Internal Revenue Service
Criminal Investigation

Fiscal Year 2014
National Operations

Annual Business Report

CRIMINAL INVESTIGATION
DEPARTMENT OF THE TREASURY
U S
INTERNAL REVENUE SERVICE
SPECIAL AGENT

IRS

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Chief's Message – Richard Weber

I continue to be in awe of the men and women who work in IRS CI. Fiscal Year 2014 brought about unprecedented challenges and yet it also brought about unprecedented successes. The pride that is evident in the work that we do every day is apparent to leadership throughout the organization. We faced budget challenges and hiring freezes and yet we remained focused on finding and investigating great cases that made a real difference in compliance of our nation's tax laws and deterring would be criminals around the world in our fight against financial crime. I have never been more proud to lead an organization of dedicated employees. Our special agents and professional staff continue to be the model by which other law enforcement agencies should be judged.

There is no doubt that we have had to be creative to overcome some of the budget challenges this year. But in so doing, we maintained a steady focus on what is important. Our highest priority is to enforce our country's tax laws and support tax administration to ensure compliance with the law and combat fraud. This annual report includes case summaries that represent the diversity and complexity of those investigations such as tax-related identity theft, money laundering, public corruption and terrorist financing. Our cases touched almost every part of the world. They had a significant impact on tax administration and were some of the most successful in the history of CI. Some of the biggest stories of the year included Credit Suisse, Bank Leumi, BNP Paribas, Liberty Reserve, Silk Road and Gerald Poynter. In the largest criminal tax case ever filed, Credit Suisse pleaded guilty to conspiracy to aid and assist U.S. taxpayers in filing false income tax returns and agreed to pay a total of $2.6 billion. Following the Credit Suisse investigation, IRS-CI led the case against Bank Leumi Group, a major Israeli international bank that admitted conspiring to aid and assist U.S. taxpayers to prepare and present false tax returns. This unprecedented agreement marks the first time an Israeli bank has admitted to such criminal conduct. Bank Leumi Group will pay the U.S. a total of $270 million and cease to provide banking and investment services for all accounts held or beneficially owned by U.S. taxpayers.

BNP Paribas was the largest prosecution ever brought against a financial institution and one of the most significant criminal prosecutions of sanction evasion in U.S. history.   Using our unique investigative skills, IRS-CI worked hard to protect the integrity of our financial system. Liberty Reserve, one of the World's largest digital currency companies, and seven of its principals and employees were indicted for allegedly running a $6 billion money laundering scheme. Ross William Ulbricht, creator and owner of "Silk Road" website was indicted on charges of engaging in a continuing criminal enterprise, money laundering and other federal charges. Silk Road was used by more than 100,000 users to buy and sell illegal drugs and other unlawful goods and services. IRS-CI also worked significant tax investigations which are document in this annual report. For example, Gerald A. Poynter was sentenced to 156 months in prison and ordered to pay $951,930 in restitution for filing fraudulent tax returns and attempting to receive nearly $100 million in fraudulent refunds from the IRS. Paul M. Daugerdas was sentenced to 180 months in prison, ordered to pay restitution to the IRS of $371,006,397 and ordered to forfeit $164,737,500 in proceeds for conspiring to defraud the IRS, to evade taxes, commit mail and wire fraud, and corruptly endeavoring to obstruct and impede the internal revenue laws. The 20-year scheme generated over $7 billion of fraudulent tax losses and yielded approximately $95 million in fees to Daugerdas personally.

We also continued to make tremendous headway with some of the most significant identity theft cases to date. Mauricio Warner was sentenced to 240 months in prison and ordered to pay $5 million in restitution after he was convicted of wire fraud, aggravated identity theft, filing false claims, and money laundering. Ogiesoba Osula was sentenced to 210 months in prison and ordered to pay $15.9 million in restitution after he was convicted for various fraud schemes including aggravated identity theft. And Arthur Grigorian, Ernest Soloian and Hovhannes Harutyunyan and 51 other defendants were indicted for theft of over 2000 identities and refund claims of over $20 million dollars.

The budget challenges facing our agency are nothing new. In the past five years, CI's staff has been reduced approximately 11 percent bringing staffing to 1970's levels. This trend cannot continue. I'm proud of this agency and the reputation that we have earned as the best financial investigators in the world. Looking ahead to Fiscal Year 2015, we will continue to build an agency that has the tools and expertise to enforce our nation's tax laws. We will not lose sight of taking care of our people and will continue to push initiatives with that in mind to include developing leadership candidates, improving employee satisfaction and engagement, investing in technology, and improving communication and transparency.

Vision for IRS Criminal Investigation:

Through strategic investments in people, increased communication, enhanced technology, and collaboration with domestic and global law enforcement partners, CI will continue to be the worldwide leader in tax and financial investigations.

Investigative Priorities:

Criminal Investigation's highest priority is to enforce our country's tax laws and support tax administration. The Fiscal Year 2014 investigative priorities were:

- Identity Theft Fraud
- Return Preparer Fraud & Questionable Refund Fraud
- International Tax Fraud
- Fraud Referral Program
- Political/Public Corruption
- Organized Crime Drug Enforcement Task Force (OCDETF)
- Bank Secrecy Act and Suspicious Activity Report (SAR) Review Teams
- Asset Forfeiture
- Voluntary Disclosure Program
- Counterterrorism and Sovereign Citizens

FY14 Business Results:

	FY 2014	FY 2013	FY 2012
Investigations Initiated	4297	5314	5125
Prosecution Recommendations	3478	4364	3701
Informations/Indictments	3272	3865	3390
Convictions	3110	3311	2634
Sentenced*	3268	2812	2466
Percent to Prison	79.6%	80.1%	81.5%

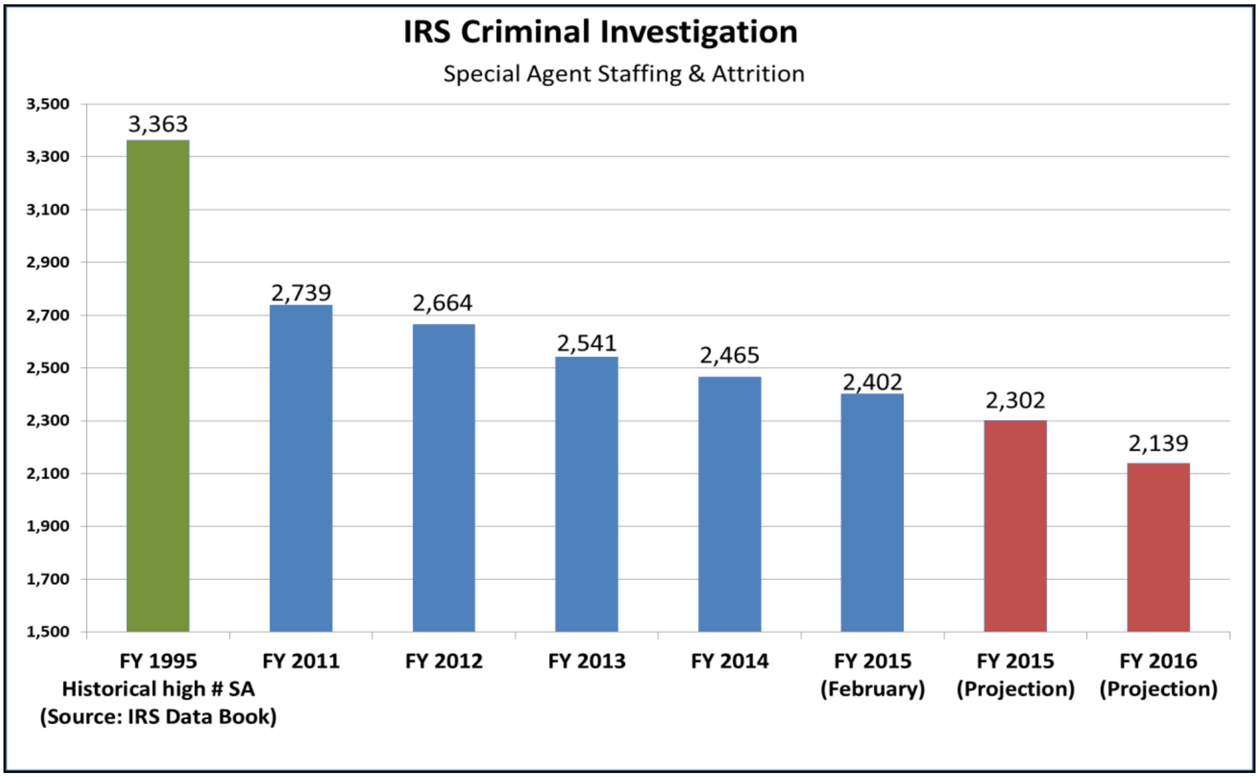
- Conviction rate is the percentage of convictions compared to the total number of convictions, acquittals, and dismissals. The conviction rate for FY 2014 is 93.4%, .03% more than the FY 2013 rate (93.1%).

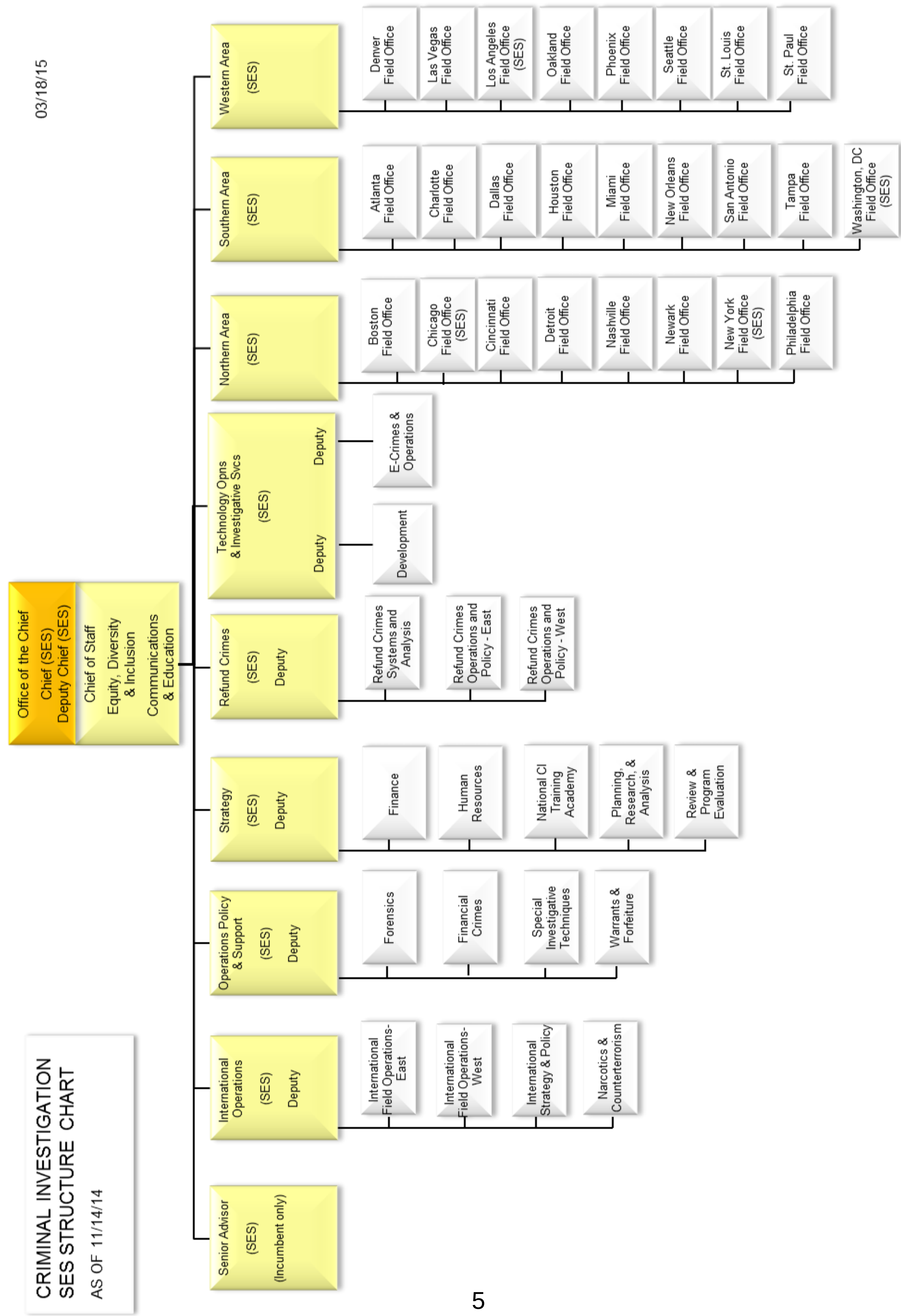
*Sentence includes confinement to federal prison, halfway house, home detention, or some combination thereof.
A fiscal year runs from October 1 through September 30.
Data Source: Criminal Investigation Management Information System
How to Interpret Criminal Investigation Data: Actions on a specific investigation may cross fiscal years, the data shown in investigations initiated may not always represent the same universe of investigations shown in other actions within the same fiscal year.

