make sure that he owed little or no taxes and to make the audit paperwork "clear." The agent was offered \$6,000 by Tran to help him pay little or no Federal taxes.<sup>3</sup>

During follow-up meetings, Tran made an initial bribe payment of \$500 cash and 75 pounds of jumbo shrimp. The shrimp was valued at approximately \$400. Tran made additional cash payments to the agent totaling \$5,500. The agent later provided Tran with two IRS audit reports from which Tran could choose. First, the agent offered a legitimate audit report that reflected that Tran and his business owed the IRS approximately \$2 million dollars. Next, the agent presented a fictitious audit report indicating that no taxes were owed by Tran or his business. Tran selected the fictitious audit report.<sup>4</sup>

In April 2011, Treasury Inspector General for Tax Administration Special Agents interviewed Tran concerning the bribery payments made to the IRS agent. Tran acknowledged that he made bribe payments over the course of several meetings in an effort to obtain audit reports that showed he owed no taxes. Tran also admitted that he was aware that what he was doing was against the law.<sup>5</sup> This criminal case has been set for sentencing on April 26, 2012.<sup>6</sup>

***The following final reports have been issued and are awaiting public release:***

There are no reports for this period.

<sup>1</sup> E.D. La. Re-Arraignment and Plea Letter filed Jan. 5, 2012.

<sup>2</sup> E.D. La. Bill of Info. filed Nov. 29, 2011.

<sup>3</sup> E.D. La. Factual Basis filed Jan. 5, 2012.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> E.D. La. Notice of Sentencing filed Jan. 5, 2012.





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 18, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of January 22, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Tennessee Woman Sentenced for Fake Inheritance and Internal Revenue Service Scam**

On January 3, 2012, in Tennessee, Stephanie Bare was sentenced to serve 46 months in prison and three years of supervised release for Conspiracy to Commit Wire Fraud. She was also ordered to pay \$553,310 restitution and a \$200 assessment.<sup>1</sup>

According to court documents, in order to support themselves, Stephanie and her husband, David, embarked on a confidence scheme which involved a fake inheritance and an alleged freeze on their assets by the Internal Revenue Service (IRS).<sup>2</sup> Stephanie Bare devised an elaborate scheme to defraud victims of more than \$500,000. The ruse continued for nearly five years.

Stephanie Bare fabricated promissory notes, documents, and e-mails to carry out the fraud. As part of the fraudulent scheme, Stephanie either impersonated, or caused others to impersonate, individuals in positions of authority, such as IRS collections officers and lawyers.<sup>3</sup>

The plan involved an elaborate plot which included an alleged \$10 million inheritance that David Bare received from his sister. Allegedly, in the settlement of the estate, he retained a law firm that failed to pay the appropriate Federal estate tax to the IRS and other taxes owed to the Commonwealth of Virginia. Consequently, the IRS seized the entire \$10 million inheritance and froze the Bares' personal bank accounts, real property, and Social Security Account Numbers. As a result, the Bares said they were unable to negotiate checks, borrow money from financial institutions, or otherwise conduct routine financial transactions.<sup>4</sup>

To implement the scheme, Stephanie Bare typically approached a friend or family member requesting small loans which she promised to repay once they received the rest of the "inheritance." She provided either a letter purportedly from the IRS or the Commonwealth of Virginia, or a letter from a law firm or investment firm to verify her story. When victims asked for a promissory note to secure the loan, she provided them the notes which were complete and contained both her and her husband's signature. The Bares even promised to repay the loans at exorbitant rates of interest: sometimes as high as 200 percent. All of the documents were false.<sup>5</sup>

<sup>1</sup> E.D. Tenn. Crim. Minutes: Sentencing filed Jan. 3, 2012.

<sup>2</sup> E.D. Tenn. Plea Agr. filed July 7, 2011.

<sup>3</sup> E.D. Tenn. Sentencing Memo filed Dec. 27, 2011.

<sup>4</sup> E.D. Tenn. Plea Agr. filed July 7, 2011.

<sup>5</sup> *Id.*

The fraudulent scheme included personal and telephone conversations; e-mail communications; letters sent via the United States mail; and false claims about transactions with the IRS, the Commonwealth of Virginia, the State of Tennessee, Wachovia Bank, Citizens Bank and Trust, law firms, and investment firms.<sup>6</sup>

***The following final reports have been issued and are awaiting public release:***

*There are no reports for this reporting period.*

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<sup>6</sup> *Id.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 11, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of January 15, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**New York Man Sentenced for Internet Fraud Scheme**

On December 19, 2011, in New York, Godspower Egbufor was sentenced to 108 months of imprisonment, and five years of supervised release, for Aggravated Identity Theft and Conspiracy to Commit Wire Fraud. In addition, he was ordered to pay \$1,741,822 restitution and a \$200 assessment.<sup>1</sup>

According to court documents, Egbufor, together with co-conspirators, operated a scheme to defraud numerous individuals through Internet solicitations whereby they stole more than \$1 million dollars and the identities of those individuals.<sup>2</sup>

Egbufor and his co-conspirators obtained massive e-mail distribution lists containing thousands of e-mail addresses and sent unsolicited e-mails falsely informing targeted victims that they had won a lottery or had inherited money from a distant relative. Follow-up emails instructed the victims that they were required to provide personal and bank account information in order to receive their lottery winnings or inheritance. Using this information, Egbufor and his co-conspirators stole the identities of some of the victims to facilitate the scheme.<sup>3</sup>

Subsequent e-mails to victims falsely indicated that a Government or a quasi-governmental agency, such as the Internal Revenue Service<sup>4</sup> or the United Nations, prevented the money due to them from being awarded because advance payment of taxes and other fees was required. Victims were solicited to wire the money necessary to pay the taxes and other fees to designated bank accounts controlled by Egbufor and his co-conspirators.<sup>5</sup>

When victims indicated that they lacked the money to pay the taxes and fees, they were informed that Egbufor and his co-conspirators would loan them the money. Victims were convinced to open online bank accounts and provide the necessary login information. Using this information, Egbufor and his co-conspirators stole money from various bank accounts, transferred that stolen money to the victims' accounts, and instructed the victims to wire the money to bank accounts outside the United States controlled by Egbufor and his co-conspirators as payment for taxes and other fees on their purported lottery winnings or inheritance. The victims never received any lottery winnings, inheritance, or other money in connection with the scheme.<sup>6</sup>

<sup>1</sup> E.D.N.Y. Judgment filed Dec. 27, 2011.

<sup>2</sup> E.D.N.Y. Gov. Letter filed Dec. 19, 2011.

<sup>3</sup> E.D.N.Y. Superseding Ind. filed May 10, 2011; E.D.N.Y. Gov. Letter filed Dec. 19, 2011.

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

*The following final reports have been issued and are awaiting public release:*

*There are no reports for this reporting period.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 4, 2012

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of January 8, 2012

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Woman Pleads Guilty to Impersonating an Internal Revenue Service Employee**

On December 21, 2011, in New Jersey, Tammi Haines pled guilty to impersonating an officer or employee of the United States.<sup>1</sup>

According to court documents, Haines admitted to authoring a fraudulent IRS letter to “buy time.”<sup>2</sup> Haines was approved by her mother, who is identified in court papers as “D.G.,” to prepare and file Federal income tax returns for 2003, 2004, 2005, and 2006. The returns were not filed by Haines. As a result, the IRS filed tax returns on behalf of D.G. resulting in a tax liability of approximately \$330,000.<sup>3</sup>

In December 2009, D.G. was contacted by an IRS collection officer. D.G. in turn, called Haines for assistance. Haines subsequently provided D.G. with a letter from a non-existent IRS “senior revenue officer.” The letter displayed the letterhead of the Department of the Treasury and IRS and indicated that D.G. owed no tax. Believing the IRS letter to be authentic, D.G. provided it to the IRS employee assigned to collect the tax liability.

Haines later explained that she wrote the fraudulent letter to “buy time” with D.G. so that she would not take immediate action on the tax liability.<sup>4</sup> Sentencing is set for April 13, 2012.<sup>5</sup>

***The following final reports have been issued and are awaiting public release:***

*There are no reports for this period.*

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<sup>1</sup> D.N.J. Minutes of Proceedings filed Dec. 21, 2011.

<sup>2</sup> D.N.J. Compl. filed Sept. 28, 2010.

<sup>3</sup> D.N.J. Info. filed Dec. 21, 2011.

<sup>4</sup> D.N.J. Compl. filed Sept. 28, 2010.

<sup>5</sup> D.N.J. Minutes of Proceedings filed Dec. 21, 2011.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

December 28, 2011

INFORMATION MEMORANDUM FOR SECRETARY GEITHNER

*Michael R. Phillips*

FROM: (for) J. Russell George  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of January 1, 2012

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Potential or expected legal issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Briefings/Hearings**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Michigan Man Sentenced For Being a Felon in Possession of a Firearm**

On December 7, 2011, in the Eastern District of Michigan, Donald Bruce Hays II was sentenced to one year of imprisonment and two years supervised release for being a felon in possession of a firearm.<sup>1</sup> Additionally, Hays was ordered to pay a \$100 special assessment fee.<sup>2</sup>

According to court documents, in August 2010, Hays threatened an IRS employee. This threat prompted an investigation by the Treasury Inspector General for Tax Administration (TIGTA). TIGTA agents discovered that Hays had multiple felony convictions and was discharging firearms in his backyard. In October 2010, a search warrant was executed at his residence due to the suspicion that Hays was a prohibited person in possession of a firearm. Two rifles were seized from his home. Hays admitted to discharging the firearms but denied ownership of them.<sup>3</sup>

*The following final reports have been issued and are awaiting public release:*

### **Audit**

**More Tax Return Preparers Are Filing Electronically, but Better Controls Are Needed to Ensure All Are Complying With the New Preparer Regulations (Reference No. 2012-40-010)** – Final report issued and awaiting public release.

**Affordable Care Act: The Office of Appeals Planning Efforts for the Health Care Reform Legislation (Reference No. 2012-13-009)** – Final report issued and awaiting public release.

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<sup>1</sup> E.D. Mich. Judgment filed Dec. 7, 2011.

<sup>2</sup> *Id.*

<sup>3</sup> E.D. Mich. Plea Agr. filed July 21, 2011.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

December 21, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of December 25, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- ☐ None

*Long-term*

Audits:

- ☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Individual Sentenced for Unauthorized Access to a Computer**

On November 14, 2011, in California, Valerie Walker was sentenced to 12 months' probation, fined \$1,000, and ordered to pay a \$25 special assessment fee for accessing private information on a work computer without authorization.<sup>1</sup>

According to court documents, while employed at the California Franchise Tax Board (FTB) as a Senior Compliance Representative, Walker exceeded her authority by intentionally accessing private taxpayer information.<sup>2</sup> The electronically stored Federal tax information was provided to the FTB by the Internal Revenue Service (IRS).<sup>3</sup> Walker researched Federal tax returns, Social Security Numbers and addresses of seven individuals when she had no legitimate business reason to do so.<sup>4</sup>

#### **Individual Convicted For Filing False Liens Against Public Officials**

On November 29, 2011, in the State of Washington, Ronald James Davenport was convicted on four counts of filing false retaliatory liens against employees of the U.S. Government.<sup>5</sup>

According to the indictment, in December 2009, Davenport filed false liens and encumbrances against the real and personal property of four U.S. Government employees. Davenport falsely claimed that the employees owed him \$5,184,000,000. He was aware that each lien contained fictitious and fraudulent statements. Davenport filed the liens in retaliation against Federal employees for performing their official duties.<sup>6</sup>

This matter was prosecuted by the U.S. Department of Justice, Tax Division.<sup>7</sup> Sentencing is scheduled for a future date.<sup>8</sup>

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<sup>1</sup> E.D. Cal. Judgment filed Nov. 18, 2011.

<sup>2</sup> E.D. Cal. Plea Agr. filed June 20, 2011.

<sup>3</sup> E.D. Cal. Info. filed Mar. 14, 2011.

<sup>4</sup> E.D. Cal. Plea Agr. filed June 20, 2011.

<sup>5</sup> E.D. Wash. Jury Verdict filed Nov. 30, 2011.

<sup>6</sup> E.D. Wash. Indict. filed June 22, 2010.

<sup>7</sup> *Id.*

<sup>8</sup> E.D. Wash. Sentencing Order filed Dec. 5, 2011.

*The following final reports have been issued and are awaiting public release:*

**Subject: Eliminating the Automatic Mailing of Tax Packages Achieved Significant Savings, Although Some Taxpayers Were Burdened**  
(Reference No. 2012-40-008) – Final report issued and awaiting public release.





