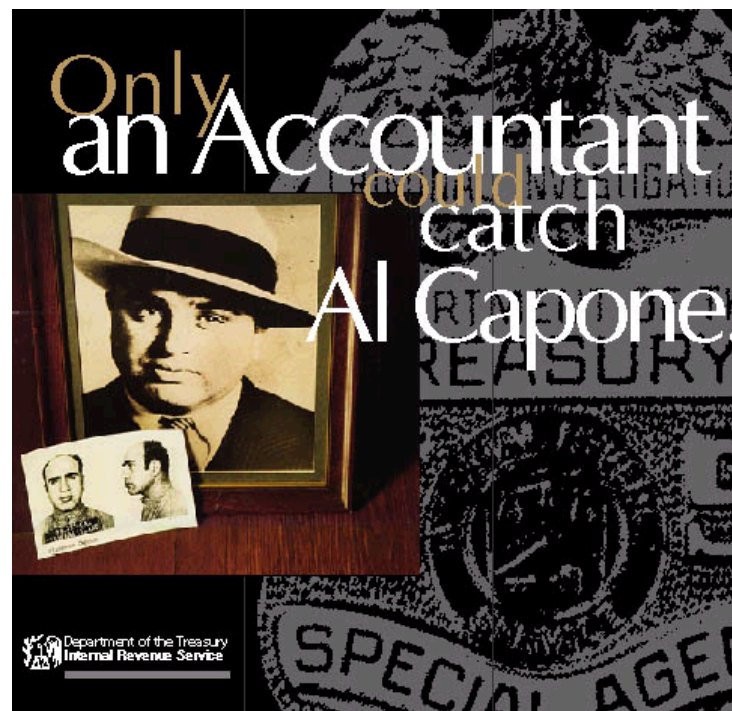


# IRS CRIMINAL INVESTIGATION



**Assistant Special Agent in Charge Candace Kowal  
&  
Special Agent Vicki Petricka  
Chicago Field Office**

# IRS CRIMINAL INVESTIGATION



# CI Then...

- ❖ **July 1, 1919 – the IRS “Intelligence Unit”**
  - ❖ **6 agents**
- ❖ **Gained national prominence in the 1930s**
  - ❖ **Investigation and conviction of Al Capone for tax evasion**
  - ❖ **Role in solving the Lindbergh kidnapping**
- ❖ **1978 became Criminal Investigation Division; since then our statutory jurisdiction has expanded from criminal tax evasion to include:**
  - ❖ **Statutory jurisdiction expanded to include Money laundering, Bank Secrecy Act violations, Bankruptcy Fraud & Identity Fraud**



# CI Now...

- ❖ ~ 2,900 employees worldwide
  - ~ 2,100 IRS Special Agents (SA's)
  - ~ 2,900 employees worldwide
  - Projected 2020 Hiring: ~ 250 SA's



**100 YEARS**  
CRIMINAL INVESTIGATION  
**100 YEARS**



1919 - 2019





# CI International Posts of Duty





# CI Field Offices

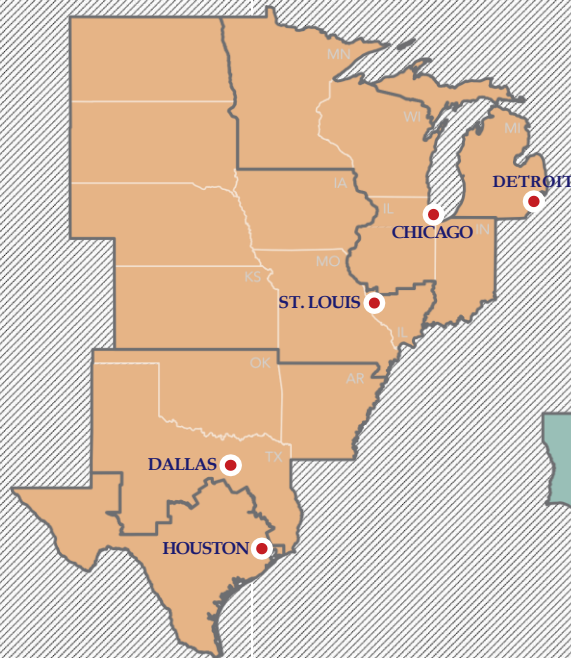
## FIELD OFFICE MAP

Click on a location to go to that Field Office section

### WESTERN AREA



### MIDSTATES AREA



### NORTHERN AREA



### SOUTHERN AREA



IRS:CI FIELD OFFICES





# Tax Crimes

❖ **IRS Criminal Investigation is the *only Federal Agency* with jurisdiction over Title 26 violations.**