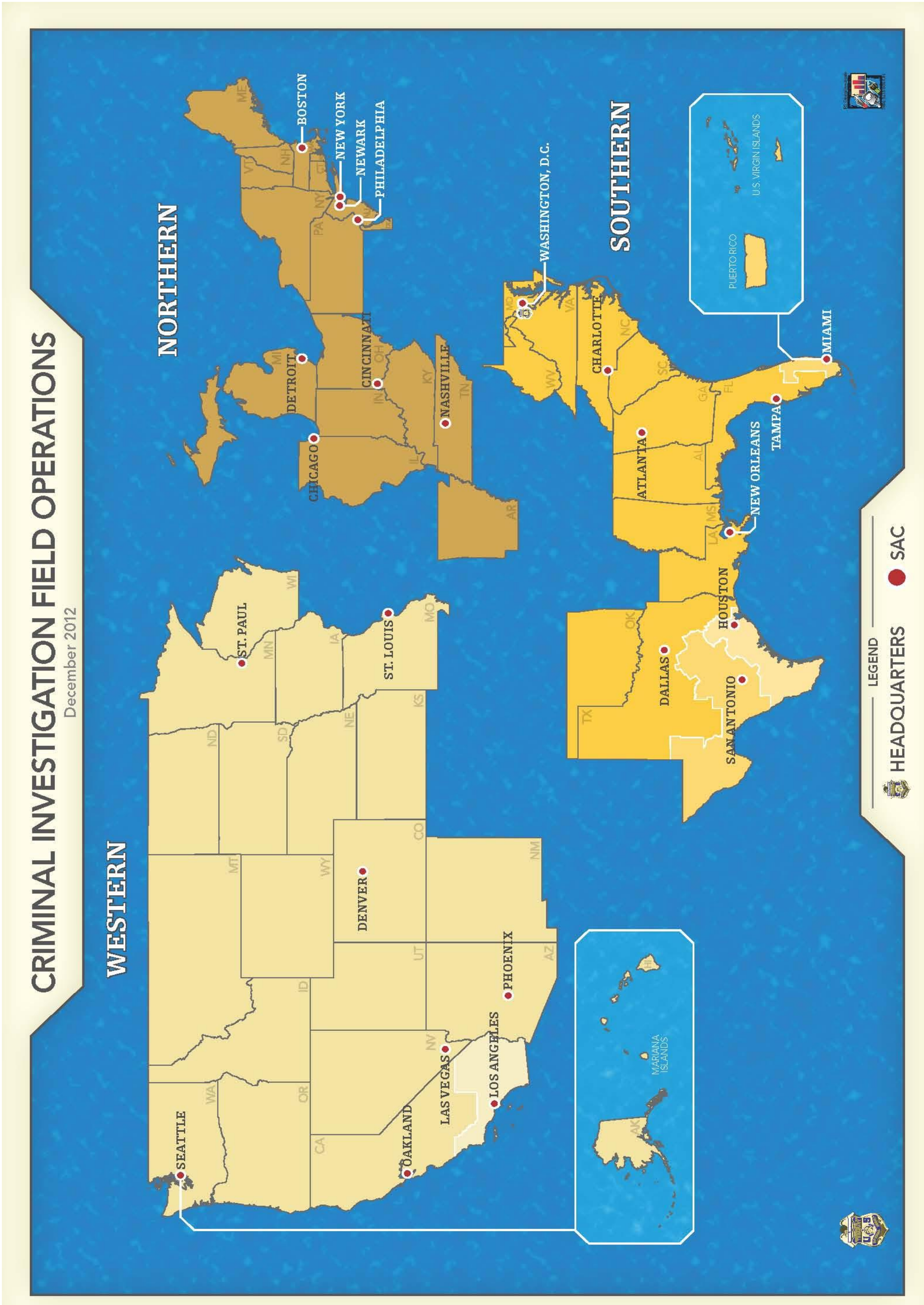
Staffing

- As of September 30, 2014, IRS-CI had 2,465 Special Agents on board, a 3% decrease compared to the number of special agents at the conclusion of FY 2013.

- Professional Staff personnel on board were 1,029, reflecting a decrease of 5.0% for FY 2013.




03/18/15
CRIMINAL INVESTIGATION
SES STRUCTURE CHART
AS OF 11/14/14
Office of the Chief
Chief (SES)
Deputy Chief (SES)
Chief of Staff
Equity, Diversity & Inclusion
Communications & Education
Senior Advisor (SES) (Incumbent only)
International Operations (SES) Deputy
International Field Operations-East
International Field Operations-West
International Strategy & Policy
Narcotics & Counterterrorism
Operations Policy & Support (SES) Deputy
Forensics
Financial Crimes
Special Investigative Techniques
Warrants & Forfeiture
Strategy (SES) Deputy
Finance
Human Resources
National CI Training Academy
Planning, Research, & Analysis
Review & Program Evaluation
Refund Crimes (SES) Deputy
Refund Crimes Systems and Analysis
Refund Crimes Operations and Policy - East
Refund Crimes Operations and Policy - West
Technology Opns & Investigative Svcs (SES)
Deputy
Deputy
Development
E-Crimes & Operations
Northern Area (SES)
Boston Field Office
Chicago Field Office (SES)
Cincinnati Field Office
Detroit Field Office
Nashville Field Office
Newark Field Office
New York Field Office (SES)
Philadelphia Field Office
Southern Area (SES)
Atlanta Field Office
Charlotte Field Office
Dallas Field Office
Houston Field Office
Miami Field Office
New Orleans Field Office
San Antonio Field Office
Tampa Field Office
Washington, DC Field Office (SES)
Western Area (SES)
Denver Field Office
Las Vegas Field Office
Los Angeles Field Office (SES)
Oakland Field Office
Phoenix Field Office
Seattle Field Office
St. Louis Field Office
St. Paul Field Office


CRIMINAL INVESTIGATION FIELD OPERATIONS
December 2012
WESTERN
NORTHERN
SOUTHERN
SEATTLE
OAKLAND
LAS VEGAS
LOS ANGELES
PHOENIX
DENVER
ST. PAUL
ST. LOUIS
CHICAGO
DETROIT
CINCINNATI
NASHVILLE
BOSTON
NEW YORK
NEWARK
PHILADELPHIA
WASHINGTON, D.C.
CHARLOTTE
ATLANTA
TAMPA
MIAMI
NEW ORLEANS
HOUSTON
DALLAS
SAN ANTONIO
PUERTO RICO
U.S. VIRGIN ISLANDS
MARIANA ISLANDS
LEGEND
HEADQUARTERS
SAC

LEGAL SOURCE TAX CRIMES

Criminal Investigation's (CI) primary resource commitment is to develop and investigate Legal Source Tax Crimes. Typically, Legal Source Tax Crimes are committed by people in legally permissible occupations and industries, and their actions violate tax laws or threaten the tax system. Prosecution of these cases supports the overall IRS compliance goals and enhances voluntary compliance with the tax laws. Some of these investigations are worked with our federal, state and local law enforcement partners, as well as with foreign tax and law enforcement agencies.

Fraud Referral Program:

Criminal Investigation places a high degree of emphasis on the fraud referral program. One source of investigations comes from civil IRS divisions in the form of a fraud referral. CI works closely with the civil divisions of Small Business/Self-Employed (SB/SE), Wage and Investment (W&I), Large Business & International (LBI) and Tax Exempt and Government Entities (TEGE). It is through these fraud referrals that CI gets some of our core mission tax investigations. CI is committed to timely evaluation of each fraud referral.

General Tax Fraud:

The General Tax Fraud investigations are the backbone of Criminal Investigation's enforcement program and have a direct influence on the taxpaying public's compliance with the Internal Revenue Code. Compliance with the tax laws in the United States depends heavily on taxpayer self-assessment of the amount of tax, voluntary filing of tax returns and remittance of any tax owed. This is frequently termed "voluntary compliance." There are individuals from all facets of the economy, whether corporate executive, small business owner, self-employed or wage earner, who through willful non-compliance do not pay their fair share of taxes. Criminal Investigation special agents use their financial investigative skills to uncover and quantify many different schemes, including deliberately under-reporting or omitting income ("skimming"); keeping two sets of books, or making false entries in books and records; claiming personal expenses as business expenses; claiming false deductions or credits against taxes; or hiding or transferring assets to avoid payment.

Examples of general tax fraud investigations[1] adjudicated in FY 2014 include:

Pennsylvania Man Sentenced for Role in Advance Fee Scheme: On Mar. 27, 2014, in Philadelphia, Pennsylvania, Andrew Bogdanoff was sentenced to 220 months in prison and ordered to pay $27,012,713 in restitution. Bogdanoff pleaded guilty on Aug. 29, 2013 to conspiracy to commit mail and wire fraud, mail fraud, wire fraud, money laundering, conspiracy to defraud the United States, and filing false tax returns. According to court documents, Bogdanoff was the founder and chairman of Remington Financial Group. Between 2005 and 2011, Bogdanoff and others fraudulently induced hundreds of people to pay Remington fees in excess of $10,000 a piece, based on false representations that Remington had lenders and/or investors ready to provide financing for the victims' projects. To facilitate this fraud, the defendants issued each victim a "letter of interest," commonly referred to as an LOI. Almost every LOI Remington issues stated that Remington had a lender or investor interested in financing the victim's project. Remington issued an LOI to every victim even though no Remington employee had spoken to any funding source and Remington knew that it was unlikely to find funding for the project. The scheme defrauded more than 800 victims out of more than $10 million.

Virginia Man Sentenced for Massive Tax Fraud: On Sept. 23, 2014, in Richmond, Virginia, Billy Gene Jefferson, Jr. was sentenced to 240 months in prison. On Dec. 19, 2013, Jefferson pleaded guilty to orchestrating a multimillion dollar rehabilitation tax credit scheme. According to court records, between 2009 and 2012 Jefferson applied for and received millions in state and federal historic tax credits for the rehabilitation of a former tobacco

[1] Investigation summaries are written from public court documents

manufacturing plant followed by the rehabilitation of ten historic buildings. Jefferson then sold many of those tax credits to corporate investors. However, Jefferson grossly inflated the rehabilitation costs on the properties at issue, and as a result, he fraudulently obtained millions in state and federal tax credits. The loss in federal tax credits was $5,754,616, and the loss in state credits was $7,193,270, for a combined total of approximately $12,947,886. After Jefferson pleaded guilty, he was released on bond, allowing him to gather funds to repay his victims before sentencing. However, Jefferson stole and spent funds that could have been used to repay his victims, including orchestrating hundreds of covert transactions designed to spend and conceal over $7 million.

Former South Carolina Pastor Sentenced: On July 9, 2014, in Florence, South Carolina, Archie Larue Evans was sentenced 84 months in prison and ordered to pay $3,763,339 in restitution for mail fraud, conspiracy to structure transactions with a financial institution and money laundering. Evidence presented at the sentencing hearing established that Evans was the pastor of a church located in Conway, South Carolina and also owned Gold & Silver, LLC. Beginning in 2004, members of the church congregation and others entered into investment contracts with Evans and Gold & Silver, LLC, which guaranteed the investors higher interest payments than the rate being paid by financial institutions. From January 2009 to October 2011, Evans was involved in a Ponzi scheme and hid the fact that he had lost or spent the money invested with him by paying investors what he claimed to be their earned interest payments using funds he received from new investors. Evans continued to collect money from investors and caused losses of more than $2,500,000. From May 2010 until October 2011, Evans was also involved in a conspiracy with others to structure currency deposits with two banks so that Evans' conspirators' income would not be reported.

Six Defendants Sentenced for Prepaid Funeral Scheme: On November 14, 2013, in St. Louis, Missouri, six defendants were sentenced on more than 40 counts of fraud, money laundering, and related crimes.

• James Douglas Cassity was sentenced to 115 months in prison.
• David Wulf was sentenced to 120 months in prison.
• Randall K. Sutton was sentenced to 84 months in prison
• Brent Douglas Cassity was sentenced to 60 months in prison
• Howard A. Wittner was sentenced to 36 months in prison
• Sharon Nekol Province was sentenced to 18 months in prison

According to court documents, these defendants, acting through National Prearranged Services, Inc. and Lincoln Memorial Life Insurance Company, had defrauded more than 97,000 customers in more than 16 states, hundreds of funeral homes, and multiple financial institutions, causing more than $450 million in losses. Beginning as early as 1992 and continuing until 2008, NPS sold prearranged funeral contracts in several states, including Missouri, Illinois, and Ohio. During that time, insurance companies affiliated with NPS issued life insurance policies related to those prearranged funeral contacts. As part of the contracts, the total price for funeral services and merchandise for an individual was agreed upon, and that price would remain constant regardless of when the funeral services and merchandise would be needed. Customers entering into prearranged funeral contracts would usually pay a single sum of money up-front to NPS either directly or through a funeral home that was also a party to the contract. NPS represented to individual customers, funeral homes, and state regulators that funds paid by customers under the prearranged funeral contracts would be kept in a secure trust or insurance policy as required under state law. Court documents disclose, however, that NPS made use of funds paid by customers in ways that were inconsistent both with its prior and continuing representations and with the applicable state laws and regulations. Instead, NPS operated as a fraudulent Ponzi-like scheme, where customer funds were neither kept safe in bank trusts or insurance policies but instead were utilized for unauthorized purposes and the personal enrichment of NPS's officers and others. In turn, new business became the source of funding for funerals that prior customers had previously paid for in advance. Victims of the scheme include individual customers, funeral homes and state insurance guarantee associations across the country.

Bank Employee Sentenced for Embezzling from Senior Citizens' Accounts: On May 8, 2014 in, Dayton, Ohio, Diane Elizabeth Niehaus, of Sugarcreek Township, was sentenced to 60 months in prison. Niehaus pleaded guilty on Sept. 19, 2013, to embezzlement, money laundering and filing a false income tax return. According to court documents, Niehaus managed the Union Savings Bank branch in Centerville between 2007 and 2010. Using her position with the bank, she methodically targeted and stole hundreds of thousands of dollars from her elderly customers. To prevent detection of her embezzlement, she used a host of deceptive tactics including creating fictitious gift letters and fraudulent powers of attorney, and engaging in complicated and layered financial transactions to conceal her theft. Niehaus frequently converted the money into cashiers' checks or official checks that she then negotiated, or caused to be negotiated. Niehaus illegally earned thousands of dollars through this embezzlement scheme, and she failed to report this fraudulently-obtained income on her federal income tax returns.

Refund Fraud Program:

Refund fraud poses a significant threat to the tax system. When criminals attempt to misuse the Federal tax system in order to obtain money from the government under false pretenses, it not only results in the loss of funds needed for vital government programs, but it also can impact the taxpayers confidence in the tax system and willingness to voluntarily meet their tax filing obligations. The Refund Fraud Program is broken down into two distinct categories: the Return Preparer Program and the Questionable Refund Program, which includes identity theft investigations.

Identity Theft:

Identity theft-related crimes continue to be a priority area of investigation for CI. During Fiscal Year 2014, CI remained committed to investigating egregious identity theft schemes through administrative and grand jury investigations and through field office and multi-regional task forces including state/local and federal law enforcement agencies. Currently CI participates in over 70 task forces/working groups throughout the country which investigate both financial crimes as well as identity theft crimes. CI's level of commitment towards the fight against identity theft continues to be evident through a designated management official to serve as the National ID Theft Coordinator to oversee national efforts concerning policy, procedures, etc. In addition to a National Coordinator there are ID Theft Coordinators within each of the 25 field offices.

Data Breaches: Data breaches have impacted all sectors of society. During FY-14 CI experienced an increase in Tax Related Identity theft linked to compromised personal identifying information acquired via data breaches. At least ten Field Offices initiated investigations linked to data breaches impacting tax administration. CI increased efforts within the IRS, Law Enforcement Community, and Private Sector, to acquire information regarding compromised data that can impact tax administration for use in identifying and preventing false claims for refunds utilizing the stolen data. Additionally CI also participated in a cross-functional working group within IRS to develop new analytical filters as well as enhanced victim assistance.

Identity Theft Clearinghouse (ITC): The ITC continues to develop and refer identity theft refund fraud schemes to CI field offices for investigation. The ITC serves as a centralized focal point to address incoming ID Theft leads from throughout the Country. The ITC's primary responsibilities are analyzing identity theft leads and facilitate discussions between field offices with multi-jurisdictional issues.