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

December 14, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of December 18, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Colorado Man Sentenced for Impeding Internal Revenue Administration**

On November 15, 2011, in Colorado, Gary Neuger was sentenced to 24-months imprisonment, followed by one year of supervised release. Neuger was ordered to pay restitution in the amount of \$393,791, as well as a special assessment fee of \$200. Additionally, Neuger must complete a mental health treatment program for filing a false tax return and impeding internal revenue administration.<sup>1</sup>

According to court documents, Neuger admitted that he willfully filed false tax returns and took various steps to impede collections by the Internal Revenue Service (IRS). In 1997, Neuger stopped paying his Federal income taxes. The IRS then initiated several attempts to collect his outstanding taxes. It was at this time that Neuger began protesting the Federal tax system and seeking to harass and impede the IRS's collection efforts.<sup>2</sup>

From May, 2000 until November 2008, Neuger sent over one dozen threatening letters to the IRS. Throughout this time period, he filed several lawsuits against IRS employees both in Federal and State court and threatened employees with arrest. He also sought summonses against IRS employees protesting the levying of Federal taxes.<sup>3</sup>

In 2003, Neuger filed a fabricated default judgment. In it, he falsely claimed that he had won a lawsuit against the IRS in Federal court and demanded damages. In furtherance of his cause, Neuger filed lawsuits against any business that complied with the IRS levies and sought to have the business owners arrested.<sup>4</sup>

#### **Maryland Man Receives Second Conviction for Filing False Returns**

On November 18, 2011, in Maryland, Andrew Isaac Chance was convicted of filing a false retaliatory lien against a government employee and for filing three false claims against the United States for income tax refunds.<sup>5</sup>

According to the Indictment, Chance was convicted by a Federal jury in 2007 for filing a false IRS Form 1041, U.S. Income Tax Return for Estates and Trusts, for tax

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<sup>1</sup> D. Co. Judgment filed Nov. 22, 2011.

<sup>2</sup> D. Co. Reporter's Transcript (Sentencing Hearing: Order).

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> D. Md. Verdict Form filed Nov. 18, 2011.

year 2005. Chance claimed a false refund in the amount of \$306,753. Consequently, he served 27 months in Federal prison. In 2009, he was released.<sup>6</sup>

Shortly after his release from prison, Chance filed a false lien against the Federal prosecutor from his 2007 case. He alleged that the prosecutor owed him \$1.3 billion. A year after filing the retaliatory lien, Chance subsequently filed three false returns with the IRS seeking refunds for the tax years 2007, 2008, and 2009. With these filings, Chance sought a total of \$900,000. He once again falsified IRS Form 1041, which had previously resulted in his 2007 conviction. These filings resulted in his second conviction for this crime.<sup>7</sup>

### **New Jersey Man Pleads Guilty to Extortion Conspiracy**

On November 28, 2011, in New Jersey, Robert G. Cusic, Jr. pled guilty in Federal court to conspiracy to commit extortion under threatened fear of economic harm.<sup>8</sup>

According to court documents, Cusic conspired with New Jersey attorney Thomas G. Frey and others to extort money and property from victims. Cusic and Frey falsely alleged to the victims that they were the subjects of a criminal investigation by the IRS. While at a property owned by one of the victims, Cusic claimed that he had encountered two IRS special agents who questioned him extensively about the victims.<sup>9</sup>

Frey falsely informed the victims that he had ongoing communications and a unique relationship with one of the special agents investigating the matter. Additionally, the victims were informed that if each one of them paid Frey a \$10,000 retainer fee, he would contact the special agent and cause the investigation to be converted from a criminal investigation to an IRS “desk audit.” By changing the nature of the investigation, the matter would no longer be considered criminal in nature.

The co-conspirators further attempted to assure the victims that after the matter was converted to a “desk audit,” Frey’s family member, an IRS employee, would assist him in obtaining a favorable outcome of the audit.<sup>10</sup>

***The following final reports have been issued and are awaiting public release:***

There are no reports for this reporting period.

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<sup>6</sup> D. Md. Indict. filed Dec. 13, 2010.

<sup>7</sup> *Id.*

<sup>8</sup> D. N.J. Plea Agr. filed Nov. 28, 2011.

<sup>9</sup> D. N.J. Criminal Comp. filed Apr. 8, 2011.

<sup>10</sup> *Id.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

December 7, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of December 11, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- ☐ None

*Long-term*

Audits:

- ☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- Principal Deputy Inspector General travel to Federal Law Enforcement Training Center, Brunswick, GA, to speak to Office of Investigations Continuing Professional Education Special Agents on TIGTA's present and future goals, budget issues and other topics. December 8, 2011

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**California Woman Sentenced for Unauthorized Inspection of Returns or Return Information**

On November 3, 2011, in California, Barbara Gwin was sentenced to one year of unsupervised probation and ordered to pay a fine of \$600 and a \$25 penalty assessment for the unauthorized inspection of returns or return information.<sup>1</sup>

According to court documents, Gwin accessed, without authorization, electronically stored Federal tax information on the Internal Revenue Service's (IRS) electronic system. She knowingly and intentionally inspected tax returns or return information in violation of Federal law while serving as an IRS Tax Examining Clerk. Gwin pleaded guilty to count one as charged.<sup>2</sup>

***The following final reports have been issued and are awaiting public release:***

There are no reports for this reporting period.

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<sup>1</sup> E.D. CA Judgment filed Nov. 8, 2011.

<sup>2</sup> E.D. CA Plea Agr. filed Nov. 4, 2011.




INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

November 30, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of December 4, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Florida Man Sentenced for Assaulting Internal Revenue Service Employees**

On October 20, 2011, in Florida, David Robbins was sentenced to three years of probation, with substance abuse and mental health treatments as special conditions of his release, for assaulting and impeding Federal employees who were engaged in the performance of their official duties.<sup>1</sup>

On February 7, 2011, Mr. Robbins walked into the Sarasota Internal Revenue Service (IRS) office during business hours with a briefcase, a remote control and a box protruding from underneath his shirt. Mr. Robbins pronounced, "Don't bother I've got a bomb." He further asserted, "I do not want to hurt anyone, but violence is the only way to get my statement across." Mr. Robbins then sat on the briefcase. While holding the remote control in his hand, he proclaimed that our country is in trouble and he wanted to make a statement before the news media.<sup>2</sup>

Mr. Robbins then directed that "No one leave the office." This action caused the security officer to draw his firearm and to command Mr. Robbins not to move. A Special Agent assisted the officer in convincing Mr. Robbins to let everyone in the office leave. Due to Mr. Robbins' actions, IRS employees working in the office as well as taxpayers who were present had to evacuate the building. The briefcase was found to be non-explosive. It contained a Bible and other documents.<sup>3</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Internal Revenue Service Diversity Demographics Compare Favorably With Other Federal Agencies' Senior Executive Service Ranks**  
(Reference No. 2012-10-006) – Final report issued and awaiting public release.

**Subject: Revenue Officers Took Appropriate Levy Actions but Face Challenges and Delays Bringing Taxpayers Into Compliance (Reference No. 2012-30-007) –**  
Final report issued and awaiting public release.

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<sup>1</sup> M.D. Fla. Judgment filed Oct. 28, 2011.

<sup>2</sup> M.D. Fla. Plea Agr. filed Oct. 19, 2011.

<sup>3</sup> *Id.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

November 23, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of November 27, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- Speech to Washington/New York Field Division seminar for Continuing Professional Education; December 1, 2011; Lancaster, PA

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**California Man Sentenced for Filing False Liens or Encumbrances Against United States Employees**

On October 26, 2011, in Nevada, Thanh Viet Jeremy Cao was sentenced to 41 months of imprisonment, three years of supervised release, and ordered to pay a special assessment fee of \$600 for filing false liens and encumbrances against United States (U.S.) employees.<sup>1</sup> Cao pleaded guilty to six counts of the indictment.<sup>2</sup> Each count carried 41 months of imprisonment and three years of supervised release; however, all six counts will be served concurrently.<sup>3</sup>

According to the plea agreement, Cao filed 22 false liens and encumbrances against U.S. employees in retaliation for performing official duties involving him. The victims included two U.S. Magistrate Judges, two U.S. District Judges, and four Internal Revenue Service Criminal Investigation (IRS-CI) Special Agents.<sup>4</sup>

Beginning in February 2007 until July 2010, Cao was involved in various matters concerning Federal courts and Federal agencies, including the Securities and Exchange Commission, the U.S. Attorney's Office for the Southern District of California, the U.S. Secret Service, and the IRS. In addition to these proceedings, Cao was under investigation by IRS-CI regarding tax returns he prepared and filed with the IRS. He submitted these returns for himself and his clients, which returns claimed large refunds on Federal individual and corporate income tax returns. These filings were based upon fictitious income tax withholdings.<sup>5</sup>

In response to the proceedings and investigations, Cao filed public record liens and encumbrances against the real and personal property of the victims. Cao knew when he filed the documents that each lien or encumbrance contained false, fictitious, and fraudulent statements, including that each victim was a "debtor" who owed Cao a large sum of money. He falsely claimed that each judge was a "debtor" to him in the amount of \$300,000,000. Finally, Cao claimed that the IRS-CI Special Agents were "debtors" to him in the amount of at least \$100,000,000.<sup>6</sup>

***The following final reports have been issued and are awaiting public release:***

*There are no reports for this reporting period.*

<sup>1</sup> D. Nev. Judgment filed Oct. 26, 2011.

<sup>2</sup> D. Nev. Plea Agr. filed June 7, 2011.

<sup>3</sup> D. Nev. Judgment filed Oct. 26, 2011.

<sup>4</sup> D. Nev. Plea Agr. filed June 7, 2011.

<sup>5</sup> *Id.*

<sup>6</sup> *Id.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

November 16, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of November 20, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- Ways and Means Subcommittee Hearing, Small Business Health Care Tax Credit; November 15, 2011, Longworth Building

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Myran Butler Sentenced for Misusing the Department of the Treasury's Symbol**

On October 19, 2011, in Utah, Myran Butler was sentenced to seven months imprisonment, a 12-month term of supervised release, and was ordered to pay a special assessment fee of \$25. Mr. Butler was convicted of one count of misusing the Department of the Treasury's symbol.<sup>1</sup>

According to court documents, Butler knowingly used, in connection with his business, the words, "Department of the Treasury," or the "Internal Revenue Service" (IRS), in a manner that could be reasonably interpreted as falsely conveying that such business activity was approved and authorized by the Department of the Treasury or the IRS.<sup>2</sup>

Butler falsely made and provided a client an IRS Form 668-D, Release of Levy/Release of Property of Levy. He created the replica document by altering an official form. The false Form 668-D contained a forged signature of an IRS tax specialist. Butler also provided the form to his client as proof that proceedings with the IRS had been completed.<sup>3</sup>

***The following final reports have been issued and are awaiting public release:***

There are no reports for this reporting period.

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<sup>1</sup> D. Utah Judgment filed Oct. 20, 2011.

<sup>2</sup> D. Utah Misdemeanor Info. filed Feb. 3, 2011.

<sup>3</sup> D. Utah Stat. by Defendant in Advance of Plea of Guilty filed June 15, 2011.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

November 9, 2011

INFORMATION MEMORANDUM FOR SECRETARY GEITHNER

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of November 13, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- Strategic Data Services Division conference; November 8, 2011, Brentwood, TN

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- House of Representatives Committee on Ways and Means, Subcommittee on Oversight hearing on “Affordable Care Act: Efforts to Implement the Small Business Health Care Tax Credit,” November 15, 2011.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary’s Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

#### **Investigations**

##### **Internal Revenue Service Revenue Officer Sentenced for Stealing Approximately \$160,000 in Taxpayer Funds**

On October 21, 2011, in New York, Internal Revenue Service (IRS) Revenue Officer Fern Stephens was sentenced to six-months imprisonment after pleading guilty to mail fraud, theft of government funds, and unlawfully accessing a government computer. Stephens was also ordered to serve three years of supervised release following imprisonment, and to pay \$160,863 in restitution.<sup>1</sup>

Stephens was employed by the IRS from January 1984 through December 2010. She served as an IRS Revenue Officer since the early 1990s and, in that capacity, she was responsible for collecting Federal taxes from individuals and corporations. As a condition of her employment, she was required to sign an annual certification stating that she would not access taxpayer records in IRS databases except in connection with her official duties.<sup>2</sup>

From March 2003 through November 2010, Stephens used her position as a Revenue Officer to steal taxpayer funds held by the IRS by devising a scheme involving the use of an IRS database. Stephens' scheme included making false computer entries that documented alleged requests to transfer corporate or business entity tax refunds or payments. Her actions caused the IRS to issue checks, and credits to her relatives and close associates. Stephens caused approximately 20 fraudulent credit transfers, from approximately 14 taxpayer victims, to be sent to eight of her relatives or close associates.<sup>3</sup>

***The following final reports have been issued and are awaiting public release:***

There are no reports for this reporting period.

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<sup>1</sup> S.D.N.Y. Judgment filed Oct. 25, 2011.

<sup>2</sup> S.D.N.Y. Indict. filed Dec.13, 2010.

<sup>3</sup> *Id.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

November 2, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of November 6, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- **Upcoming Briefings/Hearings**

*Week Ahead*

- 

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- Speaking engagement at the SAC Continuing Professional Education seminar, New York/Washington Field Division; December 1<sup>st</sup>, Lancaster, PA.
- Speaking engagement at the SAC Continuing Professional Education seminar, Atlanta Field Division; December 7<sup>th</sup>, Brunswick, GA.

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Carole Cotton Sentenced for Assaulting a TIGTA Special Agent**

On October 19, 2011, in Florida, Carole Cotton was sentenced to 12-months probation and ordered to participate in an approved mental health treatment program for assaulting a TIGTA Special Agent.<sup>1</sup>

After receiving a collection letter on May 12, 2011, Cotton telephoned the Internal Revenue Service. During the phone call, she threatened to shoot anyone who stepped onto her property.<sup>2</sup>

On May 18, 2011, a TIGTA Special Agent visited Cotton's residence to question her about the telephone statement she made. After identifying himself as a Federal agent with the Department of the Treasury, Cotton responded, "Hold on, let me go get my gun." She then turned to re-enter her home. Cotton was then restrained until she calmed down. Later on, she was allowed back into her residence. Upon entering her home, Cotton went to a cabinet, removed a golf club and threw it at the agent. Cotton was then taken into custody.<sup>3</sup>

***The following final reports have been issued and are awaiting public release:***

*There are no reports for this period.*

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<sup>1</sup> S.D. Fla. J. filed Oct. 24, 2011.