**Tax Compliance through enforcement is our mission.**

# Intent

- ❖ In tax fraud cases, we look to prove that the taxpayer specifically *intended* to violate the law.
- ❖ Example: Intentional omission of income from a tax return with the specific purpose of evading taxes.







# Specific Program Areas of Focus

- ❖ **Employment Tax Fraud**
- ❖ **International Tax Fraud**
- ❖ **Abusive Tax Schemes**
- ❖ **Refund Crimes – QRP, RPP and ID theft**
- ❖ **Fraud Referral Program**
- ❖ **Cyber Crimes (including Virtual Currency)**
- ❖ **Frivolous Arguments Program – Non-filers**
- ❖ **Political/Public Corruption**
- ❖ **Money Laundering/Bank Secrecy Act (BSA)**
- ❖ **Organized Crime Drug Enforcement Task Force (OCDETF)**



# Accountants with Badges

**IRS-CI works with other law enforcement agencies- FBI, Secret Service, Postal Inspection Service, Drug Enforcement Administration, ATF, state and local law enforcement.**

**Investigate tax fraud, wire fraud, mail fraud, bank fraud, embezzlement, health care fraud, bankruptcy fraud, identity theft, and terrorism.**



# Accountants with Badges

## Premiere Financial Investigators

- ❖ Most have BS/Masters degrees in accounting, finance or business
- ❖ Many are CPAs and Attorneys, former IRS Revenue Agents or accounting/tax professionals



# Pay and Benefits

- ❖ **GS Schedule +25%**
- ❖ **LEAP (Law Enforcement Availability Pay)**
- ❖ **Health, Life, Disability Insurance**
- ❖ **Pension**
- ❖ **TSP [401(k)] with matching contributions**
- ❖ **Flexible Spending Accounts**
- ❖ **Physical Fitness Program – 3 hours/week**
- ❖ **Government Owned Vehicles**
- ❖ **Mobility**
- ❖ **Telework**





# Return on Investment

**We are a good investment!**

**ROI for IRS is 4:1**

**Increases dramatically, up to 10:1,  
when invested in Criminal  
Investigation**





# Federal Law Enforcement Basic Requirements

- ❖ Must be a United States citizen.
- ❖ Must not have reached their 37th birthday at the time of certification. The maximum age for law enforcement officers does not apply to the hiring of preference eligible veterans.
- ❖ Must be available to work anywhere in the US.
- ❖ Must carry and use a firearm.
- ❖ A valid driver's license is required.
- ❖ Must also meet specific education and/or experience requirements and demonstrate certain competencies.



## IRS Special Agent Educational Requirements

- ❖ Need a 4-year course of study or bachelor's degree in any field of study with **at least 15 semester hours/ 23 quarter hours in accounting**
- ❖ Plus an **additional 9 semester hours/14 quarter hours** in the field of finance, economics, business law, tax law, or money and banking



# Application Process

- ❖ **Written test**
- ❖ **Skills assessment exercise**
- ❖ **Panel Interview**
- ❖ **Background Investigation**
- ❖ **Drug Test**
- ❖ **Tax Audit**
- ❖ **Medical Exam**



# Training

- ❖ **25 Weeks of Law Enforcement Officer(LEO) Training at the Federal Law Enforcement Training Center (FLETC) in Glynco, GA**
- ✓ **9 week Criminal Investigator Training Program- train with other federal LEO's**
- ✓ **16 weeks IRS CI Special Investigative Techniques Program- train with only IRS CI Special Agents**



# Specialties

- ❖ Firearms/Defensive Tactics Instructor
- ❖ Academy Instructor
- ❖ Fitness Coordinator
- ❖ Recruiter
- ❖ On-the-Job Instructor
- ❖ Undercover Agent
- ❖ Public Information Officer
- ❖ Computer Investigative Specialist
- ❖ Attaché