Victim Waiver Pilot Program: In March 2013, IRS announced to the public that the Law Enforcement Assistance Program, formerly known as the "Identity Theft Pilot Disclosure Program," was expanding nationwide. This program was developed jointly by CI and its civil counterparts as a result of a significant increase in requests from state and local law enforcement agencies for tax return documents associated with identity theft related refund fraud. The program allows for the disclosure of tax returns and return information associated with accounts of known and suspected victims of identity theft with the express written consent of those victims. During FY-14 over five hundred State and Local Law Enforcement Agencies participated in this Program.

Identity Theft Training: Throughout FY14, CI hosted or participated in several training/outreach events. These included efforts addressing victim assistance, tax related ID Theft training for law enforcement officers, training IRS personnel on current ID Theft trends impacting tax administration and with private sector entities involved with return preparation and various financial products used to deliver tax refunds.

Proactive Prevention: CI continues to receive information from private and public sector sources involving compromised personal identifying information. This information is shared with W&I which allows IRS to analyze and make necessary adjustments to accounts of taxpayers that are likely victims of identity theft. Additionally, CI collaborates with cross functional partners in the development and implementation of analytical filters designed to identify fraudulent claims at filing and prevent further victimization of impacted individuals.

Examples of identity theft investigations adjudicated in FY 2014 include:

Defendant Sentenced in $14 Million Identity Theft Tax Refund Fraud Scheme: On Oct. 25, 2013, in Miami, Florida, Serge St-Vil was sentenced to 96 months in prison and ordered to forfeit $7 million. St-Vil previously pleaded guilty to wire fraud and aggravated identity theft. According to court documents, in 2010, St-Vil, Muller Pierre and Finshley Fanor were involved in a scheme to file fraudulent and unauthorized tax returns seeking refunds. During the course of the scheme, there were over 5,000 fraudulent returns submitted to the IRS seeking over $14 million in refunds. Nearly all of these returns were submitted in the names of deceased persons. St-Vil was responsible for the filing of thousands of these returns using an Electronic Filing Identification Number obtained by Fanor. On June 26, 2013, Muller Pierre, of North Miami Beach, was sentenced to 57 months in prison. On May 22, 2013, Finshley Fanor, of Lauderhill, was sentenced to two years of probation.

Bogus Charity Operator Sentenced for ID Theft and Wire Fraud Scheme: On June 12, 2014, in Columbus, Ohio, Jonathan Webster was sentenced to 132 months in prison and ordered to pay $1,457,936 in restitution. Webster previously pleaded guilty to wire fraud and aggravated identity theft. According to court documents, between January 2010 and February 2013, Jonathan Webster devised a scheme to defraud the IRS by filing false income tax returns using the names and social security numbers of individuals without their knowledge or consent. As part of this scheme, Webster purchased advertising in newspapers in which he represented himself as a charity seeking to provide financial assistance to others. Webster set up an online website where individuals responding to the advertisements could provide their names and social security numbers. Webster and a co-conspirator electronically filed more than 500 false income tax returns using the names and social security numbers of the individuals. The tax returns contained fabricated information as it related to the taxpayer, including occupations, income amounts and expenses.

Georgia Man Sentenced for Tax Fraud and Identity Theft: On Aug. 25, 2014, in Atlanta, Georgia, Mauricio Warner, of Smyrna was sentenced to 240 months and ordered to pay $5,041,869 in restitution. The Court also ordered the forfeiture of bank accounts controlled by Warner that contain $4,185,455. On April 18, 2014, Warner was convicted of 16 counts of wire fraud, 16 counts of aggravated identity theft, 16 counts of filing false claims and two counts of money laundering. According to court documents, Warner filed over 5,000 false tax returns using the names and social security numbers of unsuspecting victims. Victims were told they could submit an application for an "Obama stimulus payment" or "Free Government Money" by providing their names and social security numbers. In addition to word-of-mouth marketing, Warner used toll-free telephone numbers to collect victims' personal identifying information. He then used the victims' information to claim millions of dollars in fraudulent refunds. On the returns, Warner claimed false income amounts and student credits to generate the bogus tax refunds, and directed the IRS to pay the refund amounts to bank accounts he controlled. The victims did not know tax returns were being filed in their names.

Leader of Large-Scale Identity Theft Ring Sentenced for Role in Fraud Enterprise
On Feb. 11, 2014, in Newark, New Jersey, Sang-Hyun Park, of Palisades Park, was sentenced to 144 months in prison and ordered to pay $4,774,116 in restitution. He will also be deported upon his release from prison. Park previously pleaded guilty to conspiracy to unlawfully produce identification documents and false identification documents, conspiracy to commit wire fraud, aggravated identity theft, money laundering and conspiracy to defraud the IRS. According to court documents, Park was the leader of a criminal organization (the "Park Criminal Enterprise") headquartered in Bergen County, New Jersey, that obtained, brokered, and sold identity documents to customers for the purpose of committing credit card fraud, bank fraud and tax fraud. As part of the scheme, the Park Criminal Enterprise obtained social security cards beginning with the prefix "586" which were issued by the United States to individuals, usually from China, employed in American territories. The Park Criminal Enterprise sold the cards to its customers and then took steps assist these customers to obtain fraudulent identification cards and driver's licenses, build fraudulent credit scores and open bank accounts and credit cards. Park relied on several collusive merchants who possessed credit card processing machines and who would, for a fee, charge the fraudulently obtained credit cards, although no transaction took place. After receiving the money into their merchant accounts from the credit card related to these fraudulent transactions, the collusive merchants gave the money to Park and his conspirators. Park laundered portions of the money he obtained through the fraud by wiring the money to various accounts in South Korea. Park defrauded various credit card companies, banks, and lenders out of $4 million. He and his conspirators also claimed more than $182,000 in tax refunds from the IRS through the filing of false and fictitious tax returns and accompanying documents.

Ohio Man Sentenced for Participation in $3.5 Million Identity Theft Scam: On Aug. 21, 2014, in Columbus, Ohio, Roma L. Sims, of Westerville, was sentenced to 100 months in prison and ordered to pay $3,517,534 in restitution to the IRS. On Sept. 27, 2013, Sims pleaded guilty to aggravated identity theft, wire fraud and conspiring to commit identity theft in a scheme to defraud the IRS. According to court documents, between 2009 and January 2013, Sims advertised through various means in order to collect personal identification information from low-income or unemployed single parents with children. After tricking the innocent individuals who responded into providing their personal identification information, Sims prepared and filed false income tax returns in their names. Between December 2011 and January 2013, Sims obtained additional personal identification information by conspiring with Robert Earthman, who was employed by a vendor for the Commonwealth of Kentucky. Earthman, through his employer, had access to the Kentucky child support enforcement database, which contained personal identification information of single parents with children who were recipients of child support. Earthman stole the information and provided it to Sims and Samantha Towns. Sims used this stolen information to prepare and file fraudulent income tax returns as well. In total, Sims was responsible for the preparation and filing of approximately 977 income tax returns for the 2010, 2011 and 2012 tax years. Samantha C. Towns was sentenced on October 24, 2013 to three years of probation and ordered to pay $1,312,513 in restitution to the IRS. Robert S. Earthman was sentenced on June 19, 2014 to 24 months in prison and was ordered to pay $1,312,513 in restitution to the IRS.

Defendant Sentenced in $19 Million Tax Fraud Conspiracy: On Sept. 26, 2014, in Anchorage, Alaska, Maximo Amparo-Vazquez, aka Japhet Soto Santiago, aka Luis Angel Cortez, a citizen of the Dominican Republic formerly residing in Alaska, was sentenced to 84 months in prison and ordered to pay $559,755 in restitution to the IRS. Amparo-Vazquez pleaded guilty on July 2, 2014, to conspiring to defraud the government with respect to claims. According to court documents, from January 2010 to March 2012, Amparo-Vazquez conspired with others to use stolen identities to file income tax returns for the purpose of obtaining fraudulent income tax refunds. The conspirators in the income tax fraud scheme obtained the stolen identities of more than 2,600 individuals, including people's names and social security numbers. Most of these stolen identities were from citizens of Puerto Rico. The conspirators used stolen social security numbers from citizens of Puerto Rico who are not typically required by law to file individual tax returns.

The following table provides IRS-CI's Identity Theft statistics over the past three fiscal years:

	FY 2014	FY 2013	FY 2012
Investigations Initiated	1063	1492	898
Prosecution Recommendations	970	1257	544
Indictments/Informations	896	1050	494
Sentenced	748	438	223
Incarceration Rate	87.7%	80.6%	89.2%
Average Months to Serve	43	38	48

Return Preparer Program:

The Return Preparer Program investigations generally involve the orchestrated preparation and filing of false income tax returns, in either paper or electronic form, by dishonest preparers who may claim: inflated personal or business expenses, false deductions, excessive exemptions, and/or unallowable tax credits. The preparers' clients may or may not have knowledge of the falsity of the returns.

Examples of return preparer program investigations adjudicated in FY 2014 include:

New York Tax Preparer Sentenced for Tax Fraud Scheme Involving Over $7 Million in Bogus Deductions: On June 30, 2014, in Manhattan, New York, Mark Goldberg, of the Bronx, was sentenced to 57 months in prison and ordered to pay restitution of $2,597,419 and forfeit $500,000. In August 2013, Goldberg pleaded guilty to participating in a scheme to file fraudulent tax returns on behalf of thousands of clients, falsely claiming more than $7 million in bogus deductions. According to court documents, Goldberg ran a tax preparation and multi-service business named E&M Multi-Services, Inc. ("E&M") out of a storefront building in the Bronx. Through that business, he prepared, and oversaw the preparation of, thousands of federal and New York State tax returns that claimed false deductions, expenses, and credits. Between 2005 and 2012, Goldberg caused the preparation and filing of tax returns for his clients that included fabricated and fraudulently-inflated deductions. Goldberg also failed to report any of the income derived from his tax preparation activities, and further submitted fraudulent personal returns claiming bogus refunds and tax credits.

Former Accountant Sentenced for Tax Fraud: On Dec. 11, 2013, in Washington, District of Columbia, John T. Hoang, of Woodbridge, Virginia, was sentenced to 48 months in prison and ordered to pay $331,896 in restitution to the IRS. Hoang pleaded guilty on July 31, 2013, to willfully aiding and assisting in the preparation of false income tax returns for the 2004 tax year. According to court documents, Hoang was a certified public accountant (CPA) and an attorney. From January 2005 through April 2007, Hoang operated John T. Hoang CPA, a tax return preparation business, and was one of two partners who owned Tax-Smart Technology Services. In 2008, a federal district court in Virginia barred Hoang from preparing federal tax returns. For the tax years 2004, 2005 and 2006, Hoang prepared hundreds of U.S. Individual Income Tax Returns and earned substantial income from his tax preparation activities. Hoang received a substantial portion of the refunds issued by the IRS to his clients through his businesses. Hoang prepared and caused the preparation of false and fraudulent returns for his clients. When preparing these false tax returns and related schedules for his clients, Hoang created wholly fictitious business income and expenses for what seemed to be a technology licensing business. The false information resulted in the client reporting fake losses from business activity and receiving either refunds larger than those they were entitled or decreases in the amount of taxes due. Hoang admitted that the tax loss caused by certain false returns he prepared was greater than $30,000 per return, and that he prepared at least 24 such false returns for the 2004 through 2006 tax years. Hoang admitted that the total tax loss caused by his criminal conduct was greater than $1.5 million. Furthermore, despite earning revenue through his businesses of approximately $6 million in 2004, 2005 and 2006, Hoang failed to file any federal income tax returns or pay any federal income taxes for himself or his businesses.

Arizona Tax Return Preparer Sentenced for Filing False Tax Returns: On Sept. 10, 2014, in Phoenix, Arizona, Haydee Guerra Neff, of Casa Grande, was sentenced to 18 months in prison and ordered to pay $435,280 in restitution. On June 10, 2014, Neff pleaded guilty to two counts of filing false, fictitious and fraudulent claims. According to court documents, Neff was a tax return preparer and filed false income tax returns with the IRS for the tax years 2010 and 2011. Neff prepared correct or substantially correct returns using the information provided by each client and later changed the return without the client's knowledge or consent. The client was then provided with the correct or substantially correct tax return, but Neff would file with the IRS the false tax returns which contained false expenses and requested inflated refunds.

Pennsylvania Tax Preparer Sentenced for Running Tax Fraud Scheme: On Aug. 7, 2014, in Philadelphia, Pennsylvania, Adekunle Adetayo Adeolu, aka "Archie," of Maryland, was sentenced to 56 months in prison and ordered to pay $135,519 in restitution. Adeolu was previously found guilty of conspiracy and aiding and abetting the preparation of materially false tax returns. According to court documents, Adeolu partly owned, managed, and operated Adeolu & Okojie, Inc., a tax service business located in Philadelphia. He employed approximately 14 people, including Olugboyega Fisher, a/k/a "Remi," who worked as a tax preparer. Between 2005 and 2008, when a client owed federal taxes, Adeolu and Fisher would sell that person the name and social security number of an individual in order to claim that person as a dependent and/or falsely claiming on their clients' behalf an earned income tax credit, a child tax credit, and an additional tax credit. Adeolu willfully aided and assisted in the preparation of U.S. Individual Income Tax Returns that were fraudulent in that they represented that the taxpayers were entitled to claim dependents and tax credits that the defendant knew the taxpayers were not entitled to claim. On March 10, 2014, Fisher was sentenced to four years of probation and ordered to pay $9,605 in restitution.

The following table provides IRS-CI's Return Preparer Program statistics over the past three fiscal years:

	FY 2014	FY 2013	FY 2012
Investigations Initiated	305	309	443
Prosecution Recommendations	261	281	276
Indictments/Informations	230	233	202
Convictions	193	207	178
Sentenced	183	186	172
Incarceration Rate	86.3%	78.0%	84.3%
Average Months to Serve	28	27	29

Questionable Refund Program:

The primary focus of this program is to identify fraudulent claims for tax refunds. Generally, these schemes involve individuals filing multiple false tax returns supported by false information or using the identifiers of other individuals knowingly or unknowingly.