<sup>2</sup> S.D. Fla. Crim. Compl. filed May 19, 2011.

<sup>3</sup> *Id.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

October 26, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of October 30, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- Speaking engagement at the Special Agent in Charge (SAC) Quarterly Strategic Planning Meeting; Wednesday, October 26<sup>th</sup>, Chicago, IL.
- Speaking engagement at the SAC Continuing Professional Education seminar, Chicago Field Division; October 31<sup>st</sup>, Milwaukee, WI.

*Long-term*

- Speaking engagement at the SAC Continuing Professional Education seminar, New York/Washington Field Division; December 1<sup>st</sup>, Lancaster, PA.
- Speaking engagement at the SAC Continuing Professional Education seminar, Atlanta Field Division; December 7<sup>th</sup>, Brunswick, GA.

- **Upcoming Briefings/Hearings**

*Week Ahead*

- House Committee on Oversight and Government Reform, Subcommittee on Government Organization, Efficiency and Financial Management hearing on “Identity Theft and Tax Fraud,” November 4<sup>th</sup>.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None



- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

**Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Woman Pleads Guilty to Attempting to Interfere With Internal Revenue Service Laws**

On October 11, 2011, Andrea Longenecker entered a guilty plea in open court.<sup>1</sup>

According to court documents, on July 18, 2010, in the Middle District of Pennsylvania, Andrea Longenecker endeavored to obstruct and impede the administration of internal revenue laws by forging a letter and then e-mailing the letter to her employer.

Ms. Longenecker falsely identified the letter as correspondence from the Internal Revenue Service's (IRS) Taxpayer Advocate Service indicating that the wage levy issued against her had been released.<sup>2</sup>

Ms. Longenecker pled guilty to one count of Attempting to Interfere with Internal Revenue Laws.<sup>3</sup> She will be sentenced at a future date.

**The following final reports have been issued and are awaiting public release:**

*There are no reports for this reporting period.*

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<sup>1</sup> M.D. Pa. Motion to Withdraw Plea filed Oct. 11, 2011.

<sup>2</sup> M.D. Pa. Indict. filed Mar. 16, 2011.

<sup>3</sup> M.D. Pa. Motion to Withdraw Plea filed Oct. 11, 2011.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

October 19, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of October 23, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

There are no such items or events for this reporting period.

*The following final reports have been issued and are awaiting public release:*

There are no reports for this reporting period.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

October 12, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of October 16, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Mark Leitner Sentenced for Obstructing and Impeding the Due Administration of the Internal Revenue Laws and Filing False Liens Against Federal Employees**

On September 30, 2011, in Florida, Mark Leitner was sentenced to 30 months in prison for corruptly endeavoring to obstruct and impede the due administration of the Internal Revenue laws and filing false liens against Federal employees.<sup>1</sup>

Leitner filed false liens against numerous Federal employees. Liens were recorded against the U.S. Attorney for the Northern District of Florida, the previous clerk of court, several Assistant U.S. Attorneys, department trial attorneys, and an Internal Revenue Service Criminal Investigation Special Agent who prosecuted him for tax fraud in 2010.<sup>2</sup>

Throughout the jury trial and after his conviction, Leitner filed false maritime liens against the property of court and law enforcement personnel involved in his criminal trial. The false liens claimed that Leitner was owed \$48.489 billion from each individual. Five of the seven false liens disclosed personal identifying information and the individual's Social Security Numbers.<sup>3</sup>

Leitner will serve his prison sentence consecutively to the five-year prison sentence he received for a 2010 conviction for tax fraud.<sup>4</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: The Customer Account Data Engine 2 Program Management Office Implemented Systems Development Guidelines; However, Process Improvements Are Needed to Address Inconsistencies (Reference No. 2011-20-127)** – Final report issued and awaiting public release.

**Subject: Procurements Were Not Processed in Compliance With the American Recovery and Reinvestment Act of 2009 (Reference No. 2011-11-132)** – Final report issued and awaiting public release.

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<sup>1</sup> N.D. Fla. Criminal Minutes filed Sep. 30, 2011.

<sup>2</sup> N.D. Fla. Info. filed July 18, 2011.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.* See also Case No. 3:08cr00079MCR; N.D. Fla. J. filed Aug 7, 2010.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

October 5, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of October 9, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Former Stockbroker Sentenced for Mail and Wire Fraud**

On September 8, 2011, in California, Ronald Moschella pled guilty to five counts of mail fraud and two counts of wire fraud. He was sentenced to serve 63 months in prison, three years of probation, and ordered to pay \$2,016,130 in restitution and a \$700 special assessment fee.<sup>1</sup>

From February 2007 until 2010, Moschella defrauded his investors' money by using false and fraudulent pretenses. Moschella used his experience as a former stockbroker and represented himself to his investors as a skilled investment adviser who had access to exceptional investment opportunities.<sup>2</sup>

While the specific investment opportunities offered to his investors were diverse, Moschella's schemes involved similar fraudulent promises and representations. He informed potential investors that their funds would be invested as he had promised. Moschella explained to his investors that investment opportunities had established records of success, a guaranteed rate of return, and there was no risk to their principal assets.

Moschella crafted and sent fraudulent e-mails as well as other documents to support his false explanation for the delay in returning funds demanded by investors. Such documents included e-mails from a fictitious E-Trade manager and correspondence that falsely appeared to be from the Internal Revenue Service (IRS) regarding a levy which was placed on an investor's E-Trade account. Additionally, there were e-mails from a fictitious tax attorney Moschella claimed to have retained to resolve his tax issues, and documentation that appeared to be a formal "Order of Judgment" issued by the United States Tax Court against him. Moschella also used Federal Express deliveries and wire transfers in furtherance of his scheme.<sup>3</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Continued Centralization of the Windows Environment Would Improve Administration and Security Efficiencies (Reference No. 2011-20-111)** – Final report issued and awaiting public release.

**Subject: Security Controls Over Wireless Technology Were Generally in Place; However, Further Actions Can Improve Security (Reference No. 2011-20-101)** – Final report issued and awaiting public release.

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<sup>1</sup> C.D. Ca. J. and Probation/Commitment Order filed Sept. 8, 2011.

<sup>2</sup> C.D. Ca. Plea Agr. filed Feb. 13, 2011.

<sup>3</sup> Id.



**Subject: Reducing the Processing Time Between Balance Due Notices Could Increase Collections (Reference No. 2011-30-112)** – Final report issued and awaiting public release.

**Subject: Many Investment Theft Loss Deductions Appear to Be Erroneous (Reference No. 2011-40-124)** – Final report issued and awaiting public release.

**Subject: Collection Actions Were Not Always Pursued on Cases Returned From the Private Debt Collection Program (Reference No. 2011-30-114)** – Final report issued and awaiting public release.

**Subject: Management Oversight of the Small Business/Self-Employed Division's Fuel Compliance Fleet Card Program Should Be Strengthened (Reference No. 2011-10-125)** – Final report issued and awaiting public release.

**Subject: The Customer Account Data Engine 2 Is Making Progress Toward Achieving Daily Processing, but Improvements Are Warranted to Ensure Full Functionality (Reference No. 2011-20-109)** – Final report issued and awaiting public release.

**Subject: The Passage of Late Legislation and Incorrect Computer Programming Delayed Refunds for Some Taxpayers During the 2011 Filing Season (Reference No. 2011-40-128)** – Final report issued and awaiting public release.

**Subject: Annual Assessment of the Internal Revenue Service Information Technology Program (Reference No. 2011-20-106)** – Final report issued and awaiting public release.

**Subject: Steps Can Be Taken to Enhance the Quality of Audits Involving Small Corporate Returns (Reference No. 2011-30-113)** – Final report issued and awaiting public release.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

September 28, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of October 2, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Former Certified Public Accountant Kimberly O'Dell Defrauded Clients of Over \$1.5 Million**

On September 8, 2011, in Arkansas, Kimberly O'Dell pled guilty to six counts of wire fraud, four counts of money laundering, and one count of misuse of the Department of the Treasury's names or symbols.<sup>1</sup>

From November 2005 until September 2008, O'Dell was a Certified Public Accountant (CPA) in Fayetteville, Arkansas. She founded O'Dell and Associates which provided general accounting services to clients. The company provided bookkeeping services to the University of Arkansas' Fayetteville chapter of the Phi Delta Theta Fraternity (PDT) from 1998 until August 2008. O'Dell wrote checks, reconciled the bank statements, and also had signatory authority for the account.

O'Dell also provided accounting services to Thomas Terminella and his company, Terminella & Associates located in Fayetteville, Arkansas. She handled twelve Terminella business accounts. O'Dell devised a scheme to defraud PDT and Terminella & Associates. Her intention was to deceive the victims and obtain money under false and fraudulent pretenses, representations, and promises. O'Dell transferred money to her company's account via telephone and online computer transfers without authorization from the victims. Bank records indicate that O'Dell obtained \$1,561,069.96 from her clients' accounts. None of the transfers O'Dell made were authorized by her clients.<sup>2</sup>

Each of the monetary transactions made by O'Dell totaled over \$10,000, and was obtained due to unlawful activity. After O'Dell fraudulently obtained the money, she used it to pay her American Express account in Florida. Those payments caused the funds to be wired via American Express accounts to North Carolina or New York. All of these dealings were monetary transactions affecting interstate commerce.

On July 7, 2008, O'Dell knowingly and willfully used the name of the Internal Revenue Service (IRS), in a manner that conveyed a false impression. She tampered with a letter purported to be from the IRS by using the IRS's letterhead. O'Dell falsified the contents of the letter, signed it with a fictitious name, and sent it to her clients to delay the discovery of her scheme.<sup>3</sup>

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<sup>1</sup> W.D. Ark. Plea Agr. filed Sept. 8, 2011.

<sup>2</sup> W.D. Ark. Superseding Indict. filed May 25, 2011.

<sup>3</sup> Id.

*The following final reports have been issued and are awaiting public release:*

**Subject: Billions of Dollars in Education Credits Appear to Be Erroneous (Reference No. 2011-41-083)** – Final report issued and awaiting public release.

**Subject: Fiscal Year 2011 Statutory Review of Restrictions on Directly Contacting Taxpayers (Reference No. 2011-30-090)** – Final report issued and awaiting public release.

**Subject: Affordable Care Act: Efforts to Implement the Small Business Health Care Tax Credit Were Mostly Successful, but Some Improvements Are Needed (Reference No. 2011-40-103)** – Final report issued and awaiting public release.

**Subject: The Modernization and Information Technology Services Organization Is Effectively Planning for the Implementation of the Affordable Care Act (Reference No. 2011-20-105)** – Final report issued and awaiting public release.

**Subject: The Administration of Recruitment and Retention Incentives Has Improved, but Additional Actions Should Be Taken (Reference No. 2011-10-107)** – Final report issued and awaiting public release.

**Subject: The Employee Plans Function Should Continue Its Efforts to Obtain Needed Retirement Plan Information (Reference No. 2011-10-108)** – Final report issued and awaiting public release.

**Subject: The Customer Account Data Engine 2 Database Implementation Project Made Progress in Design Activities, but Improvements Are Needed (Reference No. 2011-20-110)** – Final report issued and awaiting public release.

**Subject: Treasury Inspector General for Tax Administration – Federal Information Security Management Act Report for Fiscal Year 2011 (Reference No. 2011-20-116)** – Final report issued and awaiting public release.

**Subject: The Internal Revenue Service Adequately Prepared for and Responded to the Austin Incident (Reference No. 2011-10-098)** – Final report issued and awaiting public release.

**Subject: The 2009 Offshore Voluntary Disclosure Initiative Increased Taxpayer Compliance, but Some Improvements Are Needed (Reference No. 2011-30-118)** – Final report issued and awaiting public release.

**Subject: Affordable Care Act: The Number of Taxpayers Filing Tanning Excise Tax Returns Is Lower Than Expected (Reference No. 2011-40-115)** – Final report issued and awaiting public release.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

September 21, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of September 25, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Former Internal Revenue Service (IRS) Employee Sentenced for Aiding and Assisting in the Preparation and Presentation of False and Fraudulent Income Tax Returns and Offenses by Officers and Employees of the United States**

On August 22, 2011, in California, Jesse Hernandez Jr. was sentenced to serve 60 months of supervised probation and also ordered to pay \$22,876 in restitution and a \$1,100 assessment fee.<sup>1</sup>

Hernandez was employed by the IRS as a Tax Examining Technician. From April 2006 through April 2007, Hernandez aided, assisted, and advised in the preparation of Forms 1040, Individual Income Tax Returns, which were false and fraudulent as to material matters. These forms falsely represented that taxpayers received a “rollover distribution from an Individual Retirement Account” and that taxes had been withheld. Based on this belief, taxpayers presumed they were entitled to a refund. In some cases, these claims were supported by false and fraudulent Forms 1099-R,<sup>2</sup> purportedly issued by Vanguard Fiduciary Trust Company. Hernandez knew that these claims were false and that the taxpayers were not entitled to a refund of any such withholding.<sup>3</sup>

Through his employment, Hernandez was cognizant that the IRS did not always verify withholding amounts as reported on Forms 1099-R attached to individual income tax returns. Due to his position with the IRS, Hernandez obtained a Form 1099-R which was issued to a taxpayer by Vanguard Fiduciary Trust Company. Hernandez altered that form to make it appear that it was issued to another taxpayer. Hernandez then subsequently submitted the altered form to the IRS to allow the other taxpayer to obtain or retain a refund of withholdings to which the taxpayer was not entitled. From March 2007 to August 2007, Hernandez knowingly facilitated an opportunity for a person to defraud the United States.<sup>4</sup>

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<sup>1</sup> E.D. Cal. J. filed Aug. 26, 2011.