# 2019 IRS CI STATISTICS

## 2019 SNAPSHOT

FOR MANY YEARS while practicing on the outside, I admired the investigative abilities and professionalism of every special agent and the overall strength of the entire CI organization. Since coming onboard as Commissioner, my admiration and respect have increased exponentially. CI is the backbone for the entire IRS organization – fair, impartial, diligent and, where appropriate, tenacious! The FY19 Annual Report summarizes various CI activities throughout the year but vastly understates the importance of CI to the overall IRS Mission. CI supports the efforts of compliant taxpayers by visibly demonstrating the risks of noncompliance thereby helping otherwise honest taxpayers stay honest and compliant. The best of the best!

– CHARLES P. RETTIG , Commissioner, Internal Revenue Service





# Sources of Investigations

- ❖ Obtained from within the IRS when a revenue agent (auditor) or revenue officer (collection) detects possible fraud.
- ❖ Information also routinely received from the public
- ❖ Or from ongoing investigations by other law enforcement agencies or by United States Attorneys offices.



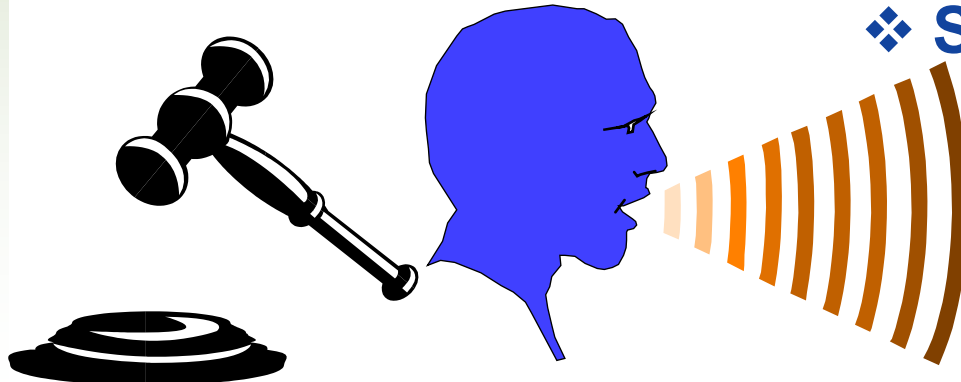
# Authority to:

- ❖ Interview
- ❖ Issue Summonses and Examine Records
- ❖ Conduct Handwriting Exemplars
- ❖ Search with Warrants
- ❖ Conduct Arrests
- ❖ Carry a Firearm
- ❖ Seize and Forfeit Property



# Investigative Tools

- ❖ IRS databases
- ❖ Currency Transaction/Suspicious Activity Reports
- ❖ **Tax Returns/IRS Records**
- ❖ Summonses and Subpoenas
- ❖ Interviews
- ❖ Garbage Collection
- ❖ Undercover Ops
- ❖ Search/Seizure warrants
- ❖ Consensual monitoring
- ❖ Forensic laboratory
- ❖ Pen registers/trap & trace
- ❖ Surveillance
- ❖ Data Analytics



# ASSET FORFEITURE



**MINK  
ISLAND-  
MAPLE  
PLAIN, MN**



**RONALD  
JOHNSON  
SEIZURE OF  
CLASSIC  
CARS &  
ISLAND**





# Money Laundering

## Tax Evasion in Progress

- ❖ Hide untaxed income (usually illegal sourced income)
- ❖ Gives the money the appearance of coming from a legitimate source (drug investigations)
- ❖ Since the events of 9/11, definition of money laundering expanded to include the movement of money into or through the United States in support of terrorist activities.



# War on Terrorism

- ❖ CI participates in every major terrorism financing investigation/JTTF
- ❖ Many involve violations of the Internal Revenue Code and related offenses
- ❖ Assist the Treasury Department in efforts to locate and freeze terrorist funds and repatriate stolen assets.



Homeland  
Security

In 2017, a “Jump Team” was implemented to respond when a terrorist incident occurs. Agents will immediately work financial leads relating to the incident.