Examples of questionable refund program investigations adjudicated in FY 2014 include:

Missouri Man Sentenced for Leading $100 Million Nationwide Tax Fraud Conspiracy: On March 13, 2014, in Kansas City, Missouri, Gerald A. Poynter was sentenced to 156 months in prison and ordered to pay $951,930 in restitution. On Nov. 7, 2013, Poynter pleaded guilty to conspiracy to defraud the United States by filing fraudulent tax returns and filing a fraudulent tax return. According to court documents, Poynter led a tax fraud conspiracy that attempted to receive nearly $100 million in fraudulent refunds from the IRS. From July 1, 2008 to Sept. 21, 2011, conspirators prepared and filed 284 fraudulent tax returns. Each of the returns contained false claims that the taxpayer listed was due a refund due to over-withholding of taxes, based on fictitious forms 1099-OID. In actuality, Poynter's clients had not received interest income from the banks and lenders listed on their Forms 1099, nor had any money been over-withheld. Conspirators claimed that a total of $96 million dollars in fraudulent tax refunds were due. In an attempt to mask his involvement, Poynter requested that conspirators refer to his fees as "love donations," frequently directing them to write checks to "Jerry Love Ministries." Poynter personally was responsible for recruiting at least 44 filers to the scheme. Poynter submitted at least $25 million in fraudulent claims on 81 returns filed for his clients. Poynter conducted a training seminar in December 2008 and told attendees they should use a rented office rather than process the OID returns at home to avoid their homes being raided by the FBI. He provided pointers on how to avoid attracting attention from IRS criminal investigators. In addition to this training session, Poynter conducted and participated in numerous other seminars and conference calls around the country to promote his OID process. Poynter also maintained a Web site called "luckytown" that was used to promote the scheme.

Indiana Woman Sentenced for Filing False Tax Returns: On May 31, 2014, in South Bend, Indiana, Gigi Riley was sentenced to 51 months in prison and ordered to pay $2,572,350 in restitution. Riley previously pleaded guilty to conspiracy to defraud the government with respect to filing of false, fictitious, and fraudulent claims. According to court documents, Riley led and participated with others in a false tax return preparation and filing scheme in South Bend. She prepared and submitted Forms 1040 with false or inflated Forms W-2 to receive false tax refunds. Approximately 1,189 tax returns were submitted for tax years 2008, 2009, and 2010 requesting a total of approximately $3,543,794 in tax refunds. Riley owned and maintained two bank accounts that received tax refunds. She also oversaw and controlled bank accounts opened by others that received tax refunds from the false tax returns.

Husband and Wife Sentenced for Tax Fraud Conspiracy: On July 25, 2014, in Seattle, Washington, Debra A. Aaron and Samuel A. Aaron, a married couple from Whidbey Island, were sentenced for conspiracy to defraud the government and making false or fraudulent claims. Debra Aaron was sentenced to 60 months in prison and Samuel Aaron was sentenced to 30 months in prison. Both were ordered to pay $723,275 in restitution. According to court documents, in 2008 the Aarons promoted a well-known fraudulent tax scheme known as the 1099 OID fraud. Using the scheme, the couple claimed they were owed a tax refund of $723,275. Debra Aaron filed similar bogus claims on behalf of 30 other people for more than $14 million. The Aarons used a shell company to launder the proceeds of the scheme and claimed some of the money was used to help impoverished women in third world countries. In fact they used the money for a home remodel, lavish outings to Las Vegas and other luxuries.

Mississippi Woman Sentenced for Filing False Tax Returns: On Sept. 25, 2014, in Hattiesburg, Mississippi, Rebecca Sue Carpenter was sentenced to 82 months in prison and ordered to pay $809,337 in restitution. Carpenter pleaded guilty in June 2014 to filing false income tax returns. According to court documents, Carpenter made false claims for refunds by submitting fictitious Forms 1099-R for tax years 2007 and 2008. The forms stated that taxes were withheld for a distribution from an investment account, when, in truth, neither the distribution nor the withholding occurred as she did not have current accounts with the financial institutions identified on the Forms 1099-R.

Florida Couple Sentenced to Prison for Filing a False Tax Refund Claim: On July 22, 2014, in Tampa, Florida, James Dee Jaeger and Lora Anne Jaeger, of North Port, were each sentenced to 18 months in prison. The Jaegers both pleaded guilty on April 21, 2014 to filing a false tax refund claim. According to court documents, on March 31, 2009, James Dee

Jaeger and Lora Anne Jaeger electronically filed a joint federal income tax return with the IRS, falsely claiming a refund in the amount of $344,672. The fraudulent tax refund claim filed by the Jaegers was consistent with a bogus theory that the federal government maintains secret accounts for U.S. citizens and that taxpayers can gain access to the accounts by issuing 1099-OID Forms to the IRS. Under this theory, the taxpayer first files a false information return, such as a Form 1099 Original Issue Discount (OID), to justify a false refund claim on a corresponding tax return. The IRS did not issue the fraudulent tax refunds claimed by the Jaegers. In addition to their own fraudulent tax refund claim, the Jaegers advised and encouraged other individuals to file similar fraudulent tax returns.

The following table provides IRS-CI's Questionable Refund Program statistics over the past three fiscal years:

	FY 2014	FY 2013	FY 2012
Investigations Initiated	1028	1513	921
Prosecution Recommendations	969	1267	574
Indictments/Informations	928	1056	507
Sentenced	792	485	262
Incarceration Rate	85.5%	76.7%	85.5%
Average Months to Serve	37	35	35

Abusive Tax Schemes:

Within the abusive tax schemes program, CI focuses on the investigation of promoters and clients who willfully participate in domestic and/or offshore tax schemes for the purpose of violating the tax laws. Participants in these abusive schemes usually create structures such as trusts, foreign corporations and partnerships for the purpose of making it appear that a trustee, nominee, non-resident alien or other foreign entity is the owner of the assets and income, when in fact the true ownership and control remains with a United States taxpayer.

Examples of abusive tax scheme investigations adjudicated in FY 2014 include:

Former Jenkens & Gilchrist Attorney Sentenced For Orchestrating Multibillion-Dollar Criminal Tax Fraud Scheme: On June 25, 2014, in Manhattan, New York, Paul M. Daugerdas, of Wilmette, Illinois, was sentenced to 180 months in prison, ordered to pay restitution to the IRS of $371,006,397 and ordered to forfeit $164,737,500 in proceeds of the offenses. Daugerdas was convicted in October 2013 of conspiring to defraud the IRS, to evade taxes, commit mail and wire fraud, and corruptly endeavoring to obstruct and impede the internal revenue laws. He was also convicted of four counts of tax evasion relating to the use of various tax shelters for specified clients, and of mail fraud. According to court documents, Daugerdas, a tax attorney and certified public accountant, orchestrated a massive fraudulent tax shelter scheme in which he and his co-conspirators designed, marketed, and implemented fraudulent tax shelters used by wealthy individuals to evade over $1.6 billion in taxes owed to the IRS. Daugerdas hatched the scheme while working at the Arthur Andersen accounting firm and then continued it while a partner at two law firms, Altheimer & Gray and then Jenkens & Gilchrist (J&G). The 20-year scheme generated over $7 billion of fraudulent tax losses and yielded approximately $95 million in fees to Daugerdas personally. In connection with this same scheme, David Parse, a former broker at Deutsche Bank, was sentenced in March 2013 to 46 months in prison. Donna Guerin, a former lawyer at J&G's Chicago tax practice, was sentenced in March 2013 to eight years in prison. Former J&G partner Erwin Mayer, former BDO Seidman Vice Chairman and board member Charles W. Bee, Jr., former BDO principal and former member of BDO Seidman's TSG and Tax Opinion Committee Michael Kerekes, former BDO Seidman Vice Chairman and TSG member Adrian Dicker, BDO Seidman partner Robert Greisman, and BDO

Seidman partner Mark Bloom have all previously been convicted in connection with the scheme.

St. Thomas Man Sentenced for Tax Fraud Conspiracy: On Feb. 2, 2014 in St. Thomas, U.S. Virgin Islands, David Haddow was sentenced to 36 months in prison and ordered to pay $821,094 in restitution to the Virgin Islands Bureau of Internal Revenue and restitution of $1,104,741 to the IRS. Haddow was sentenced for conspiracy to defraud the United States in the collection of taxes and conspiracy to evade and defeat tax due and owing the Virgin Islands. According to court documents, Haddow and co-conspirator, Hansel Bailey, incorporated a business in St. Thomas called Compass Diversified in 2004. In 2005, that company was granted Economic Development Commission tax benefits. Bailey and another co-conspirator marketed a tax-savings scheme that would allow clients of Compass Diversified to claim bogus business deductions on their income tax returns by making payments to Compass, allegedly for management or consulting services. In step one, Compass clients made payments to Compass or wired money directly into Compass' bank account. In step two, Haddow, at the direction of Bailey, transferred by check a substantial portion of that money into the personal bank account of a Compass employee, a native of the Virgin Islands whom Bailey and Haddow convinced to open a personal bank account for the sole purpose of sending tax-free gifts back to Compass clients. Finally, a substantial portion of the original payment was returned by check or wire transfer back to the Compass clients. Compass Diversified never offered consulting or management services to any of their clients even though the clients were encouraged to claim deductions on their tax returns. Bailey was sentenced on Jan. 9, 2014, to 60 months in prison and ordered to pay the same amounts in restitution to the IRS and the Virgin Islands Bureau of Internal Revenue. A third co-conspirator, Dwight Padilla, was sentenced to 15 months in prison and ordered to pay $1,296,941 in restitution to the IRS.

California Businessman Sentenced for Conspiring to Defraud the IRS: On December 5, 2013, in Los Angeles, Calif., Gary Mach, of Palm Desert, Calif., was sentenced to 16 months in prison, two months of house arrest, 18 months of probation and ordered to pay $270,725 in restitution to the IRS. Mach pleaded guilty on August 18, 2013 to conspiracy to defraud the United States. According to court documents, beginning around January 2002 and continuing through December 2010, Mach failed to report substantial income he earned from CSPS, a pool-servicing business operated throughout Riverside County. Mach and others established fictitious trusts which they used to receive income and hold assets in an attempt to conceal the assets and income from the IRS. Mach purported to operate a trust called "Quintessential," and directed that his paychecks be made payable to Quintessential. He also opened a bank account in the name of Quintessential where he deposited CSPS proceeds. Mach did not report to the IRS any of the income he earned from CSPS between 2002 and 2010. In furtherance of the conspiracy, Mach also attempted to impede an IRS summons issued to a bank for business account records by closing his bank accounts. Mach admitted that his total unreported income for the tax years 2002 through 2010 was $1,410,430.

Non-filer Investigations:

Taxpayers who fail to file income tax returns and effectively stop paying income tax, pose a serious threat to tax administration and the American economy. Their actions undermine public confidence in the Service's ability to administer the tax laws fairly and effectively. Criminal Investigation devotes investigative resources to individuals who simply refuse to comply with the law.

Examples of non-filer investigations adjudicated in FY 2014 include:

Former Tennessee Resident Sentenced for Tax Evasion: On January 14, 2014, in Nashville, Tenn., Jimmie Duane Ross, of Lehi, Utah, and formerly of Sevierville, Tenn., was sentenced to 51 months in prison and ordered to pay $532,389 in restitution. On August 7, 2013, Ross was convicted of five counts of tax evasion following a jury trial. According to court documents, Ross won a monetary award of approximately $840,000 in 1999 after arbitration of an employment dispute with a former employer. Ross then filed a false mortgage on his residence, a false lien on his vehicle, dealt extensively in cash, and directed funds to an offshore account in order to avoid paying the full amount he owed in income tax for 1999. In addition, from 2004 through 2007, Ross earned commission income for referring clients to what appeared to be an investment company and evaded his taxes by using nominees and other means.

Certified Public Accountant Sentenced on Tax Charges: On March 17, 2014, in San Jose, Calif., Steven Frank Boitano was sentenced to 41 months in prison and ordered to pay $181,910 in restitution. Boitano pleaded guilty on Aug. 9, 2013, to failing to file federal income tax returns for 2005, 2006, and 2007. On Aug. 19, 2013, a jury convicted Boitano of the three remaining counts in the indictment, charging him with filing false tax returns for 2001, 2002, and 2003. According to evidence presented at trial, Boitano was a certified public accountant and partner with the accounting firm. In this role, Boitano provided tax return preparation and other accounting related services to his clients, and was also responsible for preparing the tax returns for his accounting firm. Boitano's gross annual income from 2001 through 2007 was at least $275,000. Between 1991 and 2007, Boitano failed to timely file his individual federal income tax returns. Instead, he submitted requests for extensions of time, frequently along with partial payments. Thereafter, as the extended due dates for each year passed, Boitano failed to file his tax returns. Boitano was audited by the IRS at least twice between 1991 and 2007. Nevertheless, Boitano continued to fail to file income tax returns. In June 2009, the case was assigned to an IRS revenue agent. During a meeting with the revenue agent on Sept. 4, 2009, Boitano filed federal income tax returns for 2001, 2002, and 2003. On each of these tax returns, Boitano fraudulently reported making estimated tax payments of $26,000, $38,000, and $57,000, respectively, which he never actually made. As a result of these fabricated estimated tax payments, each return claimed a refund to which Boitano was not entitled.

Florida Attorney Sentenced for Failure to File Income Tax Returns: On Sept. 11, 2014, in Miami, Florida, Steven E. Siff, of Davie, was sentenced to 13 months in prison and ordered to pay $924,684 in restitution to the IRS. Siff previously pleaded guilty to three counts of failing to file an income tax return. According to court documents, since at least 1982, Siff worked as an attorney in the Miami office of an international law firm, first as an associate, then as a partner. Siff failed to file personal income tax returns since at least tax year 1997. Between 2001 and 2011, Siff earned approximately $8,248,401 in partnership profits. For tax years 2009 through 2011, Siff failed to make an income tax return reporting gross partnership income of $716,464, $705,967, and $694,449, respectively.

Motivational Speaker Sentenced for Failing to File Income Tax Returns: On July 8, 2014, in Madison, Wisconsin, Eric Plantenberg, of Bend, Oregon, was sentenced to 12 months and one day in prison. On April 15, 2014, Plantenberg pleaded guilty to three counts of failing to file income tax returns for the tax years 2006 through 2008. According to his guilty plea, during the relevant period, Plantenberg earned more than $1.3 million as an owner and president of three self-help companies -- Freedom Personal Development, Freedom Professional Services, and I-Kinetic. Plantenberg failed to pay $367,589 in federal taxes

Employment Tax Fraud:

Employment tax evasion schemes can take a variety of forms. Some of the more prevalent methods of evasion include "pyramiding," employee leasing, paying employees in cash, filing false payroll tax returns or failing to file payroll tax returns. Employment taxes include federal income tax withholding, social security taxes, and federal unemployment taxes. Some business owners withhold taxes from their employees' paychecks, but intentionally fail to remit those taxes to the IRS.