<sup>2</sup> The title of this form is Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, *etc.*

<sup>3</sup> E.D. Cal. Indict. filed July 31, 2008.

<sup>4</sup> *Id.*



*The following final reports have been issued and are awaiting public release:*

**Subject: Legislative Requirements Were Met When Awarding Credits and Grants for the Qualifying Therapeutic Discovery Project Program**  
(Reference No. 2011-40-100) – Final report issued and awaiting public release.

**Subject: First-Time Homebuyer Credit Repayment Notices Were Incorrect, and the Method Used to Identify Dispositions Is Unreliable**  
(Reference No. 2011-41-097) – Final report issued and awaiting public release.

**Subject: National Research Program Audits of Individuals Are Closely Monitored, but the Quality of Tests for Unreported Income Is a Concern**  
(Reference No. 2011-30-102) – Final report issued and awaiting public release.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

September 14, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of September 18, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- House Committee on Ways and Means joint subcommittee hearing on “Energy Tax Policy and Tax Reform,” September 22.

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary’s Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**IRS Employee Sentenced for Embezzlement and Theft**

On August 31, 2011, in Ohio, Vonda Edmonds was sentenced on one count of embezzlement and theft. She was sentenced to serve two years of probation, and ordered to pay \$3,915.04 in restitution and a \$100.00 special assessment.<sup>1</sup>

On or about September 27, 2005 until on or about October 27, 2005, in the Southern District of Ohio, Edmonds, an employee of the Internal Revenue Service (IRS), embezzled taxpayers' payments to the IRS in the amount of \$3,915.04.<sup>2</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: The Modernized e-File Release 6.2 Included Enhancements, but Improvements Are Needed for Tracking Performance Issues and Security Weaknesses (Reference No. 2011-20-088)** – Final report issued and awaiting public release.

**Subject Additional Steps Are Needed to Better Ensure Audits Are Expanded to Prior and/or Subsequent Year Returns When Substantial Taxes May Be Owed (Reference No. 2011-30-084)** – Final report issued and awaiting public release.

**Subject: Using Soft Notices to Address Reporting Discrepancies Has Merit, but Cost and Benefit Questions Remain (Reference No. 2011-30-091)** – Final report issued and awaiting public release.

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<sup>1</sup> S.D. Ohio Crim. Sentencing Minutes filed Aug. 31, 2011.

<sup>2</sup> S.D. Ohio Indict. filed Oct. 5, 2010.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

September 7, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of September 11, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Carole Cotton Pleads Guilty to Assault on a TIGTA Special Agent**

On August 10, 2011, in Florida, Carole Cotton pled guilty to one count of assault on a Federal Officer.<sup>1</sup>

On May 12, 2011, Cotton telephoned the Internal Revenue Service (IRS) regarding a collection letter she received. During the phone call, Cotton threatened to shoot anyone who stepped onto her property.<sup>2</sup>

On May 18, 2011, a TIGTA Special Agent went to Cotton's residence to question her about the telephone statement that she made. The TIGTA Special Agent identified himself as a Federal agent with the Department of the Treasury. Cotton responded, "hold on let me go get my gun." She then turned to reenter her home. Cotton was then restrained until she calmed down. She was later allowed back into her home accompanied by TIGTA agents. However, once she entered her home, Cotton went to a cabinet and removed a golf club and threw the golf club at the agent. Cotton was then taken into custody.<sup>3</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: The Human Capital Office Improved the Hiring Process, but Additional Actions Can Be Taken to Better Monitor Hiring Timelines (Reference No. 2011-10-089)** – Final report issued and awaiting public release.

**Subject: Accuracy of Tax Returns, the Quality Assurance Processes, and Security of Taxpayer Information Remain Problems for the Volunteer Program (Reference No. 2011-40-094)** – Final report issued and awaiting public release.

**Subject: The IRS2GO Smartphone Application Is Secure, but Development Process Improvements Are Needed (Reference No. 2011-20-076)** – Final report issued and awaiting public release.

**Subject: Controls Over the Purchase Card Program Were Not Effective in Ensuring Appropriate Use (Reference No. 2011-10-075)** – Final report issued and awaiting public release.

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<sup>1</sup> S.D. Fla. Plea Agr. filed Aug. 11, 2011.

<sup>2</sup> S.D. Fla. Crim. Complaint filed May 19, 2011.

<sup>3</sup> Id.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

August 31, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of September 4, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Kathryn Turner Sentenced for Endeavoring to Corruptly Influence the Administration of the Internal Revenue Code**

On August 4, 2011, in California, Kathryn Turner pled guilty to one count of endeavoring to corruptly influence the administration of the Internal Revenue Code.<sup>1</sup> Turner was sentenced to imprisonment for a term of time served and three years of supervised release, with the condition of six-months home detention with a monitoring device. In addition, Turner was ordered to pay a \$100 assessment and \$30,000 in restitution.<sup>2</sup>

Beginning about February 1, 2006 through February 17, 2006, Turner sent falsely made, altered, forged, and counterfeit copies of levy release Forms 668-D, to business representatives who possessed funds that had been levied by the Internal Revenue Service (IRS) for back taxes. Turner's actions caused these businesses to then release funds to her instead of holding the funds pursuant to the IRS levy.<sup>3</sup>

***The following final reports have been issued and are awaiting public release:***

There are no final reports that have been issued this week.

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<sup>1</sup> S.D. Cal. J. filed on August 4, 2011.

<sup>2</sup> S.D. Cal. J. filed on August 4, 2011.

<sup>3</sup> S.D. Cal. I. filed on January 25, 2011, unsealed on February 16, 2011.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

August 24, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of August 28, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- **Subject: Individuals Who Are Not Authorized to Work in the United States Were Paid \$4.2 Billion in Refundable Credits (Reference No. 2011-40-061)**
- None

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- Tuesday, August 30, TIGTA presentation to tax preparers at the IRS Tax Forum, Gaylord National Resort, National Harbor, Maryland.

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None



- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Jason J. Nicholson Indicted for Falsely Claiming Internal Revenue Service Employees Threatened to Assassinate the President of the United States**

On August 3, 2011, Jason J. Nicholson was indicted on three counts of making false statements.<sup>1</sup>

According to court documents, Nicholson mailed letters to the Treasury Inspector General for Tax Administration and the Commissioner's Correspondence Office of the Internal Revenue Service (IRS), claiming that IRS employees had threatened to assassinate the President of the United States, when in fact Nicholson knew such threats were never made.<sup>2</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Additional Improvements Are Needed in the Office of Appeals Collection Due Process Program to Ensure Statutory Requirements Are Met (Reference No. 2011-10-062)** – Final report issued and awaiting public release.

**Subject: Service Operations Command Center Management Can Do More to Benefit From Implementing the Information Technology Infrastructure Library (Reference No. 2011-20-078)** – Final report released to public on August 23, 2011.

**Subject: Affordable Care Act: The Tax Exempt and Government Entities Division's Planning Efforts for the Health Care Reform Legislation (Reference No. 2011-10-085)** – Final report issued and awaiting public release.

**Subject: Controls Over Costs and Building Security Related to Outsourced Office Support Services Need to Be Improved (Reference No. 2011-10-086)** – Final report issued and awaiting public release.

**Subject: Increased Call Demand and Limited Resources Continue to Adversely Affect the Toll-Free Telephone Level of Service (Reference No. 2011-40-087)** – Final report issued and awaiting public release.

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<sup>1</sup> D. Utah Indictment filed Aug. 3, 2011.

<sup>2</sup> Id.





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

August 17, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of August 21, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

- None

*The following final reports have been issued and are awaiting public release:*

- None



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

August 10, 2011

INFORMATION MEMORANDUM FOR SECRETARY GEITHNER

For

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of August 14, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Potential or expected legal issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Briefings/Hearings**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Ronald Hoodenpyle Sentenced for Failing to Surrender for Service of Sentence**

On July 24, 2011, in Colorado, Ronald Roy Hoodenpyle pleaded guilty to one count of Failure to Surrender for Service of Sentence. He was sentenced to three-months imprisonment to be served consecutively with the undischarged term of imprisonment, one year of supervised release, and ordered to pay a \$100 assessment.<sup>1</sup>

According to court documents, on June 17, 2010, Hoodenpyle was originally convicted of filing a false lien against an Internal Revenue Service Revenue Officer's house. He was sentenced to twelve-months imprisonment.<sup>2</sup>

On October 29, 2010, Hoodenpyle was ordered to surrender to serve his sentence at the Big Spring Federal Correctional Institution in Big Spring, Texas. Hoodenpyle did not report as ordered. Instead, he took his partially disabled wife to a friend's house in Arizona and then made preparations to go into hiding.

On November 8, 2010, Hoodenpyle was arrested outside of a cabin in Grand Lake, Colorado. At the time of his arrest, Hoodenpyle had almost \$1,300 in U.S. currency, along with a false photo identification in the name of one of his associates. Officers found within Hoodenpyle's car, among other items, a book entitled, "How to Create a New Identity;" a pre-paid cell phone as well as a receipt indicating that the phone had been purchased in Arizona on November 2, 2010; two boxes of handgun ammunition; and a to-do list that included selling a truck and furniture.<sup>3</sup>

***The following final reports have been issued and are awaiting public release:***

There are no final reports to be issued this week.

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<sup>1</sup> D. Colo. J. filed July 24, 2011.

<sup>2</sup> D. Colo. Plea Agr. filed Apr. 8, 2011.

<sup>3</sup> Id.




INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

August 3, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George  for  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of August 7, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- IRS 2011 Tax Forum, August 9-10, San Jose, California

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

*The following final reports have been issued and are awaiting public release:*

**Subject: The Internal Revenue Service Provides Helpful and Accurate Tax Law Assistance, but Taxpayers Experience Lengthy Wait Times to Speak With Assistors (Reference No. 2011-40-070)** – Final report issued and awaiting public release.

**Subject: Trends in Criminal Investigation's Enforcement Activities Showed Improvements for Fiscal Year 2010, With Gains in Most Performance Indicators (Reference No. 2011-30-068)** – Final report issued and awaiting public release.

**Subject: Plans for the Implementation of Merchant Card Reporting Could Result in Burden for Taxpayers and Problems for the Internal Revenue Service (Reference No. 2011-40-065)** – Final report issued and awaiting public release.

**Subject: Additional Actions and Data Are Needed to Further Analyze the Size and Skills of the Acquisition Workforce (Reference No. 2011-10-072)** – Final report issued and awaiting public release.

**Subject: Fiscal Year 2011 Statutory Review of Disclosure of Collection Activity With Respect to Joint Returns (Reference No. 2011-30-077)** – Final report issued and awaiting public release.

**Subject: Fiscal Year 2011 Statutory Audit of Compliance With Legal Guidelines Restricting the Use of Records of Tax Enforcement Results (Reference No. 2011-30-069)** – Final report issued and awaiting public release.

**Subject: Progress Has Been Made, but Additional Improvements to the E-Help Desk Are Needed to Support Expanding Electronic Products and Services (Reference No. 2011-40-073)** – Final report issued and awaiting public release.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

July 27, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of July 31, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- Keynote speaker, Annual Conference of the Texas Society of Enrolled Agents, Fort Worth, Texas, August 2.

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- **Wednesday, August 3:** Subcommittee on Oversight (Boustany) & Select Revenue Measures (Tiberi) on “Energy and Tax Policy”  
09:30am, (TBD)

*Long-term*

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary’s Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Aaron Johnson Sentenced for Threatening to “Blow Up” an Internal Revenue Service Facility**

On July 13, 2011, in Missouri, Aaron Johnson pleaded guilty to one count of Threatened Use of Explosives. He was sentenced to time served, two years of supervised release, and ordered to pay a \$100 assessment.<sup>1</sup>

According to court documents, on April 14, 2010, Johnson called a facility managed by the Internal Revenue Service in St. Louis, Missouri, and threatened to “blow up” the facility. Johnson admitted that he willfully made the threat by using a mobile telephone.<sup>2</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Trends in Compliance Activities Through Fiscal Year 2010**

**(Reference No. 2011-30-071)** – Final report issued and awaiting public release.

**Subject: The Taxpayer Advocate Service Can More Effectively Ensure Low Income Taxpayer Clinics Are Appropriately Using Grant Funds**

**(Reference No. 2011-10-067)** – Final report issued and awaiting public release.

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<sup>1</sup> E.D. Mo. J. filed July 13, 2011.

<sup>2</sup> E.D. Mo. Plea Agr. filed Apr. 19, 2011.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

July 20, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of July 24, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- **Subject: Control Weaknesses Over Amended Returns Allowed Some Inappropriate Claims for the First-Time Homebuyer Credit To Be Allowed (Reference No. 2011-41-057)** -- Public release expected Monday, July 25.