# DATA ANALYTICS

- ❖ **Data Driven Mission-** To better manage and leverage all available data and to better select criminal cases and efficiency (use less time to work a case).
- ❖ **Currently using models, algorithms, and the millions of records and evidence to identify areas of tax noncompliance.**



# CYBER CRIMES UNIT

- ❖ **Criminal Investigation Cyber Crimes Unit (CCU) will continue to develop and expand in response to the ongoing threat of internet theft, refund fraud, and other virtual financial crimes.**
- ❖ **The CCU will identify and pursue tax, money laundering, identity theft, and refund crimes in the cyber world.**
- ❖ **In addition, Criminal Investigation will collaborate with FinCEN and other federal law enforcement agencies to identify the movement of illegal monies utilizing virtual currency.**



# Cyber Crime Cases

- ❖ **Dark web marketplace owners, administrators, & large vendors**
  - **Silk Road, Backpage.com**
  
- ❖ **Last fall, Authorities Arrested 337 Users of World's Largest Child-Porn Website in 12 Countries**
  - **Alleged operator was South Korean man; Site allowed users to purchase videos through bitcoin**



# Cyber Crime Cases continued

- Decoded the Bitcoin transactions used by the website's users & located the server in South Korea.
- Analysis of the contents led investigators to rescue 23 children being exploited by users of the site.
- Arrested in March 2018 & convicted on charges in South Korea, U.S. is seeking his extradition to face additional federal charges in Washington DC.



# Human Trafficking

December 12, 2018 News Headline:

- ❖ ***THIRTY-SIX DEFENDANTS pleaded guilty for their roles in INTERNATIONAL THAI SEX TRAFFICKING ORGANIZATION***
- ❖ ***Trial in St. Paul- 5 Guilty Verdicts- involved in massive, brutally efficient criminal enterprise that trafficked 100's of vulnerable Thai Women***





# International Tax Enforcement

**NY TIMES HEADLINE:**

**A U.S. Tax Investigation**

**Snowballed to Stun the Soccer World**



**Accounting Today Headline:**

**IRS Criminal Investigation Helps Bust FIFA Officials**



# National Federal Income Tax Cases:

**Todd and Julie Chrisley**- indicted on 11 charges of tax evasion & bank fraud

**'Dance Mom' Abbey Lee Miller**- sentenced to 1 year & 1 day in federal prison on bankruptcy fraud charges

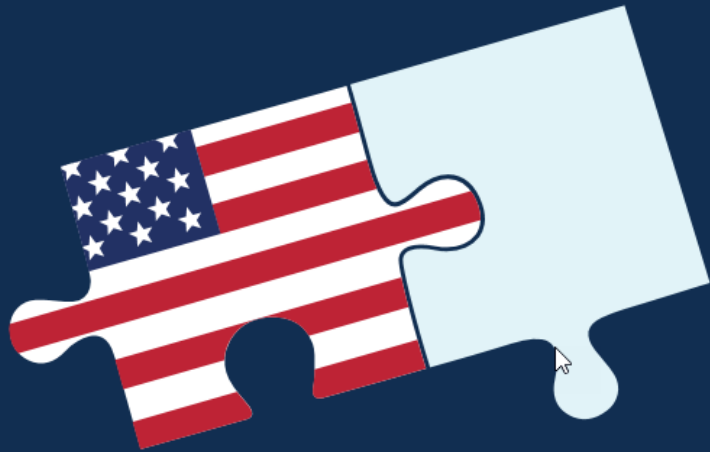
**Jersey Shore's Mike 'The Situation' Sorrento**- sentenced to 8 months in prison on tax charges

**'Real Housewives' Teresa Giudice**- sentenced to 15 mos and husband Joe Giudice sentenced to 41 months on tax charges



**ONE STOP TO APPLY**

# **Applicants can apply for IRS positions via USAJOBS.GOV**



## **SHAPE AMERICA'S FUTURE**

Find your fit in the Federal Government

**Create Profile**

**Create a USAJOBS Profile**

Federal Application Process

Explore Opportunities

# Questions?

**Special Agent**

**Vicki Petricka**

**651-755-1930**

**[vicki.petricka@ci.irs.gov](mailto:vicki.petricka@ci.irs.gov)**

**ASAC Candace Kowal**

**312-292-2017**

**[Candace.Kowal@ci.irs.gov](mailto:Candace.Kowal@ci.irs.gov)**