Examples of employment tax fraud investigations adjudicated in FY 2014 include:

Pennsylvania Businessman Sentenced for Tax Crimes: On Aug. 22, 2014, in Philadelphia, Pennsylvania, Harvey G. Bitler, Sr., of Shillington, was sentenced to 46 months in prison and ordered to pay restitution of $5,078,897. Bitler previously pleaded guilty to failing to pay over to the government income taxes, social security taxes and Medicare taxes withheld from his employees' paychecks. According to court documents, Bitler was the owner of Big H Farms and BH Farms in Berks County, Pennsylvania. Big H Farms provided labor for mushroom growing facilities and BH Farms employed salaried employees associated with the operation and management of Big H Farms. The companies withheld Medicare and Social Security taxes (FICA taxes) and income taxes from their employees' paychecks but, between 2007 and 2012, Big H made no payments to the Internal Revenue Service of these withheld taxes. Between 2008 and 2012, BH Farms also failed to pay over all the taxes withheld in the first quarter of 2008, and made no payments to the Internal Revenue Service for the remaining quarters of those years.

Oregon Man Sentenced on Tax Evasion Charges: On Sept. 26, 2014, in Portland, Oregon, Stephen Gregory Nagy, of Hillsboro, Oregon, was sentenced to 19 months in prison and ordered to pay $481,517 in restitution to the IRS. Nagy, who had previously pleaded guilty to tax evasion, was the president of S&S Drywall Assemblies, a company providing drywall services in the construction industry, from January 2005 through September 2011. Nagy conducted extensive business transactions in cash in order to hide funds from the IRS. He obtained the cash by illegally hiring undocumented workers to work on prevailing wage jobs, paying them a small portion of the prevailing hourly rate, and demanding that they kick back the largest portion of their wages to him in cash. Nagy failed to report this cash to the IRS. Nagy also forced some S&S Drywall employees to file for unemployment benefits through the Oregon Employment Department. After the employees filed for unemployment coverage, Nagy fraudulently insisted that they continue to work full-time for S&S Drywall. The unemployment benefits did not fully compensate the employees at a rate equal to their previous S&S Drywall salaries. To make up the deficit, Nagy gave employees cash payments amounting to the difference between the unemployment benefits and their full-time salaries. These cash wages were not reported to the IRS. Nagy also did not withhold federal income taxes, or Social Security and Medicare taxes from these cash payments. Nagy thwarted IRS collection efforts by placing business and personal assets in the names of others, by physically hiding the assets, and by eventually transferring all S&S Drywall Assemblies income, contracts, receivables, and assets to ASM Drywall, Inc., a shell company he created and placed in his sister's name.

Businessmen Sentenced for Tax Fraud: On April 15, 2014 in San Antonio, Texas, Larry Kimes and Charles Pircher were sentenced to 144 months in prison and 132 months in prison, respectively. Both men were each ordered to pay $132 million in restitution for their roles in a tax fraud conspiracy. According to court documents, Kimes was the manager of AccounTex Financial Services, LLC, and Pircher was the manager of a series of Professional Employer Organizations (PEOs) based in San Antonio, including Service Professionals. The PEOs entered into staff leasing agreements with various client companies to manage the companies' payroll and insurance programs. Between 2002 and 2008, the defendants stole more than $130 million from the clients of a series of PEOs. Kimes, Pircher and other co-conspirators diverted to their own use and benefit clients' monies that should have been paid for payroll taxes and insurance premiums.

ILLEGAL SOURCE FINANCIAL CRIMES

The Illegal Source Financial Crimes Program encompasses all tax and tax-related, money laundering and currency violations. These investigations are focused on individuals deriving income from illegal sources, such as dollars obtained through embezzlement, bribery, and illegal gambling operations. The individuals can be legitimate business owners but obtain their income through illegal means. These investigations are also focused on methods through which individuals seek to "launder" their income by making it appear that the income is from a legitimate source. Frequent money laundering techniques include the manipulation of currency reporting requirements, layering of transactions and international movement of funds. In these types of investigations, CI works hand-in-hand with our federal, state, and local law enforcement partners, as well as with foreign tax and law enforcement agencies.

Financial Institution Fraud:

This program addresses criminal violations involving fraud against banks, savings and loan associations, credit unions, check cashers, and stockbrokers. Criminal Investigation is a major contributor in the effort to combat financial institution fraud, and the United States Attorneys' recognize CI's financial investigative expertise in this complex area. The ability to bring income tax and money laundering charges augments prosecutors' effectiveness in combating fraud committed against financial institutions, whether the violators work within or outside of the institution.

Examples of financial institution fraud investigations adjudicated in FY 2014 include:

California Woman Sentenced for Mortgage Fraud Scheme: On May 14, 2014, Pensacola, Florida, Andrea Lorraine Avery, of Los Angeles, California, was sentenced to 84 months in prison and ordered to pay $10,323,369 in restitution to the FDIC as Receiver for Washington Mutual, GMAC Mortgage, SunTrust Mortgage, Wells Fargo Bank, USBank, and others. Avery pleaded guilty in December 2013 to conspiracy to commit fraud, mail fraud affecting a financial institution, and conspiracy to commit money laundering. According to court documents, beginning in 2005 and continuing through 2008, Avery and others entered into contracts to purchase 24 residences located in Florida, Georgia, Louisiana, Texas, and California. Thereafter, fraudulent loan applications were submitted to financial institutions to fund the purchases. In the loan applications, Avery and other borrowers made false statements to the lenders, which included providing false names and social security numbers; overstating the borrower's income and assets; and falsely stating the earnest money deposit was not borrowed. In support of the loans, Avery and other borrowers submitted fraudulent supporting documents to the lenders. Approximately $16 million in loans were issued by the lenders in connection with the fraudulent scheme. Avery and her company received more than $3.5 million in kickbacks as a result of the scheme.

Missouri Man Sentenced in Multi-Million Dollar Mortgage Fraud Scheme: On July 30, 2014, in Springfield, Missouri, Eric Gagnepain, of Nixa, was sentenced to 48 months in prison and ordered to pay $2,911,214 in restitution. Gagnepain pleaded guilty on Jan. 9, 2014, to conspiracy to commit bank fraud. According to court documents, Gagnepain co-owned and operated Greenleaf Companies and all of its subsidiaries, along with Scott Dasal, of Republic, Mo., from 2006 through May 2008. During this time, Greenleaf sponsored real estate investment seminars that were designed to recruit potential investors to apply for mortgage loans for the construction and sale of residential homes. Gagnepain aided and abetted others in the creation and submission of fraudulent mortgage loan documents. These mortgage loan documents contained false statements regarding the true source of monies provided at the time of closing, as well as fraudulently omitting the payment of monies obtained from the sale of the real estate properties. Gagnepain derived more than $1 million in gross receipts from his criminal conduct. The total loss amount resulting from the bank fraud conspiracy is between $2.5 million and $7 million. Dasal was sentenced on Nov. 21, 2013, to 36 months in prison and ordered to pay $2,911,209 in restitution.

Three Sentenced for Conspiracy, Insider Trading and Tax Evasion: On Nov. 2013, in Atlanta, Georgia, Douglas Ballard, Guy Mitchell and Joseph Todd Foster were sentenced for their roles in a conspiracy to commit bribery and bank fraud, insider trading and tax evasion that occurred at the now-failed Integrity Bank. Ballard was sentenced to 30 months in prison and ordered to pay $1,000,000 in restitution. Ballard pleaded guilty on July 6, 2010 to conspiracy to commit bank fraud, bribery and income tax evasion. Mitchell, of Miami, Florida, was sentenced to 60 months in prison and ordered to pay $5,661,650 in restitution. Mitchell pleaded guilty on July 1, 2013 to conspiring to commit bank fraud and bribery. Foster, of Blakely, Georgia, was sentenced to three years of probation. Foster pleaded guilty on July 6, 2010 to securities fraud. According to information presented in court, Ballard, a former Executive Vice-President at the now-failed Integrity Bank, formerly headquartered in Alpharetta, Georgia, received more than $200,000 in cash bribes from Mitchell, the bank's largest borrower. At the same time in 2006, when Ballard was being bribed, he allowed Mitchell to draw more than $7 million from a loan that was supposed to be used for renovation and construction at the Casa Madrona Hotel in Sausalito, California, despite the fact that no renovation or construction work was done. Instead, Mitchell used the money to buy an island in the Bahamas, travel by private jet, purchase Miami Heat basketball tickets, buy fancy jewelry and expensive cars, and a mansion in Coconut Grove, Florida. Mitchell received $20 million in additional business loans from Integrity Bank after the Casa Madrona loan proceeds were exhausted, and he continued to use some of that money for personal expenses. Mitchell defaulted on the loans and Integrity Bank eventually failed. Foster was Integrity Bank's Vice President in charge of Risk Management. He sold nearly all of his Integrity stock in August 2006 based on materially adverse information about the company that was not available to the public. Specifically, Foster knew that the bank was in an increasingly precarious position because of Mitchell's financial difficulties and pending default.

Public Corruption:

Criminal Investigation continues to pursue investigations involving individuals who violate the public's trust. The individuals include both elected and appointed officials from all levels of government, including local, county, state, federal and foreign officials. Public corruption investigations encompass a wide variety of criminal offenses including bribery, extortion, embezzlement, illegal kickbacks, tax fraud and money laundering.

Examples of public corruption investigations adjudicated in FY 2014 include:

Former Detroit Mayor and Others Sentenced in Racketeering Conspiracy: On Oct. 10, 2013, in Detroit, Mich., Former Detroit Mayor Kwame M. Kilpatrick was sentenced to 336 months in prison and contractor Bobby Ferguson was sentenced to 252 months in prison. On October 17, 2013, Kwame's father, Bernard Kilpatrick was sentenced to 15 months. In March 2013, Kwame Kilpatrick was convicted by a jury of 24 counts of extortion, mail fraud, tax violations and racketeering. According to court documents, Kwame M. Kilpatrick used his position as Mayor of Detroit and Michigan State House Representative to execute a wide ranging racketeering conspiracy involving extortion, bribery and fraud. At the heart of the conspiracy was a scheme to use the power and authority of the mayor's office to extort municipal contractors by coercing them to include Ferguson in public contracts and to rig the awarding of public contracts to ensure that Ferguson obtained a portion of the revenue from those contracts. Bobby Ferguson obtained at least $73 million in revenues from municipal contracts through the scheme, a portion of which he shared with his co-conspirators. Bernard Kilpatrick was sentenced for filing false tax returns.

Former New Orleans Mayor Sentenced for Conspiracy, Bribery, Honest Services Wire Fraud, Money Laundering and Tax Violations: On July 9, 2014, in New Orleans, Louisiana, C. Ray Nagin, a resident of Frisco, Texas, was sentenced to 120 months in prison, ordered to pay $84,264 in restitution to the Internal Revenue Service and forfeit $501,200. On Feb. 12, 2014, Nagin was found guilty by jury trial of conspiracy, bribery, honest services wire fraud, money laundering and tax violations. According to court documents, beginning around June 2004, and continuing until around Jan. 18, 2013, Nagin, a former mayor of New Orleans, defrauded the City of New Orleans and its citizens of his honest services through a bribery and kickback scheme. Nagin used his public office and his official capacity to provide favorable treatment to businesses and individuals providing him with bribery and kickback payoffs. In addition, Nagin filed income tax returns for the years 2005, 2006, 2007 and 2008, where he knowingly reported false incomes for those tax years.

Former County District Attorney Sentenced in Connection with South Texas Bribery Scheme: On Feb. 11, 2014, in Brownsville, Texas, former Cameron County District Attorney Armando R. Villalobos was sentenced to 156 months in prison and ordered to pay $339,000 in restitution. In May 2013, a federal jury convicted Villalobos of one count of violating the Racketeer Influenced and Corrupt Organizations

(RICO) Act, one count of conspiracy to violate the RICO Act and five counts of extortion. Evidence presented at trial revealed that from Oct. 2, 2006, through May 3, 2012, Villalobos and others were involved in a scheme to illegally generate income for themselves and others through a pattern of bribery and extortion, favoritism, improper influence, personal self-enrichment, self-dealing, concealment and conflict of interest. Jurors found that Villalobos solicited and accepted over $100,000 in bribes and kickbacks in the form of cash and campaign contributions in return for favorable acts of prosecutorial discretion, including minimizing charging decisions, pretrial diversion agreements, agreements on probationary matters and case dismissals. Furthermore, Villalobos solicited and arranged for private counsel to handle civil and forfeiture matters associated with criminal matters pending in the Office of the District and County Attorney of Cameron County.

Corporate Fraud:

The Corporate Fraud program concentrates on violations of the Internal Revenue Code (IRC) and related statutes committed by publicly traded or private corporations, and/or by their senior executives. Some of the specific criminal acts within a corporate fraud investigation include falsifying and fabricating or destroying company records for the purpose of falsifying tax returns, financial statements or reports to regulatory agencies or investors. It also includes conduct by executives to enrich themselves by attempting to derive unauthorized compensation through unapproved payments or bonuses, payment of personal expenses with corporate funds or bogus loans. Many corporate fraud investigations are joint efforts involving other federal agencies.

Examples of corporate fraud investigations adjudicated in FY 2014 include:

Founder of Bixby Energy Systems Sentenced for Multi-Million Dollar Fraud: On Sept. 25, 2014, in Minneapolis, Minnesota, Robert Allen Walker, founder of Bixby Energy Systems, Inc., was sentenced to 300 months in prison and ordered to pay $57,967,186 in restitution. According to court documents, from 2001 to 2011, Walker was the president, chief executive officer, and chairman of the board at Bixby Energy. In that capacity, he raised more than $43 million from at least 1,800 investors by offering company securities based on false or misleading information about 1) the payment of salaries and commissions to Bixby officers and directors; 2) the operational capability of Bixby's core product, a coal gasification machine; and 3) the prospect of conducting an initial public stock offering. Walker concealed from investors that new investor money was being used to make payments to existing investors and was being diverted to fund Walker's lavish lifestyle. In December 2011, Bixby Energy Systems admitted defrauding investors of between $2.5 and $7 million and took responsibility for the acts of its former officers and agents.

Former Chief Operating Officer Sentenced for Insider Trading, Fraud and Obstruction Of Justice: On May 9, 2014, in Central Islip, New York, Sandra Hatfield was sentenced to 84 months in prison and ordered to forfeit some $1.8 million in illicit profits. Restitution to victims will be determined at a later date. Hatfield, the former Chief Operating Officer of DHB Industries, Inc., and her co-defendant, DHB founder David H. Brooks, were convicted in September 2010 on nine counts of conspiracy, insider trading, securities fraud, and obstruction of justice arising out of a $200 million fraud. Subsequently, Hatfield pleaded guilty to filing a false income tax return. According to court documents, Hatfield and others conspired to loot DHB, a supplier of body armor to the U.S. military and law enforcement agencies. Specifically, Hatfield helped Brooks hide the related party status of Tactical Armor Products and siphon more than ten million dollars from DHB to support a thoroughbred horse-racing business. Hatfield also engaged in accounting fraud schemes designed to increase the net income and profits that DHB reported in its press releases and filings with the Securities and Exchange Commission by falsely inflating the value of DHB's existing inventory, adding non-existent inventory to the company's books and records, and fraudulently reclassifying expenses. Hatfield's co-defendant, Brooks, was sentenced to 204 months in prison and ordered to pay a $8.7 million fine and to forfeit approximately $65 million.