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

- None

*The following final reports have been issued and are awaiting public release:*

**Subject: Procedures Allowed Inconsistent Processing of Streamlined Installment Agreements (Reference No. 2011-30-063)** – Final report issued and awaiting public release.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

July 13, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of July 17, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Potential or expected legal issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Briefings/Hearings**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

#### **Investigations**

##### **Myran Butler Pleads Guilty to Misuse of the Department of the Treasury's Symbol**

On June 15, 2011, in Utah, Myran Butler pleaded guilty to one count of misusing the Department of the Treasury's symbol.<sup>1</sup>

According to court documents, Butler knowingly used, in connection with a business activity, the words, "Department of the Treasury," or the "Internal Revenue Service" (IRS), in a manner that could be reasonably interpreted as falsely conveying that such business activity was approved and authorized by the Department of the Treasury or the IRS.<sup>2</sup>

Butler falsely made, and provided a client, an IRS Form 668-D, Release of Levy/Release of Property of Levy. He fraudulently created this form by using an official form involving another person. This form contained the forged signature of an IRS tax specialist. Butler also provided this form to his client as proof that proceedings with the IRS had been completed.<sup>3</sup>

#### **Inspections and Evaluations**

**Subject: Follow-up Review of Controls Over Religious Compensatory Time (Reference No. 2011-IE-R004)** – Final report issued June 23, 2011, and will be publicly released on Thursday, July 14, 2011.

*The following final reports have been issued and are awaiting public release:*

**Subject: Taxpayers Do Not Always Receive Quality Responses When Corresponding About Tax Issues (Reference No. 2011-40-058)** – Final report issued and awaiting public release.

**Subject: Some Taxpayer Responses to Math Error Adjustments Were Not Worked Timely and Accurately (Reference No. 2011-40-059)** – Final report issued and awaiting public release.

**Subject: Individuals Who Are Not Authorized to Work in the United States Were Paid \$4.2 Billion in Refundable Credits (Reference No. 2011-41-061)** – Final report issued and awaiting public release.

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<sup>1</sup> D. Utah Statement by Defendant in Advance of Plea of Guilty filed June 15, 2011.

<sup>2</sup> D. Utah Misdemeanor Info. filed Feb. 23, 2011.

<sup>3</sup> D. Utah Statement by Defendant in Advance of Plea of Guilty filed June 15, 2011.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

July 6, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of July 10, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Briefings/Hearings**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Internal Revenue Service Revenue Officer Pleads Guilty to Stealing Approximately \$160,000 in Taxpayer Funds**

On June 24, 2011, in New York, Fern Stephens, an Internal Revenue Service (IRS) Revenue Officer, pleaded guilty to one count of mail fraud.<sup>1</sup> Stephens was employed by the IRS from January 9, 1984 through December 2010.<sup>2</sup>

As a Revenue Officer, Stephens was responsible for the collection of taxes from individuals and corporations. As a condition of employment, Stephens was required to sign an annual certification stating that she would not access tax records in IRS databases except in connection with her official duties.

From March 2003 through November 2010, Stephens used her official position to steal taxpayer funds held by the IRS by devising a scheme involving the use of an IRS database. Stephens made false computer entries that documented purported requests to transfer corporate or business entity tax refunds or payments. Because of Stephens' actions, the IRS issued checks, wires, and credits to Stephens' relatives and close associates. Stephens caused approximately 20 fraudulent credit transfers, from approximately 14 taxpayer victims, to be sent to eight of her relatives or close associates.<sup>3</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Control Weaknesses Over Amended Returns Allowed Some Inappropriate Claims for the First-Time Homebuyer Credit to Be Allowed (Reference No. 2011-41-057)** – Final report issued and awaiting public release.

**Subject: The Identification and Evaluation of Systemic Advocacy Projects Designed to Resolve Broad-Based Taxpayer Problems Can Be Improved (Reference No. 2011-10-052)** – Final report issued and awaiting public release.

**Subject: Corrective Actions to Address the Disaster Recovery Material Weakness Are Being Completed (Reference No. 2011-20-060)** – Final report issued and awaiting public release.

<sup>1</sup> S.D.N.Y. Crim. Docket Minute Entry dated June 27, 2011.

<sup>2</sup> S.D.N.Y. Indict. filed Dec.13, 2010.

<sup>3</sup> *Id.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

June 29, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of July 3, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Potential or expected legal issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Briefings/Hearings**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Don Asheim Pleads Guilty for Mailing a White Powdery Substance Accompanied By Hostile Statements to the Internal Revenue Service**

On June 10, 2011, in Illinois, Don Asheim pleaded guilty to engaging in conduct in violation of Federal law.<sup>1</sup>

According to court documents, on or about April 30, 2010, Asheim placed a white powdery substance in an envelope addressed to the attention of a specific individual at the Internal Revenue Service. Enclosed in that same envelope was Asheim's tax bill, which he altered to remove his personally identifiable information in an attempt to conceal his identity. Asheim also wrote various hostile and profane statements on the tax bill and placed it in outgoing mail.<sup>2</sup>

***The following final reports have been issued and are awaiting public release:***

*There are no pending reports for this week.*

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<sup>1</sup> C.D. Ill. Minute Docket Entry dated June 13, 2011.

<sup>2</sup> C.D. Ill. Indict. filed Oct. 19, 2010.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

June 22, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of June 26, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Briefings/Hearings**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Internal Revenue Service Employee Cheryl Nelson Sentenced for Unauthorized Access of Federal Taxpayer Information**

On June 2, 2011, in Pennsylvania, Cheryl Nelson pleaded guilty to one count of Exceeding Authorized Access on a Government Computer. Nelson was sentenced to 12 months of probation, and ordered to pay a \$500 fine and a \$25 assessment.<sup>1</sup>

According to court documents, on or about February 16, 2006, Nelson, an Internal Revenue Service employee, intentionally accessed a protected computer without authorization and exceeded her authorized access by obtaining information about a taxpayer.<sup>2</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Fiscal Year 2011 Statutory Audit of Compliance With Notifying Taxpayers of Their Rights When Requested to Extend the Assessment Statute (Reference No. 2011-30-055) – Final report issued and awaiting public release.**

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<sup>1</sup> E.D. Pa. J. filed June 2, 2011.

<sup>2</sup> E.D. Pa. Information filed Feb. 10, 2011.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

June 15, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of June 19, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Potential or expected legal issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Briefings/Hearings**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*The following final reports have been issued and are awaiting public release:*

**Subject: The Direct Pay Build America Bond Compliance Check Program Has Yet to Result in Wide-Scale Examinations (Reference No. 2011-11-053)** – Final report issued and awaiting public release.

**Subject: Inspection of the Internal Revenue Service's Home-to-Work Programs (Reference No. 2011-IE-R003)** – Final report issued June 6, 2011, and will be publicly released June 16, 2011.

**Subject: Inspection of the Agency-Wide Shared Services Fleet Program (Reference No. 2011-IE-R005)** – Final report issued June 6, 2011, and will be publicly released June 16, 2011.

**Subject: A Follow-Up Evaluation of the Workers' Compensation Program in the Internal Revenue Service (Reference No. 2011-IE-R006)** – Final report issued June 6, 2011, and will be publicly released June 16, 2011.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

June 8, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of June 12, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Briefings/Hearings**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Internal Revenue Service Employee Pleads Guilty to Unauthorized Access of Federal Tax Information**

On May 26, 2011, in California, Alice Rodriguez pleaded guilty to one count of unauthorized access to a computer.

According to court documents, on or about April 21, 2010, Rodriguez, while serving as an Internal Revenue Service (IRS) employee, intentionally accessed electronically stored Federal tax information on the IRS's electronic system.<sup>1</sup> Rodriguez was not authorized to access this information.

**Gina Browning Sentenced on Theft of Internal Revenue Funds**

On May 27, 2011, in Rhode Island, Gina Browning was sentenced to one count of stealing Government funds. She was ordered to pay a \$5,000 fine, restitution in the amount of \$423.13, and a \$25 assessment.<sup>2</sup>

According to court documents, Browning, while serving as an IRS employee, filed activity reports in which she falsely claimed to have performed work. Browning falsely claimed a total of \$423.14 in reimbursable expenses to which she was not entitled.<sup>3</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Improvements Are Needed in the Voluntary Closing Agreement Process for Public Employers (Reference No. 2011-10-042)** – Final report issued and awaiting public release.

**Subject: Challenges Continue With Reporting Complete and Accurate Information in the Federal Financial Management Improvement Act Remediation Plan (Reference No. 2011-10-041)** – Final report issued and awaiting public release.

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<sup>1</sup> E.D. Cal. Plea Agr. filed May 26, 2011.

<sup>2</sup> D.R.I. Crim. J. filed May 27, 2011.

<sup>3</sup> D.R.I. Plea Agr. filed Mar. 15, 2011. There is a minor discrepancy between the Plea Agreement and the Criminal Judgment. The Plea Agreement specifies that Ms. Browning made false claims for reimbursable expenses in the amount of \$423.14. The Criminal Judgment, however, orders Ms. Browning to pay \$423.13 in restitution.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

June 1, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of June 5, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Potential or expected legal issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Briefings/Hearings**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

- None

*The following final reports have been issued and are awaiting public release:*

**Subject: Some Taxpayers Were Not Appropriately Notified When Their Personally Identifiable Information Was Inadvertently Disclosed (Reference No. 2011-40-054)** – Final report issued and awaiting public release.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

May 25, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of May 29, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Briefings/Hearings**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Darlene Mathis-Gardner Pleads Guilty to Conspiracy to Defraud the United States**

On April 18, 2011, in Washington, D.C., Darlene Mathis-Gardner pleaded guilty to conspiracy to defraud the United States. Mathis-Gardner provided false information and documents to the General Services Administration (GSA) contracting officers so that her company could be awarded a service contract worth approximately \$1.3 million.<sup>1</sup>

According to court documents, Mathis-Gardner learned of a GSA contract solicitation for certain interior design and project management services. From about March 2007 until June 2007, Mathis-Gardner conspired and agreed to submit false information and documents to GSA officials about the background and qualifications of her company's employees. GSA awarded Mathis-Gardner's company the prime contract based on the false information and documents she provided.

From June 2007 through January 2009, Mathis-Gardner also provided false information to subordinates for them to use in preparing invoices. As a result, these invoices contained information that materially overstated the number of work hours performed on the contract. These invoices were subsequently presented to GSA for payment.<sup>2</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Challenges Remain When Processing Undeliverable Mail and Preventing Violations of Taxpayers' Rights During the Lien Due Process (Reference No. 2011-30-051)** – Final report issued and awaiting public release.

**Subject: Access Controls for the Automated Insolvency System Need Improvement (Reference No. 2011-20-046)** – Final report issued and awaiting public release.

**Subject: Limitations in the Sample Size for the Internal Revenue Service's Employment Tax Study May Impact the Ability to Determine Compliance Levels (Reference No. 2011-10-034)** – Final report issued and awaiting public release.

**Subject: Successfully Processing Large Corporate Tax Returns Electronically Was a Major Accomplishment, but Eliminating More Compliant Returns From the Audit Stream Is a Work in Progress (Reference No. 2011-30-048)** – Final report issued and awaiting public release.

<sup>1</sup> D.D.C. Plea Agr. filed Apr. 18, 2011.

<sup>2</sup> D.D.C. Stat. of Offenses filed Apr. 18, 2011.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

May 18, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of May 22, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **Patricia Serbera-Robledo Enters Guilty Plea**

On April 29, 2011, in California, Patricia Serbera-Robledo pleaded guilty to one count of conspiracy to defraud the United States by obstructing the lawful functions of the Internal Revenue Service (IRS), and to aiding and assisting in the preparation and presentation of false and fraudulent income tax returns.<sup>1</sup>

From about March 2005 through June 2007, Abel Robledo, who was incarcerated at the Corcoran State Prison, and Patricia Serbera-Robledo, who was employed by the IRS, conspired to defraud the United States by preparing and submitting or causing to be submitted individual Federal tax returns to the IRS containing false and fictitious information in the names of prisoners. The income tax returns claimed false wage and withholding amounts based on purported hourly earnings by the prisoners at the state minimum wage or higher, and the returns claimed false Federal income tax withholdings that did not exist. The IRS issued tax refunds totaling over \$13,000 based on the fraudulent income tax returns.<sup>2</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Challenges Remain to Balance Revenue Officer Staffing With Attrition and Workload Demands (Reference No. 2011-30-039)** – Final report issued and awaiting public release.

**Subject: Fiscal Year 2011 Review of Compliance With Legal Guidelines When Conducting Seizures of Taxpayers' Property (Reference No. 2011-30-049)** – Final report issued and awaiting public release.

**Subject: The Employee Plans Function Has Improved the Process for Selecting Retirement Plans for Examination (Reference No. 2011-10-050)** – Final report issued and awaiting public release.

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<sup>1</sup> E.D. Cal. Plea Agr. filed Apr. 29, 2011.

<sup>2</sup> *Id.*



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

May 11, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of May 15, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- "TIGTA Identifies Over \$151 Million in Excessive Qualified Motor Vehicle Deductions."
- "TIGTA Report: IRS Can't Identify Whether Taxpayers Are Entitled to Energy Credits."

*Long-term*

Audits:

- None

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- Committee on Ways and Means, Subcommittee on Oversight hearing, May 24, 2011.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Rene Coleman sentenced for the bribery of an IRS employee**

On April 27, 2011, Rene Coleman was sentenced to 18-months incarceration and two-years of supervised release for Bribery of a Public Official. Coleman was also ordered to pay a \$100 special assessment and to cooperate with the Internal Revenue Service (IRS) with respect to any tax liability owed for 2008 and 2009.<sup>1</sup>

According to court documents, Coleman was indicted for offering a total of \$3,100 to an IRS employee so that the employee would use her official position to reduce Coleman's tax liabilities.<sup>2</sup>

*The following final reports have been issued to the IRS and are awaiting public release:*

**Subject: Fiscal Year 2011 Statutory Audit of Compliance With Legal Guidelines Prohibiting the Use of Illegal Tax Protester and Similar Designations (Reference No. 2011-30-040)** – Final report issued and awaiting public release.