CEO of Debt Collection Agency Sentenced for Role in Multi-Million Dollar Fraud: Scheme: On Dec. 19, 2013, in Bridgeport, Connecticut, Peter Pinto, of East Quogue, New York, was sentenced to 48 months in prison. Pinto pleaded guilty on May 11, 2012 to one count of conspiracy to commit wire fraud, bank fraud and money laundering and wire fraud for his role in a multimillion dollar fraud scheme at Oxford Collection Agency, where Pinto served as Chief Executive Officer. According to court documents and statements made in court, Oxford Collection Agency was a private financial services company that engaged in accounts receivables management, primarily debt collecting. Businesses and other entities contracted with Oxford to collect debts on their behalf. Oxford collected debts from consumers under the pretense that it would report all such collections to its clients and remit the appropriate amount to the client. However, Pinto and other Oxford executives routinely caused Oxford to collect debts that were never remitted to its clients. The co-conspirators referred to these unremitted collections as a client's "backlog." To hide the backlog, co-conspirators would make periodic fraudulent collection reports to certain clients that under-reported the amount of funds collected. Pinto and others diverted various funds from their client remittances and used them for their own needs. Oxford's victims lost more than $10 million as a result of this scheme. The investigation also revealed that Oxford sometimes obtained and retained business with its banking clients by paying bribes and kickbacks to bank officials. Five other Oxford executives have pleaded guilty, including Pinto's father and Chairman of the Board, Richard Pinto. Richard Pinto was sentenced to 60 months in prison. The other defendants await sentencing.

Idaho Contractor Sentenced for Conspiracy, Wire Fraud and Tax Fraud: On Feb. 27, 2014, in Boise, Idaho, Elaine Martin, of Meridian, Idaho, the former president and majority stockholder of MarCon, Inc., was sentenced to 84 months in prison and ordered to pay $98,825 in restitution to the IRS and $32,575 to the Idaho Disadvantaged Business Enterprise (DBE) Program. Prior to sentencing, Martin paid a forfeiture amount of $3,084,038. Martin was convicted on Sept. 19, 2013, of 22 criminal counts, including filing false individual and corporate tax returns, conspiracy to defraud the United States, wire fraud, mail fraud, false statement, interstate transportation of property taken by fraud, conspiracy to obstruct justice and obstruction of justice. According court documents, as early as 1997, Martin concealed a portion of MarCon's business income by diverting customer payments for the sales of used materials into a separate bank account. Neither MarCon nor Martin reported the income received from the used material sales on their tax returns from 1997 through at least 2006. Martin also submitted false and fraudulent applications to have her construction company, MarCon, admitted and/or remain in two different federally funded programs, the U.S. Small Business Administration (SBA) 8(a) Program, and the Department of Transportation DBE Program. Martin took steps to artificially lower her personal net worth, by failing to report all of her income from MarCon, causing MarCon to pay for personal expenses such as renovations and landscaping for her home, and acquiring, holding and transferring assets into the names of nominees in order to appear to be economically disadvantaged. This allowed MarCon to qualify for the DBE and SBA 8(a) programs. Martin also caused false and fraudulent tax returns to be filed for herself and MarCon, Inc., which did not report all of the income received by Martin or the company. The false returns were submitted in support of MarCon's applications to the SBA 8(a) Program and DBE Programs for Idaho and Utah, along with false personal financial statements. Martin omitted, deleted, altered and mis-categorized entries in MarCon's financial books and records. MarCon received more than $2.5 million in government contracts based on the company's fraudulently obtained SBA 8(a) status, and MarCon received more than $15 million in government contracts based on the company's fraudulently obtained DBE status in the states of Idaho and Utah.

Gaming:

Criminal Investigation focuses on the enforcement of tax, money laundering, and related financial crimes to combat illegal activity within the gaming industry, as well as to uncover and shutdown illegal gaming operations. The use of the Internet has greatly increased the reach of domestic and international gaming operations. Illegal gambling operations can be found in a number of different forms, including bookmaking, numbers, online gaming, and some charitable gaming operations. CI's gaming program consists of a two-faceted, proactive approach to industry compliance. First is the investigation of entities suspected of violating tax, money laundering, or related laws. Second are liaison activities with federal, state, and tribal gaming boards, licensing commissions, industry regulators, gaming operators, gaming industry suppliers, and other law enforcement. A critical component of both facets is CI's coordination with the civil functions of the IRS in addressing trends and concerns in the gaming industry.

Examples of gaming investigations adjudicated in FY 2014 include:

Three Conspirators of Russian-American Organized Crime Enterprise Sentenced: On May 8, 2014, in Manhattan, New York, Illya Trincher was sentenced to six months in prison followed by six months' home confinement and ordered to forfeit approximately $6.4 million. On April 29 and April 30, 2014, respectively, in Manhattan, New York, Anatoly Golubchik and Vadim Trincher were each sentenced to 60 months in prison and ordered to forfeit more than $20 million in cash, investments, and real property. The three were charged in April 2013 along with 31 other alleged members and associates of two Russian- American organized crime enterprises in an indictment that included racketeering, money laundering, extortion, and various gambling offenses. According to court documents, the enterprise operated a high-stakes, illegal sports gambling business out of New York City that catered primarily to multi-millionaire and billionaire clients. As part of this business, the organization ran a high-stakes, illegal sports book that utilized several online gambling websites operating illegally in the United States. The organization booked bets that were often in the hundreds of thousands of dollars, and at times a million dollars, on a single sporting event. The organization also made millions of dollars of sports bets each year. Twenty-nine defendants in this case have pleaded guilty, and two have entered into deferred prosecution agreements. The defendants who have pleaded to date have agreed to forfeit, in total, more than $69 million.

Connecticut Man Involved in Organized Crime-Controlled Gambling Ring Sentenced: On Oct. 24, 2013, in Hartford, Connecticut, Richard Uva, of Trumbull, was sentenced to 46 months in prison and ordered to forfeit $250,000. On August 5, 2013, Uva pleaded guilty to one count of conspiring to violate the federal Racketeer Influenced and Corrupt Organizations (RICO) Act. According to court documents, Uva and others were charged with various offenses related to their involvement in an illegal Internet sports bookmaking operation and illegal card gambling clubs. Uva is an alleged associate of the Gambino organized crime family. Uva provided assistance in the operation of a large-scale sports bookmaking business in which gamblers placed bets with offshore Internet sports-gambling web sites. Uva served as the "master agent" for the bookmaking operation and supervised a network of bookmakers. In addition, Uva and others operated a card gambling club, where a house percentage, commonly referred to as a "rake," was collected from every hand played. Uva supervised the club's operation. Uva committed acts of extortion while participating in this racketeering enterprise and collected "tribute" payments from independent sports bookmakers operating in Connecticut. A portion of the payments were delivered to Gambino Family associates in New York. On April 28, 2011, investigators executed a search warrant at Uva's former residence in Stamford and seized approximately $175,000 in cash. To date, 18 defendants involved in the gambling ring have pleaded guilty and agreed to forfeit approximately $1.4 million.

Oklahoma Men Sentenced for Running Illegal Gambling Operation and Money Laundering: On Jan. 17, 2014, in Oklahoma City, Oklahoma, Teddy Dryden Mitchell, of Oklahoma City, was sentenced to 27 months in prison. On July 8, 2013, Mitchell pleaded guilty to running an illegal offshore internet sports betting business and conspiracy to commit money laundering. As part of his plea, Mitchell admitted he conducted, financed, managed, supervised, directed or owned all or part of the gambling business that violated Oklahoma law and that the business was in substantial continuous operation for more than 30 days or had gross revenue of $2,000 or more on any single day. In addition, he admitted that he conspired to launder funds to promote the illegal internet gambling business. Eight other men have been sentenced in connection with this case, with sentences ranging from probation to 16 months in prison. As part of this case, the government also seeks a forfeiture money judgment of over $8.1 million and the forfeiture of multiple tracts of real property, vehicles, and cash held in various accounts.

“Ten-Percenter” Sentenced on Tax Fraud Convictions: On May 16, 2014, in Dallas, Texas, Willie L. Loveless was sentenced to 12 months and one day in prison and ordered to pay $25,826 in restitution. Loveless pleaded guilty in May 2013 to one count of corruptly endeavoring to obstruct and impede the due administration of the Internal Revenue laws and 19 counts of fraud and false statements on Forms W-2G. According to the indictment, “Ten-percenting,” is a practice that occurs at some gambling establishments in which a gambler arranges for another individual to cash the gambler’s "IRS ticket", so that the gambler can avoid paying taxes on the winnings. An “IRS ticket" is a winning ticket that triggers the issuance of a Form W-2G. The person cashing the ticket, often called a “ten-percenter,” completes the Form W2-G, falsely representing that he/she is the owner of the ticket and the proper recipient of the winnings. Usually, the person who cashes the ticket charges approximately ten percent of the winnings for the service. In calendar years 2008, 2009 and 2010, Loveless signed approximately 1445 Forms W2-G at Lone Star Park representing more than $1.76 million in winnings. On those forms, Loveless falsely attested that he was the only person entitled to any part of the winnings and each form signed by Loveless reflected his correct name, address and social security number.

Insurance Fraud & Healthcare Fraud:

The Insurance Fraud Program addresses criminal tax and money laundering violations relative to insurance claims and fraud perpetrated against insurance companies. Insurance fraud covers a wide variety of schemes, including phony insurance companies, offshore/unlicensed Internet companies and staged auto accidents. The Healthcare Fraud Program involves the investigation of individuals who bill healthcare insurance companies for medical expenses never incurred or for unnecessary medical procedures and medical equipment.

Examples of insurance fraud and healthcare fraud investigations adjudicated in FY 2014 include:

Leader of $20 Million Fraud Scheme Sentenced on Conspiracy Charges: On Aug. 18, 2014, in Los Angeles, California, Lianna “Lili” Ovsepian, of Tujunga, was sentenced to 96 months in prison and ordered to pay $9,146,137 in restitution to Medicare and Medi-Cal. In November 2013, Ovsepian pleaded guilty to conspiracy to commit health care fraud and conspiracy to commit identity theft. According to court documents, Ovsepian was the manager and owner of Manor Medical Imaging, Inc., which generated thousands of fraudulent prescriptions for unneeded and expensive anti-psychotic medications for “patients” who were typically low-income beneficiaries of the government-funded health care programs Medicare and Medi-Cal, and who did not need those drugs. The beneficiaries who received the prescriptions were brought to pharmacies, where the prescriptions were filled. The drugs were returned to Manor, the “patients” were given nominal payments (usually around $100), and the drugs were diverted into the black market, where they were sold to other pharmacies and re-billed to health care programs as though the drugs were being dispensed for the first time. The beneficiaries included veterans recruited from dual diagnosis programs for drug addiction and schizophrenia, elderly Medicare beneficiaries whose identities were stolen and homeless beneficiaries recruited from skid row. From September 2009 through October 27, 2011, Medi-Cal and Medicare was billed more than $20 million, and the programs paid more than $9.1 million to pharmacies based on more than 14,000 claims submitted in relation to the scheme

Chiropractor, Office Assistant Sentenced for Conspiracy Along With Multiple Defendants in Staged Automobile Accident Scheme: On Aug. 8, 2014, in Miami, Florida, Lawrence Schechtman, chiropractor, of Parkland, and Sircy Sacerio, aka “Sisi” aka “Sircy Santos”, receptionist and office assistant, of Palm Springs, were sentenced for their participation in an automobile insurance fraud scheme involving staged automobile accidents. Schechtman was sentenced to 52 months in prison and ordered to pay $2,446,906 in restitution. Sacerio was sentenced to 48 months in prison and ordered to pay $1,146,824 in restitution. Both previously pleaded guilty to conspiracy to commit mail fraud and mail fraud. According to court documents, between approximately October 2006 and December 2012, the conspiracy members staged automobile accidents by recruiting individuals to participate in the accidents. The clinic owners caused the submission of false insurance claims through chiropractic clinics that were controlled by members of the conspiracy. To execute the scheme, the true owners of the chiropractic clinics recruited individuals who had the medical or chiropractic licenses required by the state to open a clinic, including Schechtman, to act as "nominee owners" of the clinics. The co-conspirators also hired complicit licensed chiropractors, including Schechtman, who prescribed and billed for unnecessary treatments and/or for services that had not been rendered. Complicit clinic employees, including Sacerio, prepared and submitted claims to the automobile insurance companies for payment for these unnecessary or non-rendered services. Twenty-one clinics participated in this scheme. To date 92 defendants have been charged for their participation in the scheme. Some of the other defendants already sentenced include:

- Elias Sebastian Munguia, clinic owner, was sentenced to 102 months in prison and ordered to pay $3,491,516 in restitution.
- Aleida Capdevila, clinic office manager, was sentenced to 53 months in prison and ordered to pay $1,039,928 in restitution.
- Yenisleydi Ramos, front desk receptionist and secretary, was sentenced to 50 months in prison and ordered to pay $1,666,028 in restitution.
- Juan Francisco Avon, licensed massage therapist, was aentenced to 38 months in prison and ordered to pay $866,801 in restitution.
- Oscar Montiel Martinez, staged accident participant, recruiter and check casher, was sentenced to 76 months in prison and ordered to pay $1,359,208 in restitution.
- Teresita Mena, staged accident participant and check casher, was sentenced to 66 months in prison and ordered to pay $1,321,459 in restitution.