**Subject: Security Over Databases Could Be Enhanced to Ensure Taxpayer Data Are Protected (Reference No. 2011-20-044)** – Final report issued and awaiting public release.

**Subject: Employees Are Provided Sufficient Information on Their Tax Responsibilities, but Additional Actions Are Needed to Detect All Noncompliant Employees (Reference No. 2011-10-047)** – Final report issued and awaiting public release.

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<sup>1</sup> S.D. Miss. Crim. Doc. Dated May 4, 2011.

<sup>2</sup> S.D. Miss. Indict. filed Sept. 10, 2010.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

May 4, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of May 8, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Potential or expected legal issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Briefings/Hearings**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Aaron Johnson Pleads Guilty to Threatening to Damage an IRS Facility**

On April 19, 2011, in Missouri, Aaron Johnson pleaded guilty to willfully threatening to damage a building through the use of an instrument of interstate commerce.<sup>1</sup>

According to court documents, on April 14, 2010, Johnson called a facility managed by the Department of the Treasury's Internal Revenue Service (IRS), in St. Louis, Missouri, and threatened to "blow up" the facility. The threat was made from a mobile telephone, serviced by a telecommunications company located outside of the State of Missouri.<sup>2</sup>

**Vandetta Y. Logan Sentenced for the Unauthorized Inspection of Return Information**

On April 22, 2011, in Michigan, Vandetta Y. Logan pleaded guilty to one count of unauthorized inspection of return information, and she was sentenced to two years of probation and ordered to pay a \$25 assessment.<sup>3</sup>

According to court documents, Logan worked as an Individual Taxpayer Advisory Specialist for the IRS in Saginaw, Michigan. On December 17, 2009, Logan inspected her brother's Federal tax account without authorization.<sup>4</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Collection Employees Adhered to Fair Tax Collection Practices During Fiscal Year 2010 (Reference No. 2011-10-045)** – Final report issued and awaiting public release.

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<sup>1</sup> E.D. Mo. Plea Agr. filed Apr. 19, 2011.

<sup>2</sup> *Id.*

<sup>3</sup> E.D. Mich. J. filed Apr. 22, 2011.

<sup>4</sup> E.D. Mich. Plea Agr. filed Jan. 13, 2011, and E.D. Mich. Crim. Compl. filed Nov. 5, 2010.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

April 27, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of May 1, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Monica Hernandez Indicted for Making and Subscribing a False Income Tax Return, Wire Fraud, and Aggravated Identity Theft**

On April 14, 2011, in California, Monica Hernandez was indicted on three counts of making and subscribing a false income tax return, six counts of wire fraud, and one count of aggravated identity theft.

Hernandez was an employee of the Internal Revenue Service (IRS) and worked as a part-time data entry clerk.<sup>1</sup> As part of her duties, Hernandez inputted taxpayers' information into the IRS's computer system.

During the course of her employment with the IRS, Hernandez stole and/or misappropriated information of other taxpayers, listed on various IRS forms, including Form 1099-B. This particular form lists a taxpayer's income received and withholdings withheld from interest and dividend earnings. Hernandez falsified and forged Forms 1099-B to reflect her own personal information. Although, in most cases, Hernandez did not submit the falsified 1099-B forms with her own tax returns, she used these forms to obtain large tax refunds. As a result of her fraud, Hernandez was able to obtain refunds from the IRS in the amount of \$175,144.<sup>2</sup>

From about February 2010 until about June 2010, Hernandez devised another scheme to defraud the IRS. She filed a new series of fraudulent tax returns, similar to the ones she filed for herself claiming excessive withholdings. This time, Hernandez used other individuals' personal information, instead of her own, to obtain large refunds. She acquired taxpayers' personal information from Internet websites. Some of the taxpayers whose identities Hernandez used to file the tax returns were deceased at the time the returns were filed. In addition, Hernandez filed false tax returns using a relative's information and opened a bank account in the relative's name in order to deposit the refund check obtained from the false return.<sup>3</sup>

Hernandez illegally acquired and removed from an IRS Service Center, 68 separate returns of taxpayers. These returns were received by the IRS but had not been entered into the IRS's computer system. After illegally removing these tax returns from the IRS, Hernandez proceeded to electronically file the fraudulent tax returns for her own

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<sup>1</sup> E.D. Cal. Indict. filed Apr. 14, 2011.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

benefit by using the identification of some of these taxpayers. These returns were filed from California to IRS locations throughout the United States. Any refunds generated from these fraudulent returns were generated outside of California and transferred across State lines, including New Jersey, and eventually back to California.<sup>4</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Millions of Dollars in Questionable Qualified Motor Vehicle Deductions Are Being Allowed (Reference No. 2011-41-037)** – Final report issued and awaiting public release.

**Subject: Processes Were Not Established to Verify Eligibility for Residential Energy Credits (Reference No. 2011-41-038)** – Final report issued and awaiting public release.

**Subject: The Interactive Tax Law Assistant Helps Assistors Provide Accurate Answers to Taxpayer Inquiries (Reference No. 2011-40-043)** – Final report issued and awaiting public release.

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<sup>4</sup> E.D. Cal. Indict. filed Apr. 14, 2011.






INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

April 20, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of April 24, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Ronald Hoodenpyle Pleads Guilty for Failing to Surrender on Charges of Filing a False Lien**

On April 8, 2011, in Colorado, Ronald Roy Hoodenpyle pleaded guilty to failing to surrender to serve a sentence.<sup>1</sup> According to court documents, Hoodenpyle was previously charged and convicted of filing a false lien against an Internal Revenue Service employee's house.

On September 23, 2010, Hoodenpyle was sentenced to a 12-month term of imprisonment. In addition, he was directed to surrender at the Big Spring Federal Correctional Institution in Big Spring, Texas, on October 29, 2010. Hoodenpyle failed to report to serve his sentence, as ordered. Instead, he made preparations to go into hiding.

On November 8, 2010, Hoodenpyle was arrested in Grand Lake, Colorado. Officers found within his car, among other items: a book titled "How to Create a New Identity," a prepaid cell phone, and two boxes of handgun ammunition.<sup>2</sup>

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<sup>1</sup> Source: United States District Court of Colorado, Plea Agreement, filed April 8, 2011.

<sup>2</sup> Source: Id.




INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

April 13, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of April 17, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Gina Browning Pleads Guilty to Theft of Internal Revenue Service Funds**

On March 15, 2011, in Rhode Island, Gina Browning pleaded guilty to one count of theft of Government property. Browning filed false activity reports with her employer, the IRS, in which she falsely claimed to have performed work. Browning also made false claims for reimbursable expenses in the amount of \$423.14. As a result, Browning received \$423.14 in funds to which she was not entitled.<sup>1</sup>

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<sup>1</sup> Source: United States District Court for the District of Rhode Island, Plea Agreement filed March 15, 2011.





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

April 6, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of April 10, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- U.S. House of Representatives, Committee on Appropriations, Subcommittee on Financial Services and General Government, “Budget Hearing with the Treasury Inspector General for Tax Administration” – April 15, 2011
- U.S. Senate, Committee on Appropriations, Subcommittee on Financial Services and General Government submission of written statement for the hearing on the “Fiscal Year 2012 Budget Request for the Internal Revenue Service,” – April 13, 2011

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary’s Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Ronald Egbert Charged With Attempting to Interfere With the Administration of Internal Revenue Laws**

On March 21, 2011, in California, Ronald J. Egbert was charged with three-counts of attempting to interfere with the administration of Internal Revenue laws.<sup>1</sup> According to court documents, between on or about October 29, 2008 through August 3, 2010, Egbert threatened three officers of the United States, while they were acting in an official capacity under Title 26 of the United States Code.<sup>2</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Review of the Use of the Electronic Filing Identification Number (Reference No. 2011-40-031)** – Final report issued and awaiting public release.

**Subject: Fiscal Year 2011 Statutory Review of Compliance With Legal Guidelines When Issuing Levies (Reference No. 2011-30-036)** – Final report issued and awaiting public release.

**Subject: Interim Results of the 2011 Filing Season (Reference No. 2011-40-032)** – Final report issued and awaiting public release.

**Subject: Administration of the First-Time Homebuyer Credit Indicates a Need for Improved Controls Over Refundable Credits (Reference No. 2011-41-035)** – Final report issued and awaiting public release.

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<sup>1</sup> Source: United States District Court, Northern District of California, Information, filed March 21, 2011.

<sup>2</sup> Source: *Id.*




INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

March 30, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of April 3, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations****Lonnie and Karen Vernon Indicted for Conspiracy to Kill a Federal Judge and an IRS Employee**

On March 17, 2011, in Alaska, Lonnie and Karen Vernon (“The Vernons”) were indicted for multiple counts of various Federal offenses, including conspiracy to kill a United States District Court Judge and an employee of the Internal Revenue Service (IRS), while such officer and employee were engaged in the performance of their official duties.<sup>1</sup>

According to the indictment, in July 2009, the United States filed a civil tax case against the Vernons alleging that they owed \$118,000, as a result of failing to pay taxes to the IRS over the course of several years. The Vernons filed a counterclaim against the United States as part of their civil tax case. In response, the District Court issued an order granting the United States’ motion and dismissed the Vernons’ counterclaim. In that order, the District Court advised the Vernons of a possible foreclosure sale of their property to satisfy the tax due to the IRS.<sup>2</sup>

Between February 4 and March 10, 2011, the Vernons committed numerous overt acts in furtherance of the conspiracy, including an expressed continued interest in purchasing a silencer. Lonnie Vernon stated that he planned to use the silencer to kill an IRS employee. He met with someone and asked if that person could provide him with hand grenades. The Vernons offered to trade Karen Vernon’s jewelry in exchange for the grenades. The Vernons also purchased and received a pistol equipped with a silencer and purchased and received three hand grenades, not knowing that they were inert.<sup>3</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: The Initiative to Reduce Compliance Risks Associated With Delinquent Income Tax Returns Filed After a Substitute for Return Assessment Could Be Enhanced (Reference No. 2011-30-026)** – Final report issued and awaiting public release.

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<sup>1</sup> Source: United States District Court, District of Alaska, First Superseding Indictment, filed March 17, 2011.

<sup>2</sup> Source: Id.

<sup>3</sup> Source: Id.





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

March 23, 2011

INFORMATION MEMORANDUM FOR SECRETARY GEITHNER

FROM:

J. Russell George

A handwritten signature in cursive script that reads "J. Russell George".

Treasury Inspector General for Tax Administration

SUBJECT:

TIGTA Weekly Report for the Week of March 27, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Briefings/Hearings**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Lane Hatcher Sentenced for the Misuse of the Department of the Treasury's Name**

On March 1, 2011, in Kansas, Lane C. Hatcher pleaded guilty to one count of Misuse of the Department of the Treasury Name and was sentenced to three-years probation and ordered to pay a \$1,000 fine and a \$25 assessment.<sup>1</sup>

According to the Plea Agreement, Hatcher posted a resume regarding herself and her business (Lane C. Hatcher, E.A. (TAXLADY)) to the job-seeking website Monster.com. Hatcher claimed that she was a "Federally Enrolled Agent" licensed to represent clients before the Internal Revenue Service (IRS). This fact was untrue and could reasonably be interpreted as conveying the false impression that such advertisement, solicitation, and business activity was in any manner approved, endorsed, sponsored, and authorized by the IRS.<sup>2</sup>

**Valerie D. Walker Charged with the Unauthorized Access to a Computer and Inspection of Federal Tax Return Information**

On March 14, 2011, in California, Valerie D. Walker was charged with seven counts of unauthorized access to a computer and seven counts of unauthorized inspection of returns and return information. According to court documents, between September 2007 and February 2010, Walker, an employee of the California Franchise Tax Board ("FTB") who served as a senior compliance representative, accessed and inspected, without authorization, electronically stored Federal tax return information provided to the FTB, by the IRS.<sup>3</sup>

*The following final audit report has been issued and is awaiting public release:*

**Subject: The Impact of the Frontline Leader Readiness Program on Succession Planning Should Be Determined (Reference No. 2011-10-015)** – Final report issued and awaiting public release.

*The following final report from the Office of Inspections and Evaluations has been publicly released:*

**Subject: Additional Oversight Could Improve the Occupational Safety and Health Program (Reference No. 2011-IE-R002)** – Final report publicly released on March 22, 2011.

<sup>1</sup> Source: United States District Court, District of Kansas, Judgment, filed March 1, 2011.

<sup>2</sup> Source: United States District Court, District of Kansas, Plea Agreement, filed February 25, 2011.