Two Women Sentenced for Using Stolen Identities to Claim Millions from Medicaid: On April 9, 2014, in Charlotte, North Carolina, Victoria Finney Brewton, of Shelby, North Carolina, was sentenced to 111 months in prison and ordered to pay $7,070,426 in restitution to Medicaid and $573,392 to IRS. On April 8, 2014, co-defendant, Rodnisha Sade Cannon, of Charlotte, was sentenced to 102 months in prison and ordered to pay $2,541,306 in restitution. In January 2013, Brewton pleaded guilty to health care fraud and health care fraud conspiracy, aggravated identity theft and filing false tax returns. Cannon pleaded guilty in April 2013 to health care fraud conspiracy, aggravated identity theft, money laundering conspiracy and to attempting to remove property subject to seizure. According to court documents and court proceedings, from 2008 to 2012, Brewton operated a series of after-school and summer childcare programs in Shelby. Brewton recruited juvenile Medicaid beneficiaries through their families to sign up for these programs, promising the programs would be free for Medicaid recipients. Court records show that Brewton stole the Medicaid recipient numbers of some of the children and families who had signed up for the programs and fraudulently billed Medicaid for mental and behavioral health services which were never provided. Brewton was not a Medicaid-approved provider but submitted the fraudulent reimbursement claims through other Medicaid-approved providers, some of whom did not know their information had been compromised. Cannon initially worked as a patient recruiter for Brewton, providing Brewton with the personal information of Medicaid recipients, which Brewton then used to file fraudulent reimbursement claims with Medicaid. Cannon later began running her own similar health care fraud scheme, that attempted to defraud Medicaid in fraudulent reimbursement claims using the stolen identities of patients and therapists. In total, Cannon and her conspirators submitted approximately $4.8 million in false claims.

North Carolina Farmer Sentenced in Million Dollar Crop Insurance Fraud: On Oct. 31, 2013, in Raleigh, North Carolina, Harry Dean Canady, of Lumberton, was sentenced to 72 months in prison and ordered to pay $1,036,516 in restitution. On Dec. 19, 2012, Canady pleaded guilty to conspiracy to make false statements, to make material false statements, and to commit mail and wire fraud; false statements to the Federal Crop Insurance Corporation; aggravated identity theft; felon in unlawful possession of a firearm; and retaliation against a federal official. According to court records, Canady owned and rented farmland in Robeson County, N.C., and produced, among other crops, tobacco, corn, wheat and soybeans. From August 2006 through December 2009, Canady conspired with others to commit fraud to profit through the filing of false, fictitious, and fraudulent federal crop insurance claims, the sale of unreported tobacco and other grains, and to hide the criminal proceeds through payments and sales in nominee names. Canady profited under the scheme because he was paid twice for each pound or bushel of his crop: once through the false crop insurance claim, and also through the sale of the "hidden" tobacco or "hidden" grain. Canady and other co-conspirators misrepresented the truth of farm operations in a variety of documents, including applications, reports of actual production history, acreage reports, and claim forms made and submitted in support of crop insurance coverage. In addition, they submitted claims that failed to truthfully show who had an insurable interest and who really suffered a loss and the extent of that loss which were submitted to the Risk Management Agency, an agency of the United States Department of Agriculture, and private entities. The investigation further revealed that Canady took the criminal proceeds obtained through other acts of aggravated identity theft and federal crop insurance fraud, and engaged in various financial transactions with those funds, including causing his daughter to deposit an $84,655 check into a financial institution and to transfer the funds to an account controlled by him. These funds were derived from the unreported sale of 23,730 bushels of corn in the name of a grandchild.

Bankruptcy Fraud:

According to the United States Bankruptcy Court, there were 963,739 bankruptcy filings in Fiscal Year 2014. Bankruptcy fraud results in serious consequences that undermine public confidence in the system and taint the reputation of honest citizens seeking protection under the bankruptcy statutes. Since the IRS is often a creditor in bankruptcy proceedings, it is paramount that tax revenues be protected.

Examples of bankruptcy fraud investigations adjudicated in FY 2014 include:

California Businessman Sentenced for Complex Bankruptcy Fraud and Money Laundering Scheme: On March 4, 2014, in Sacramento, California, Steven K. Zinnel, of Gold River, was sentenced to 212 months in prison, fined $500,000 and ordered to forfeit real estate and corporate interests worth over $2.8 million for 15 counts of bankruptcy fraud and money laundering. According to court documents, Zinnel and attorney, Derian Eidson, established a shell company, Done Deal, for the purpose of receiving distributions from Zinnel's silent partnership in an electrical infrastructure company. Keeping Done Deal and the Done Deal bank account in Eidson's name allowed Zinnel to conceal his ownership interest from the bankruptcy court and family court during his child support litigation and personal bankruptcy cases. After the successful concealment of the property and the discharge of Zinnel's bankruptcy, Zinnel laundered funds back to himself through Done Deal, Eidson's attorney-client trust account, and her personal bank account. On April 2, 2014, Eidson was sentenced to 121 month in prison and ordered to pay a $200,000 fine for her part in the offense.

New Jersey Woman Sentenced for Bankruptcy Fraud: On December 17, 2013, in Trenton, New Jersey, Marjorie Parise, of Manahawkin, was sentenced to 24 months in prison and ordered to pay $353,404 in restitution. Parise previously pleaded guilty to one count of bankruptcy fraud for concealing from a bankruptcy trustee profits she had made on a Ponzi scheme investment. According to court documents, in 2003, Parise and her husband invested approximately $115,750 with a company known as Global Trading Investments LLC and received in return profits totaling $429,154. However, the owners of Global Trading were operating a Ponzi scheme and the profits that Parise received were actually the investments of other individuals. Global Trading subsequently filed for Chapter Seven bankruptcy protection. On August 24, 2006, a judgment was entered against Parise requiring her to return the profits she had made from her investments in the scheme. Parise instead took numerous steps to fraudulently conceal a significant amount of funds and assets from the trustee, including making false statements and omissions during a deposition in the bankruptcy proceeding. On July 7, 2008, Parise filed for individual Chapter Seven bankruptcy protection. On her bankruptcy petition, she fraudulently failed to report millions of dollars in real estate holdings plus hundreds of thousands of dollars in personal assets.

North Carolina Doctor Sentenced for Tax Offense: On Oct. 3, 2013, in Raleigh, North Carolina, Susan Marie Lee was sentenced to 36 months in prison and ordered to pay $496,854 in restitution to the IRS. Lee pleaded guilty on May 14, 2013 to corrupt interference with the Internal Revenue laws. According to court documents, from 1996 through and 2009, Lee obstructed and impeded the IRS by failing to file income tax returns or pay taxes she claimed to owe, filing false income tax returns, forming sham entities to disguise personal expenses as payments related to her dental practice, and transferring ownership of her real property to nominees. Lee sought to divert her income into sham corporations and hide her assets from seizure. Finally, in 2009, she filed for bankruptcy in an effort to discharge nearly $1 million in tax debt due and owing to the IRS.

INTERNATIONAL OPERATIONS

The immense growth in the utilization of global financial markets presents new challenges to tax administration worldwide. IRS-CI's Office of International Operations (IO) promotes a comprehensive international strategy in responding to global financial crimes and provides support in combating offshore tax evasion. Since the means to evade taxes and commit fraud is not limited by sovereign borders, international collaboration is vital to CI's efforts to combat offshore tax evasion and fraud committed by individuals.

Criminal Investigation has special agent attachés strategically stationed in 10 foreign countries. Attachés continue to build strong alliances with our foreign government and law enforcement partners. These strong alliances provide IRS-CI with the ability to develop international case leads and to support domestic investigations with an international nexus. Criminal Investigation attachés are especially focused on promoters from international banking institutions who facilitate United States taxpayers in evading their United States tax requirements. There are several senior analyst assigned to HQ that are responsible for managing program areas designed to generate investigative leads.

The growth of the IRS-CI footprint internationally has increased the opportunities for case development. The International Lead Development Center (ILDC) is specifically tasked with conducting research on potential international criminal investigations. In addition, CI has personnel assigned to Interpol and the International Organized Crime Intelligence and Operations Center (IOC-2) to combat the threats posed by international criminal organizations, assist in joint investigations and the apprehension of international fugitives.

As part of International Operations, the Narcotics and Counterterrorism section provides policy guidance and operational coordination support to the field for the investigation of domestic and international narcotics traffickers and related money laundering organizations and investigations of individuals and organizations believed to be involved in, or supporting, terrorist activities. Examples of international investigations adjudicated in FY 2014 include:

Swisspartners Group Agrees to Pay $4.4 Million to Resolve Criminal Tax Investigation: On May 9, 2014, in Manhattan, New York, Swisspartners Investment Network AG, a Swiss-based asset management firm, and three of its wholly-owned subsidiaries (collectively, the "Swisspartners Group"), agreed to pay $4.4 million to the United States and provide approximately 110 client files for non-compliant U.S. taxpayers. Swisspartners Group admitted that it assisted certain U.S. taxpayers in maintaining undeclared foreign bank accounts in order to evade their U.S. tax obligations.

According to court documents, from about 2001 through about 2011, Swisspartners Group helped certain U.S. taxpayers conceal from the IRS by creating sham foundations and other sham entities that served as the nominal account holders; placing accounts or insurance policies in the names of non-U.S. nationals; facilitating the transportation of large amounts of cash into the United States on behalf of U.S. taxpayer-clients; and arranging for the bulk deposit of cash at Swiss depository financial institutions on behalf of U.S. taxpayer-clients.

Credit Suisse Pleads Guilty to Conspiracy to Aid and Assist U.S. Taxpayers in Filing False Returns: On May 19, 2014, in Washington, District of Columbia, Credit Suisse AG pleaded guilty to conspiracy to aid and assist U.S. taxpayers in filing false income tax returns and other documents with the IRS. Credit Suisse agreed to pay a total of $2.6 billion - $1.8 billion to the Department of Justice for the U.S. Treasury, $100 million to the Federal Reserve, and $715 million to the New York State Department of Financial Services. Credit Suisse had earlier paid approximately $196 million in disgorgement, interest and penalties to the Securities and Exchange Commission (SEC) for violating the federal securities laws by cross-border brokerage and investment advisory services to U.S. clients without first registering with the SEC. According to court documents, Credit Suisse acknowledged that, for decades prior to and through 2009, it operated an illegal cross-border banking business that knowingly and willfully aided and assisted thousands of U.S. clients in opening and maintaining undeclared accounts and concealing their offshore assets and income from the IRS. The investigation has also led to indictments of eight Credit Suisse executives since 2011; two of those individuals have pleaded guilty so far.

Greek National Sentenced for Role in Multi-Million Dollar Scheme to Defraud Developers: On Sept. 9, 2014, in Boston, Massachusetts, Evripides Georgiadis, of Larisa, Greece, was sentenced to 102 months in prison and ordered to pay $8.4 million in restitution. In May 2014, Georgiadis was convicted of conspiracy to commit wire fraud, 11 counts of wire fraud and conspiracy to commit money laundering. According to court documents, between 2007 and 2011, Georgiadis participated in a conspiracy to defraud developers who were seeking financing for large-scale alternative energy and commercial projects by pretending to be a representative of a multi-billion dollar fund located in Luxembourg. Georgiadis and his co-conspirators convinced developers to give deposits between $300,000 and $1 million to this fraudulent fund with the promise that the deposit would be fully refundable. Georgiadis and his co-conspirators spent and transferred the developers' deposit money out of the country, and the fraudulent fund never financed any projects. Over $7 million was stolen from victims, including $600,000 which had originally been provided by a financial adviser, Sean Mansfield. Mansfield, in turn, had stolen the funds from his clients. In 2011, Mansfield was sentenced to 60 months in prison for defrauding his clients. Georgiadis's co-defendants, John Condo, Frank Barecich, and Michael Zanetti, have all been sentenced to prison. Condo and Barecich were sentenced to 90 months and 12 months in prison, respectively. Zanetti was sentenced to 37 months in prison.

The following table provides IRS-CI's International Operations statistics over the past three fiscal years:

	FY 2014	FY 2013	FY 2012
Investigations Initiated	226	284	211
Prosecutions Recommendations	203	214	196
Indictments/Informations	199	184	153
Convictions	150	149	110
Incarceration Rate	80.0%	70.4%	87.9%
Average Months to Serve	57.9	72.8	71

Narcotics and Counterterrorism

Criminal Investigation's (CI) Narcotics and Counterterrorism Program support the goals of the President's Strategy to Combat Transnational Organized Crime, the U.S. National Drug Control Strategy, the National Money Laundering Strategy, and the U.S. Government's National Counterterrorism Strategy. CI contributes to the strategies by seeking to reduce or eliminate the profits and financial gains of individuals, entities, and Transnational Criminal Organizations (TOC) involved in the financing of terrorism, narcotics trafficking, and money laundering. CI Special Agent's expertise in "following the money" is vital to fulfilling the goals of U.S. government narcotics and counterterrorism strategies. CI special agents utilize their unique financial investigative expertise to follow the money trail, tracing the profits from an illegal activity back to an individual or criminal organization.

CI is an integral partner in combatting the trafficking of narcotics and the financing of terrorism by investigating criminal violations of the Internal Revenue Code, Bank Secrecy Act and Federal Money Laundering statutes. Since its inception in 1982, CI has participated in the Organized Crime Drug Enforcement Task Force (OCDETF) program by focusing its narcotics efforts almost exclusively on high-priority OCDETF cases where its contributions have the greatest impact. The Fiscal Year 2014 (FY14) goal for CI's Direct Investigative Time (DIT) in narcotics investigations ranged between 10.5-12% of the agency's total DIT. At fiscal year-end, CI achieved its goal with a final rate of 11.4% of DIT charged to narcotics investigations. In addition, the FY14 goal of 90% of all narcotics investigation dedicated to the OCDETF program was reached with a final 91.2%.

CI's Narcotics Program also supports the National Drug Control Strategy and the National Money Laundering Strategy through the assignment of CI personnel to the White House Office of National Drug Control Policy as well as the assignment of personnel to multi-agency task forces, including OCDETF, OCDETF Fusion Center (OFC), High Intensity Drug Trafficking Area (HIDTA), High Intensity Financial Crimes Area (HIFCA), Drug Enforcement Administration Special Operations Division, (SOD), and the El Paso Intelligence Center (EPIC).

The goals of the U.S. Government's National Counterterrorism Strategy are guided by several key principles, including but not limited to harnessing every tool at the U.S. Government's disposal, including intelligence, military, and law enforcement. CI Special Agent's expertise in "following the money" is vital to the strategy's goal to disrupt, dismantle, and prosecute individuals, entities, and TOC groups that finance terrorism. CI contributes to the strategy's goal by having its special agents use their financial investigative expertise to identify and investigate terrorism financing schemes.

CI also supports the U.S. Government's National Counterterrorism Strategy by assigning personnel to a number of FBI-led Joint Terrorism Task Forces (JTTF). Due to CI's mission and current limited resources, it's unable to participate in all of the JTTFs. However, CI plays a prominent role in many investigations of individuals and organizations believed to be involved in or supporting international terrorist activities. During FY14, CI partnered with IRS's Tax Exempt and Government Entities (TEGE) to identify then investigate and/or sanction tax exempt, 501(c)(3), entities that are knowingly facilitating the financing of terrorist activity through their entity's financial infrastructure. Furthermore, CI's Counterterrorism Center (CTC) proactively develops terrorism related investigative leads for investigation by CI special agents. The CTC also provides investigative support to CI special agents that investigate terrorism cases.