<sup>3</sup> Source: United States District Court for the Eastern District of California, Information, filed March 14, 2011.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

March 16, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George   
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of March 20, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Briefings/Hearings**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

### **Investigations**

#### **John Daly Indicted for Threatening to Assault Internal Revenue Service Employees**

On February 16, 2011, in Massachusetts, John K. Daly was indicted on two counts of Threatening a United States Official, and two counts of Intimidating a United States Employee Acting in an Official Capacity. According to the indictment, Daly threatened to assault an employee of the Internal Revenue Service (IRS) and endeavored to obstruct the administration of the Internal Revenue Code.<sup>1</sup>

#### **Catherine Griffin Indicted for Unauthorized Use of Internal Revenue Service Computer Network System**

On February 22, 2011, in Georgia, Catherine Griffin was indicted for altering taxpayer information. According to the indictment, Griffin, intentionally and knowingly accessed an IRS computer network system exceeding her authorization and altered taxpayer information for the purposes of private financial gain. Griffin received approximately \$8,000 from other individuals for her acts.<sup>2</sup>

#### **Joseph Aluya Sentenced for Stealing Portions of Tax Refunds**

On February 14, 2011, in California, Joseph Aluya was sentenced to 27-months in prison to be followed by three-years supervised release and ordered to pay \$380,705.39 in restitution and a \$500 special assessment.<sup>3</sup>

According to the plea agreement, Aluya is a California Tax Education Council registered tax preparer. From approximately 2003 through 2007, Aluya operated the businesses Joseph Ayula Paradigm Financial and Paradigm Realty. Aluya devised a scheme to defraud his clients by preparing two sets of Federal income tax returns for each client and convincing the clients to allow him to electronically file their Federal tax return forms 1040. On the tax return provided to the client, Aluya usually inflated the amount of taxes which would make the refund amount lower than it should have been. Aluya would then file a correct tax return with the IRS which showed a higher refund amount. Aluya kept the difference for himself. Aluya's clients were unaware of the situation and believed the tax return they received from Aluya was the tax return filed with the IRS.<sup>4</sup>

Aluya admits that he knowingly stole portions of his clients' tax refunds. From calendar years 2003 to 2007, Aluya stole \$321,492.39.<sup>5</sup>

<sup>1</sup> Source: United States District Court, District of Massachusetts, Indictment filed February 16, 2011.

<sup>2</sup> Source: United States District Court, Northern District of Georgia, Indictment filed February 22, 2011.

<sup>3</sup> Source: Central District of California Judgment and Probation/Commitment Order filed February 14, 2011.

<sup>4</sup> Source: Central District of California Plea Agreement filed June 1, 2010.

<sup>5</sup> Source: Central District of California Plea Agreement filed June 1, 2010.



*The following final reports have been issued and are awaiting public release:*

**Subject: Taxpayer Payments Were Improperly Transferred to the Excess Collection File (Reference No. 2011-30-020)** – Final report issued and awaiting public release.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

March 9, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of March 13, 2011

- **Upcoming reform-based actions**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected press stories**

*Week Ahead*

Audits:

☐ None

*Long-term*

Audits:

☐ None

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations**

**Jeffrey Nicholas Pleads Guilty to Conversion of Internal Revenue Service Property and is Sentenced**

On February 24, 2011, in California, Jeffrey Nicholas was charged, pleaded guilty and was sentenced for conversion of Internal Revenue Service (IRS) property. According to the plea agreement, indictment and criminal docket sheet, Nicholas, while an employee of the IRS, retained in his home property of the IRS including computer items. Nichols was sentenced to one-year of unsupervised release and ordered to pay a \$1,250 fine and a \$25 assessment.<sup>1</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Taxpayer Payments Were Improperly Transferred to the Excess Collection File (Reference No. 2011-30-020)** – Final report issued and awaiting public release.

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<sup>1</sup> Source: Eastern District of California Information filed February 24, 2011, Plea Agreement filed February 24, 2011, and Criminal Docket Sheet filed February 24, 2011.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

March 2, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

**FROM:** J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

**SUBJECT:** TIGTA Weekly Report for the Week of March 6, 2011

- *Upcoming reform-based actions*

*Week Ahead*

☐ None

*Long-term*

☐ None

- *Potential or expected press stories*

*Week Ahead*

☐ None

*Long-term*

☐ None

- *Potential or expected legislative/policy issues*

*Week Ahead*

☐ None

*Long-term*

☐ None

- ***Potential or expected legal issues***

*Week Ahead*

☐ None

*Long-term*

☐ None

- ***Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff***

*Week Ahead*

☐ None

*Long-term*

☐ None

- ***Upcoming Action Memos for the Secretary or Deputy Secretary***

*Week Ahead*

☐ None

*Long-term*

☐ None

- ***Outstanding Congressional Correspondence for the Secretary's Signature***

*Week Ahead*

☐ None

*Long-term*

☐ None

- ***Additional items of importance/interest to the Secretary/Critical Events of the Past Week***



*Items of Importance for the Next Week/Critical Events of the Past Week***Investigations:****David Eye Sentenced for Corrupt Interference with the Internal Revenue Code**

On February 14, 2011, in West Virginia, David Eye was sentenced to five-years probation and ordered to pay a \$100 assessment after having pleaded guilty to Corrupt Interference with the Internal Revenue Code.<sup>1</sup>

According to the previously filed indictment, from on or about March 16, 2007, to on or about April 28, 2008, Eye corruptly endeavored to obstruct and impede the due administration of the Internal Revenue Code by, among other things:

- On or about March 16, 2007, Eye caused to be filed a document entitled “NOTICE OF LIEN/COMMERCIAL SECURITY AGREEMENT ON FILE” when in fact Eye knew there was no such lien;
- On or about May 14, 2007, Eye caused to be filed a letter regarding “NOTICE OF SETTLEMENT AND CLOSURE OF FEDERAL TAX LIEN” when in fact Eye knew there was no such settlement or closure; and,
- On or about August 22, 2007, an agent acting for Eye appeared at a public auction for the right, title and interest of Eye’s certain real property and placed a winning bid of \$75,000, leaving a \$5,000 deposit and a balance of \$70,000 to be paid by September 21, 2007. On or about September 14, 2007, Eye purported to pay the \$70,000 balance with a document entitled “BONDED PROMISSORY NOTE,” when Eye knew the document had no legal monetary value.<sup>2</sup>

**Stephanie Bare Indicted for the Misuse of Department of the Treasury Names and Symbols**

On February 8, 2011, in Tennessee, Stephanie Bare was indicted on various charges including the Misuse of Department of the Treasury Names and Symbols. According to the indictment, from on or about January 1, 2005, through on or about February 28, 2010, Bare knowingly devised a scheme to defraud and obtain money from victims. The purpose of the scheme was to obtain money and property from individuals by falsely claiming that Bare and another person had received a large inheritance which was frozen by the Internal Revenue Service (IRS) and by falsely claiming that the IRS would release the large inheritance only upon the payment of tax liens.<sup>3</sup>

As part of the scheme, on or about July 29, 2009, Bare used the title of an officer or employee of the IRS and the abbreviations or initials of the IRS on documents and electronic communications which were provided to victims in order to obtain money and things of value.<sup>4</sup>

<sup>1</sup> Source: Northern District of West Virginia Judgment in a Criminal Case filed February 14, 2011.

<sup>2</sup> Source: Northern District of West Virginia Indictment filed February 18, 2009.

<sup>3</sup> Source: Eastern District of Tennessee Indictment filed February 8, 2011.

<sup>4</sup> *Id.*

*The following final reports have been issued and are awaiting public release:*

**Subject: The Applications Development Function's Quality Assurance Program Office Can Make Its Processes More Effective (Reference No. 2011-20-007)** – Final report issued and awaiting public release.

**Subject: Progress Has Been Made to Reengineer the Examination Program, but Additional Improvements Are Needed to Reduce Taxpayer Burden (Reference No. 2011-30-016)** – Final report issued and awaiting public release.

**Subject: Publishing and Mail Costs Need to Be More Effectively Managed to Reduce Future Costs (Reference No. 2011-40-025)** – Final report issued and awaiting public release.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

February 23, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

**FROM:** J. Russell George  
Treasury Inspector General for Tax Administration

**SUBJECT:** TIGTA Weekly Report for the Week of February 27, 2011

- *Upcoming reform-based actions*

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- *Potential or expected press stories*

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- *Potential or expected legislative/policy issues*

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- ***Potential or expected legal issues***

*Week Ahead*

- None

*Long-term*

- None

- ***Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff***

*Week Ahead*

- None

*Long-term*

- None

- ***Upcoming Action Memos for the Secretary or Deputy Secretary***

*Week Ahead*

- None

*Long-term*

- None

- ***Outstanding Congressional Correspondence for the Secretary's Signature***

*Week Ahead*

- None

*Long-term*

- None



- ***Additional items of importance/interest to the Secretary/Critical Events of the Past Week***

*Items of Importance for the Next Week/Critical Events of the Past Week:*

**Investigations:**

**Albert Dermott Sentenced on Attempt to Intimidate and Impede by Threats of Force an Employee of the United States**

On February 11, 2011, in Virginia, Albert Dermott was sentenced on one-count of attempt to intimidate and impede by threats of force an employee of the United States. Dermott was sentenced to 30-days in jail, five-years supervised release, ordered to pay a \$25 assessment and to adhere to special conditions set forth by the court regarding his supervised release.<sup>1</sup>

On or about October 22, 2010, Dermott, using his cell phone, contacted an employee of the Internal Revenue Service (IRS) to request a modification to his wage levy, which is automatically debited from his wages to pay unpaid taxes. During his phone conversation with the IRS employee, Dermott became frustrated when the IRS employee advised him that his request could not be granted. Dermott asked where the IRS building was located. After he was given the address, Dermott asked what kind of security the building had and if the building faced the street. The IRS employee asked Dermott why he needed the information and Dermott replied, "Hey, everybody has to do what they got to do." The IRS employee asked, "Why are you saying these things?" Dermott responded, "It doesn't matter. At this point, I'm finished. I can't even pay my rent or my car."<sup>2</sup>

Days after the call, Special Agents visited Dermott and admonished him against making threats or statements that could be perceived as threatening in nature, and advised him of the possible consequences of such threats or statements.<sup>3</sup>

On January 4, 2011, Dermott, using his cell phone, contacted another IRS employee to request that his monthly debits be reduced one time in the amount of \$420 to permit him to purchase a computer for his business. The IRS employee advised Dermott that the requested reduction could not be done. Dermott then advised the employee that on the previous day he had been advised by another IRS representative that such a reduction could occur. When the IRS representative advised that she did not see a record of his call on January 3, 2011, Dermott became argumentative and yelled at the IRS employee, "Well, if I blow your building up, you won't do that you [expletive] faced [expletive]."<sup>4</sup>

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<sup>1</sup> Source: Eastern District of Virginia, Judgment Document filed on February 11, 2011.

<sup>2</sup> Source: Eastern District of Virginia, Statement of Facts Document filed on February 10, 2011.

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

Both IRS employees were acting in their official capacities during their communication with Dermott. Dermott, by the threats of force described above, endeavored to intimidate and impede them in the performance of their official duties.<sup>5</sup>

**Inspections and Evaluations:**

On February 28, 2011, the Office of Inspections and Evaluations issued the following report: “Additional Oversight Could Improve the Occupational Safety and Health Program.”

*The following final reports have been issued and are awaiting public release:*

**Subject: The Taxpayer Assistance Centers Are Not Located to Effectively Serve the Maximum Number of Taxpayers (Reference No. 2011-40-022)** – Final report issued and awaiting public release.

**Subject: Targeted Compliance Efforts May Reduce the Number of Inaccurate Information Returns Submitted by Government Entities (Reference No. 2011-30-019)** – Final report issued and awaiting public release.

**Subject: The Applications Development Function’s Quality Assurance Program Office Can Make Its Processes More Effective (Reference No. 2011-20-007)** – Final report issued and awaiting public release.

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Source: Eastern District of Virginia, Statement of Facts Document filed on February 10, 2011.





INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

February 9, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of February 13, 2011

• **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

• **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- "Weaknesses Continue to Exist in the Controls Over Investigative Equipment."
- "Penalty Cases for Failure to Disclose Reportable Transactions Were not Always Fully Developed."
- "Actions Are Needed in the Identification, Selection, and Examination of Individual Tax Returns With Rental Real Estate Activity."

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Briefings/Hearings**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week*

**Investigations:**

**Belarusian National Pleads Guilty to Participation in International Online Tax Refund Scheme**

On January 19, 2011, in Massachusetts, Mikalai Mardakhayeu, a Belarusian national and resident of Nantucket, Massachusetts, pled guilty to charges of conspiracy and wire fraud for his participation in an international online scheme to steal income tax refunds from U.S. taxpayers around the country.<sup>1</sup> According to court records, from 2006 through 2007, Mardakhayeu and his co-conspirators operated websites that falsely represented to be authorized by the Internal Revenue Service (IRS) to offer low-income taxpayers free online tax return preparation and electronic tax return filing (*e-filing*).

After taxpayers uploaded their tax information, co-conspirators in Belarus collected the data and altered the returns to direct the refunds to U.S. bank accounts controlled by Mardakhayeu and, in some cases, to inflate the refund amounts. The co-conspirators then caused the fraudulently altered returns to be *e-filed* with the IRS. The co-conspirators ultimately caused the IRS and various State treasury departments to deposit approximately \$200,000 in stolen refunds into bank accounts controlled by Mardakhayeu.<sup>2</sup>

**Man Sentenced for Impersonating a Federal Agent**

On January 27, 2011, in Arkansas, Shannon Draper was sentenced to two-years probation for false impersonation. He was ordered to pay restitution totaling \$7,346.43 and a special assessment of \$100.<sup>3</sup>

Draper obtained Government discount rates at three different hotels by representing himself as an agent with the Bureau of Alcohol, Tobacco and Firearms or the IRS. He then used American Express or bank issued VISA cards belonging to other individuals to obtain personal benefits, including hotel accommodations, meals, and room charges.<sup>4</sup>

*The following final reports have been issued and are awaiting public release:*

**Attestation Review of the Internal Revenue Service's Fiscal Year 2010 Annual Accounting of Drug Control Funds and Related Performance (Reference No. 2011-10-021) – Final report issued and awaiting public release.**

<sup>1</sup> Sources: District of Massachusetts Plea Agreement filed January 19, 2011, and District of Massachusetts Indictment filed June 23, 2010.

<sup>2</sup> Source: District of Massachusetts Indictment filed June 23, 2010.

<sup>3</sup> Source: Eastern District of Arkansas Sentencing document filed January 27, 2011.

<sup>4</sup> Source: Eastern District of Arkansas Indictment filed August 3, 2010.

**Subject: The Income Verification Express Services Program Needs  
Improvements to Better Protect Tax Return Information (Reference No. 2011-40-  
014) – Final report issued and awaiting public release.**



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

February 2, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of February 6, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- "Penalty Cases for Failure to Disclose Reportable Transactions Were not Always Fully Developed and Penalty Amount Were Improperly Reduced."
- "It Will Take Years to Implement the Return Preparer Program and to Realize Its Impact."
- "Actions Are Needed in the Identification, Selection, and Examination of Individual Tax Returns With Rental Real Estate Activity."
- "The Sustaining Infrastructure Program is Significantly Improved and a Comprehensive Information Technology Infrastructure Strategy Has Been Developed."

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Briefings/Hearings**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week*

**Investigations:**

**Woman Pleads Guilty to Unauthorized Inspection of Tax Return Information**

On January 13, 2011, in Michigan, Vandetta Logan pleaded guilty to the charge of unauthorized inspection of tax return information.

From April 16, 1986 through January 21, 2010, Logan worked as an Individual Taxpayer Advisory Specialist for the Internal Revenue Service. On December 17, 2009, she inspected the Federal tax account of a taxpayer without authorization and outside of her employment duties.<sup>1</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Weaknesses Continue to Exist in the Controls Over Investigative Equipment (Reference No. 2011-30-008)** – Final report issued and awaiting public release.

**Subject: Individuals Received Millions of Dollars in Erroneous Plug-in Electric and Alternative Motor Vehicle Credits (Reference No. 2011-41-011)** – Final report issued and awaiting public release.

**Subject: The Income Verification Express Services Program Needs Improvements to Better Protect Tax Return Information (Reference No. 2011-40-014)** – Final report issued and awaiting public release.

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<sup>1</sup> Source: Eastern District of Michigan Plea Agreement filed January 13, 2011.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 26, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of January 30, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- "Penalty Cases for Failure to Disclose Reportable Transactions Were not Always Fully Developed and Penalty Amount Were Improperly Reduced."
- "It Will Take Years to Implement the Return Preparer Program and to Realize Its Impact."
- "Actions Are Needed in the Identification, Selection, and Examination of Individual Tax Returns With Rental Real Estate Activity."
- "The Sustaining Infrastructure Program is Significantly Improved and a Comprehensive Information Technology Infrastructure Strategy Has Been Developed."

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings/Hearings**

*Week Ahead*

- None

*Long-term*

- On February 9, 2011, the Inspector General for Tax Administration will testify in a hearing before the House Committee on Appropriations, Subcommittee on Financial Services.

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week*

**Investigations:**

**Internal Revenue Service Employee Charged with Unauthorized Access To A Computer and Unauthorized Inspection of Returns or Return Information**

On January 11, 2011, in California, Irse Rodriguez was charged with 49 counts of unauthorized access to a computer. Rodriguez was also charged with 49 counts of unauthorized inspection of returns or return information.

On or about April 21, 2010, Rodriguez, while an Internal Revenue Service (IRS) employee, accessed without authorization, electronically stored Federal tax information on the IRS's electronic system.<sup>1</sup>

*The following final reports have been issued and are awaiting public release:*

- None

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<sup>1</sup> Source: Eastern District of California Information filed January 11, 2011.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 19, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of January 23, 2011

• **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

• **Potential or expected press stories**

*Week Ahead*

- Audits:
- None

*Long-term*

- Audits:
- "It Will Take Years to Implement the Return Preparer Program and to Realize Its Impact."
  - "Actions Are Needed in the Identification, Selection, and Examination of Individual Tax Returns With Rental Real Estate Activity."
  - "The Sustaining Infrastructure Program is Significantly Improved and a Comprehensive Information Technology Infrastructure Strategy Has Been Developed."

- **Potential or expected legislative/policy issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Potential or expected legal issues**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Briefings**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

☐ None

*Long-term*

☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

☐ None

*Long-term*

☐ None



- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week*

**Inspections and Evaluations:**

**The Internal Revenue Service Accurately and Timely Accounted for American Recovery and Reinvestment Act Fund Expenditures**

TIGTA initiated this project to determine if the Internal Revenue Service (IRS) has complied with the Office of Management and Budget's Implementing Guidance for the *American Recovery and Reinvestment Act of 2009*. This is the second in a series of planned inspections regarding the IRS's compliance with applicable requirements related to the Act.

TIGTA's Office of Inspections and Evaluations found that the IRS accurately and timely reported Recovery Act procurements and substantially complied with the Implementing Guidance during the period of February 17, 2009 through September 30, 2009. The IRS has adequate internal controls to ensure timely and accurate reporting; however, it did not formally document those controls and processes. TIGTA's Office of Audit also reported this finding in an earlier report.

In their response to the report, IRS officials stated that the Procurement Office completed a Policies and Procedures memorandum which documents the Recovery Act procurement processes.

*The following final reports have been issued and are awaiting public release:*

- None



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 12, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *J. Russell George*  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of January 16, 2011

• **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

• **Potential or expected press stories**

*Week Ahead*

Audits:

- None

*Long-term*

Audits:

- "It Will Take Years to Implement the Return Preparer Program and to Realize Its Impact."
- "Actions Are Needed in the Identification, Selection, and Examination of Individual Tax Returns With Rental Real Estate Activity."

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected legal issues**

*Week Ahead*

- None

*Long-term*

- None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Briefings**

*Week Ahead*

- None

*Long-term*

- None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- None

*Long-term*

- None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week*

**Investigations:**

**Nathaniel Ellison Indicted by Grand Jury**

On December 15, 2010, in Alabama, Nathaniel Ellison was indicted on one-count of threatening to assault and murder Federal officials; one-count of interstate transmission of a communication threatening to injure Internal Revenue Service (IRS) employees; and one-count of an attempt to interfere with administration of Internal Revenue laws.<sup>1</sup>

On or about November 15, 2010, Ellison transmitted a communication threatening to injure IRS employees. He threatened to assault, murder, and retaliate against IRS employees while they were engaged in the performance of their official duties. Ellison also, by threats of force, endeavored to intimidate an employee acting in official capacity and obstructed and impeded the due administration of the Internal Revenue laws.<sup>2</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Multiple Channels Are Used to Provide Information to Small Business Taxpayers, But More Information Is Needed to Understand Their Needs (Reference No. 2011-40-010)** – Final report issued and awaiting public release.

**Subject: The Sustaining Infrastructure Program is Significantly Improved and a Comprehensive Information Technology Infrastructure Strategy Has Been Developed (Reference No. 2011-20-006)** – Final report issued and awaiting public release.

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<sup>1</sup> Source: District Court for the Middle District of Alabama, Indictment filed on December 15, 2010.

<sup>2</sup> Id.



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

January 5, 2011

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of January 9, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Audits:

- "Federal Guidelines Do Not Prohibit the Awarding of Contracts to Contractors With Delinquent Tax Liabilities."
- "TIGTA Recommends Improvements to the IRS's Current Efforts to Modernize Taxpayer Account Administration."

*Long-term*

Audits:

- "It Will Take Years to Implement the Return Preparer Program and to Realize Its Impact."

- **Potential or expected legislative/policy issues**

*Week Ahead*

- None

*Long-term*

- ☐ None

- **Potential or expected legal issues**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Upcoming Briefings**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*



- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week*

**Investigations:**

**Internal Revenue Service Revenue Officer Indicted for Stealing Approximately \$160,000 in Taxpayer Funds**

By indictment filed on December 13, 2010, in New York, Fern Stephens, an Internal Revenue Service (IRS) Revenue Officer, was indicted on one count each of mail fraud, theft of public monies, and fraud in connection with computers.<sup>1</sup>

As a Revenue Officer, Stephens was responsible for the collection of taxes from individuals and corporations. As a condition of employment, Stephens was required to sign an annual certification stating that she would not access tax records in IRS databases except in connection with her official duties. From March 2003 through November 2010, Stephens used her position to steal taxpayer funds held by the IRS by devising a scheme involving the use of an IRS database. Stephens made false computer entries that documented purported requests to transfer corporate or business entity tax refunds or payments causing the IRS to issue checks, wires, and credits to Stephens's relatives and close associates. Stephens caused approximately 20 fraudulent credit transfers, from approximately 14 taxpayer victims, to be sent to eight of her relatives or close associates.<sup>2</sup>

*The following final reports have been issued and are awaiting public release:*

**Subject: Actions Are Needed in the Identification, Selection, and Examination of Individual Tax Returns With Rental Real Estate Activity (Reference No. 2011-30-005)** – Final report issued and awaiting public release.

**Subject: The Sustaining Infrastructure Program is Significantly Improved and a Comprehensive Information Technology Infrastructure Strategy Has Been Developed (Reference No. 2011-20-006)** – Final report issued and awaiting public release.

<sup>1</sup> Source: District Court of New York, Indictment filed on December 13, 2010.

<sup>2</sup> Id



INSPECTOR GENERAL  
FOR TAX  
ADMINISTRATION

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20005

December 29, 2010

**INFORMATION MEMORANDUM FOR SECRETARY GEITHNER**

FROM: J. Russell George *Joseph A. Hunsicker, Jr.* for  
Treasury Inspector General for Tax Administration

SUBJECT: TIGTA Weekly Report for the Week of January 2, 2011

- **Upcoming reform-based actions**

*Week Ahead*

- None

*Long-term*

- None

- **Potential or expected press stories**

*Week Ahead*

Press Releases:

- "Significant Problems Still Exist With Internal Revenue Service Efforts to Identify Prisoner Tax Refund Fraud, TIGTA Finds"

*Long-term*

Press Releases:

- "Penalty Cases for Failure to Disclose Reportable Transactions Were Not Always Fully Developed and Penalty Amounts Were Improperly Reduced."

- **Potential or expected legislative/policy issues**

*Week Ahead*

- On December 31, 2010, TIGTA will issue its report to the Congress on the implementation of the Internal Revenue Service's (IRS) authority to disclose prisoner tax return information to the heads of the Federal Bureau of Prisons and State

Departments of Corrections. This report is required by the Inmate Tax Fraud Prevention Act of 2008.

*Long-term*

- ☐ None

- **Potential or expected legal issues**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Travel/speeches of the Inspector General/Deputy Inspectors General/Senior Staff**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Upcoming Briefings**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Upcoming Action Memos for the Secretary or Deputy Secretary**

*Week Ahead*

- ☐ None

*Long-term*

- ☐ None

- **Outstanding Congressional Correspondence for the Secretary's Signature**

*Week Ahead*

- None

*Long-term*

- None

- **Additional items of importance/interest to the Secretary/Critical Events of the Past Week**

*Items of Importance for the Next Week/Critical Events of the Past Week*

**Investigations:**

**IRS Revenue Agent Sentenced for Soliciting and Agreeing to Receive a Bribe**

On December 16, 2010, in Minnesota, Roger Coombs was sentenced on one-count of soliciting and agreeing to receive a bribe by a public official. Coombs was sentenced to 33-months in prison and three-years supervised release. He was also ordered to pay a \$100 assessment and \$3,000 in restitution.<sup>1</sup>

As a former IRS Revenue Agent, Coombs' official duties included examining taxpayers' tax filings to determine whether the taxpayers correctly reported and paid their tax liability to the IRS.<sup>2</sup>

In early 2010, a taxpayer received official correspondence from Coombs indicating that the taxpayer had been selected for an examination. Coombs met with the taxpayer and a business partner of the taxpayer several times. During one meeting, and outside the presence of the accountant, Coombs suggested to the business partners that they meet him without their accountant. At that meeting, Coombs told the taxpayers that approximately \$60,000 was owed to the IRS, which was more than Coombs had previously indicated. At that point, Coombs proposed a solution to make the situation "go away." He asked the taxpayers to pay him \$9,700. In return for paying Coombs the bribe, Coombs said he would arrange for the IRS to accept \$11,000 instead of the \$60,000 that Coombs said was owed to the IRS.<sup>3</sup>

During two separate meetings, the taxpayers gave Coombs cash payments for the total amount of the \$9,700 bribe Coombs requested. Coombs told the taxpayers that he had "taken care" of things at the IRS.<sup>4</sup>

This case was worked jointly by TIGTA and the Federal Bureau of Investigation.

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<sup>1</sup> Source: District Court of Minnesota, Judgment Document filed December 20, 2010.

<sup>2</sup> Source: District Court of Minnesota, Indictment filed on June 21, 2010.

<sup>3</sup> Id.

<sup>4</sup> Id.

*The following final reports have been issued and are awaiting public release:*

**Subject: Actions Are Needed in the Identification, Selection, and Examination of Individual Tax Returns With Rental Real Estate Activity (Reference No. 2011-30-005)** – Final report issued and awaiting public release.