Examples of narcotics investigations adjudicated in FY 2014 include:

Former Hip-Hop Manager, Leader of Drug Trafficking Organization Sentenced to Life in Prison: On Oct. 25, 2013, in Brooklyn, New York, James Rosemond, aka Jimmy Henchman, was sentenced to mandatory life in prison and ordered to forfeit $10 million, along with property worth approximately $4 million. Rosemond was sentenced for leading a continuing criminal enterprise (the "Rosemond Organization") that distributed thousands of pounds of cocaine, numerous narcotics conspiracy offenses, firearms possession, money laundering, structuring and obstruction of justice. In May 2012, Rosemond was convicted of all 13 counts in his indictment, following a three-week jury trial. According to court documents, Rosemond was the leader of a large-scale, bi-coastal narcotics-trafficking organization that shipped cocaine from Los Angeles, California, to the New York City metropolitan area and shipped cash proceeds from narcotics sales back to Los Angeles. During the investigation, federal law enforcement agents made multiple seizures of drugs, money, firearms and tools of the narcotics distribution trade belonging to the Rosemond Organization. In total, law enforcement seized over $2.8 million of the Rosemond Organization's drug proceeds. To date, as a result of this investigation, 19 members and associates of the Rosemond Organization have been convicted.

Texas Drug Dealer Sentenced for Drug Trafficking, Money Laundering: On Dec. 11, 2013, in Brownsville, Texas, Julio Cesar Cardenas received four life sentences in prison for conspiracy to possess with intent to distribute illegal drugs and money laundering. Cardenas was convicted by jury on May 31, 2013. According to the evidence and testimony presented in court, around January 2010 and continuing until about September 17, 2012, Cardenas led a drug trafficking organization. The organization distributed cocaine and marijuana through commercial freight lines to numerous states. After the marijuana and cocaine was sold in these states, Cardenas directed the illegal money remitting of the transportation costs and drug proceeds of the narcotics back to the Brownsville area by utilizing cash deposits in bank accounts in the names of other individuals and co-conspirators. Branch banks were utilized in the receiving states with the money to be withdrawn by the co-conspirators in Brownsville on a regular basis. Testimony at trial demonstrated that Cardenas engaged in numerous drug trafficking and illegal money remitting conversations in March, April and June 2011.

Dominican Republic Brothers Sentenced for Tax Fraud and Drug Conspiracy: On Dec. 30, 2013, in Anchorage, Alaska, Joel Santana-Pierna and Abel Santana-Pierna, citizens of the Dominican Republic residing in Alaska, were sentenced to 135 months and 72 months in prison, respectively. In addition, they were ordered to pay $559,755 in restitution to the IRS and agreed to forfeit approximately $130,000. The Santana-Pierna brothers both previously pleaded guilty to conspiracy to distribute cocaine and conspiracy to defraud the government. According to court documents, from January 2010 to March 2012, Joel Santana-Pierna led his conspirators, including his brother Abel, in importing and distributing cocaine in the Anchorage area. In addition to their cocaine smuggling scheme, the Santana-Pierna brothers conspired to use more than 3,000 stolen Puerto Rican identities to file false income tax returns and obtain large income tax refunds to which they were not entitled.

Multiple Defendants Sentenced for International Money Laundering Conspiracy: On Mar. 31, 2014, in Anchorage, Alaska, Claritza Natera, Joel Paredes Henriquez and Nerido Paredes Henriquez were sentenced for their roles in an international conspiracy to launder the proceeds of drug trafficking:

- Claritza Natera was sentenced to 24 months in prison and ordered to forfeit $239,990 after previously pleading guilty to international money laundering.

- Joel Paredes Henriquez was sentenced to four years of probation and ordered to forfeit $25,500 after previously pleading guilty to being a member of an international money laundering conspiracy.

- Nerido Paredes Henriquez was sentenced to three years of probation and ordered to forfeit $15,400 after previously pleading guilty to structuring financial transactions.

Two co-defendants were previously sentenced as follows: On Mar. 27, 2014, Randin Paredes Henriquez was sentenced to time-served in jail after previously pleading guilty to international money laundering. On Mar. 14, 2014, Concepcion Egea was sentenced to four years of probation and fined $5,000. Egea previously pleaded guilty to structuring financial transactions to avoid the currency reporting requirements.

According to court documents, in 2010 and 2011, Natera repeatedly deposited currency that she knew were proceeds of drug trafficking into her bank account in Alaska and then immediately wired the funds to persons in the Dominican Republic. Joel Paredes Henriquez deposited cash that he received from a man he knew to be an illegal alien and a cocaine dealer into his bank account. He wired over $25,000 to the Dominican Republic. Nerido Paredes Henriquez and others made several currency deposits at different bank branches to avoid the currency transaction reporting requirements. Randin flew from Anchorage to Philadelphia enroute to the Dominican Republic. Customs agents discovered that he was smuggling cash, which he admittedly knew to be the proceeds of cocaine trafficking in Alaska. Cash in the amount of $55,720 was seized and forfeited to the United States. Randin, Joel and Nerido Paredes Henriquez are lawful permanent residents of the United Sates, but remain citizens of the Dominican Republic. Egea and Natera are naturalized U.S. citizens, and were formerly citizens of the Dominican Republic.

Worldwide Drug Trafficker Sentenced: On Feb. 20, 2014, in Sacramento, California, Shiraz Malik, a Pakistani national residing in Warsaw, Poland, was sentenced to 180 months in prison. Malik was arrested at the Prague International Airport on Sept. 8, 2011, and was extradited on June 22, 2012, from the Czech Republic to the United States. He pleaded guilty on Oct. 7, 2013 to conspiring to distribute controlled substances and listed chemicals, conspiring to import controlled substances and ephedrine into the United States, and conspiring to launder money. According to court documents, from June 1, 2008, through Sept. 8, 2011, Malik sold pharmaceuticals and highly regulated pre-cursor chemicals to customers in the United States, Europe and other countries and conspired to launder the profits of that activity. Malik took orders from customers via the Internet and coordinated with people in Pakistan to fill the orders. In the course of the three-year investigation, law enforcement agents made eight undercover purchases of various drugs from Malik that were shipped from a post office in Lahore, Pakistan to addresses in the Sacramento area. In each instance, the purchase request was sent to Malik via email and payment instructions were sent by Malik to the undercover agent. Malik maintained at least two bank accounts in Poland that he used to receive payments for Internet drug purchases from undercover agents.

Leader of Chicago Street Gang Sentenced for Drug Trafficking, Money Laundering: On March 24, 2014, in Chicago, Illinois, Damian Rivera was sentenced to 264 months in prison and fined $5,000. Rivera pleaded guilty on Aug. 8, 2013 to conspiracy to possess and distribute a controlled substance, unlawful possession of a firearm by a felon, and conspiracy to commit international money laundering. According to court documents, Rivera and others were involved in narcotics and firearms trafficking. In all, 43 members and associates of the Latin Kings were indicted on Federal and State narcotics, weapons, and money laundering charges. As a leader of Drug Trafficking Organization, Rivera was responsible for organizing the narcotics operation that was responsible for the sale of large quantities of heroin in and around Chicago. In addition to negotiating with sources of supply and receiving heroin shipments, Rivera also delivered and sold narcotics, often times distributing wholesale quantities of product. Rivera would then either collect narcotics proceeds himself or direct others to collect heroin proceeds. He also directed others to send narcotics cash proceeds to Mexico via wire transfers which constituted repayments for heroin that Rivera was "fronted" or obtained on credit.

Head of International Narcotics Trafficking and Money Laundering Organization Sentenced: On Sept. 29, 2014, in Miami, Florida, Alvaro López Tardón, of Miami Beach and Madrid, Spain, was sentenced to 150 years in prison, a $14 million forfeiture money judgment and $2 million fine. Tardón was also ordered to forfeit a significant number of assets, including luxury real estate, cars and bank accounts. Tardón was convicted on one count of conspiracy to commit money laundering and 13 substantive counts of money laundering. Tardón was the head of an international narcotics trafficking and money laundering syndicate that distributed over 7,500 kilograms of South American cocaine in Madrid and laundered over $14,000,000 in narcotics proceeds in Miami by buying high-end real estate, luxury and exotic automobiles and other high-end items. The proceeds were smuggled into Miami by couriers through Miami International Airport, wire transferred to South Florida by co-conspirators via MoneyGram and Western Union, wire transferred to third parties internationally on behalf of Tardón, and wire transferred directly to Tardón and his co-conspirators in Miami through Tardón's exotic car dealership and other companies controlled by him located in Madrid, Spain.

Examples of counterterrorism investigations adjudicated in FY 2014 include:

Man Sentenced for Sending Money to an Organization with Terrorist Ties: On October 7, 2013, in Kansas City, Missouri, Khalid Ouazzani, a naturalized U.S. citizen from Morocco, was sentenced to 168 months in federal prison for his role in a money-laundering conspiracy and material support to the terrorist organization al-Qaeda. According to court documents, he used his business, Truman Used Auto Parts to obtain a line of credit, launder money, and commit bank fraud. The investigation began with the bank fraud allegation that Ouazzani obtained a $175,000 line of redit/commercial loan from Union Bank in April 2007. Ouazzani submitted false financial information about himself and the company to obtain the loan and used substantial amounts of the loan proceeds for various personal purposes. Ouazzani used a portion of the funds to purchase an apartment in the United Arab Emirates, which he later sold for a profit of approximately $17,000. Ouazzani requested a co-conspirator to pay this $17,000 to al Qaeda.

Texas Couple Sentenced for Violating Presidential Embargo Against Iran: On Nov. 19, 2013, in Portland, Oregon, Hossein Lahiji and Najmeh Vahid Dasterjerdi, aka Najmeh Lahiji, from McAllen, Texas, were both sentenced to 12 months and one day in prison and ordered to jointly pay $973,503 in restitution to the IRS. In addition, Lahiji and Dasterjerdi were each ordered to pay $200,000 in fines and forfeit an additional $600,000. In June 2013, Lahiji and Dasterjerdi were convicted of conspiracy to defraud the United States and money laundering. According to court documents, Lahiji and Dasterjerdi conspired to impede and impair the functions of the IRS in the collection of income taxes and the Office of Foreign Assets Control of the Treasury Department in the enforcement of the Presidential Embargo against Iran. Lahiji and Dasterjerdi provided funds to a Portland charity, the Child Foundation, between 1998 and 2006. The foundation, in turn, provided receipts documenting the charitable donations then transferred the funds to Iran. Lahiji and Dasterjerdi did, in fact, claim charitable deductions. However, some of the funds were used to purchase a building in Tehran in the name of Hossein Lahiji's sister. Additional funds were used to invest in an interest-bearing account in an Iranian bank or committed to be spent at the discretion of an Iranian Ayatollah. Many of the uses of the funds violated the Presidential embargo against Iran, instituted in 1995.

MONEY LAUNDERING AND BANK SECRECY ACT (BSA)

In partnership with other law enforcement agencies and the Department of Justice, Criminal Investigation seeks to protect the United States financial system through the investigation and prosecution of individuals and organizations that are attempting to launder their criminally derived proceeds. Criminal Investigation also seeks to deprive individuals and organizations of their illegally obtained cash and assets through effective use of the federal forfeiture statutes. In most money laundering cases, the money involved is earned from an illegal enterprise and the goal is to give that money the appearance of coming from a legitimate source. Money laundering is one means by which criminals evade paying taxes on illegal income by concealing the source and the amount of profit.

Virtual Currency: During Fiscal Year 2013, Criminal Investigation began pursuing investigations in the new program area of virtual currency. Virtual currency is considered any medium of exchange that operates like a fiat currency but does not have legal tender status in any jurisdiction. As with any money, virtual currency can be used in a wide variety of crimes involving tax fraud, money laundering, and other financial crimes. During Fiscal Year 2014, IRS-CI had a substantial role in the investigation that led to a criminal complaint and shut down of the Silk Road. IRS-CI also played a substantial role in a spinoff investigation related to the Silk Road that led to the criminal complaint and guilty plea of Charlie Shrem. Both of these investigations involved a significant component of virtual currency.

In Fiscal Year 2015, IRS-CI will continue to focus on financial crimes that involve virtual currency by collaborating with FinCEN and other federal law enforcement agencies to identify the movement of illegal monies utilizing virtual currency. In addition, IRS-CI will continue its collaboration efforts with other Business Operating Divisions (BOD) within IRS to include SB/SE and LBI. IRS-CI will work with the BODs to evaluate the effect of the virtual currency guidance issued by IRS in March 2014 and to investigate those individuals who use virtual currency as a tool to evade taxes.

Bank Secrecy Act

The Bank Secrecy Act (BSA) mandates the reporting of certain currency transactions conducted with a financial institution, the disclosure of foreign bank accounts, and the reporting of the transportation of currency across United States borders. Through the analysis of BSA data, CI has experienced success in identifying significant and complex money laundering schemes and other financial crimes. Criminal Investigation is the largest consumer of BSA data.

The Criminal Investigation BSA Program has grown substantially since its inception in the early 2000s when we helped establish the initial 41 Suspicious Activity Report Review Teams (SAR-RT). The mission then, as it is today, was to scrutinize BSA data to identify and target significant illicit financial criminal activity. The current BSA program is comprised of participation in 94 SAR-RTs (one in each judicial district and led by the responsible U.S. Attorney Office), and sponsorship and management of approximately 50 Financial Crimes Task Forces (FCTF) throughout the country. The FCTF involves collaboration between CI and state or local law enforcement agencies for the purpose of identifying and investigating specific geographic area illicit financial crimes, including BSA violations, money laundering, narcotics trafficking, terrorist financing and even tax evasion. Over 150 state or local agencies have joined FCTFs across the country and have detailed over 350 law enforcement officers to become Task Force Officers. The Task Force Officers are granted the authority to investigate money laundering and BSA violations under the direction of IRS-CI.

In addition, during Fiscal Year 2014, CI hosted two bank forums to help strengthen relationships with officials within the financial industry. The bank forums provide an opportunity for CI and the Anti-Money Laundering officials to discuss emerging trends of criminal activity.

Examples of money laundering investigations adjudicated in FY 2014 include:

Texas Man Sentenced on Drug and Money Laundering Charges: On Nov. 12, 2014, in Laredo, Texas, Enrique Mendez, of Laredo, was sentenced to 405 months in prison. Mendez was convicted on July 30, 2013, by a jury trial on drug conspiracy, money laundering conspiracy and four substantive counts of laundering U.S. currency in amounts ranging from $200,468 to $999,465. During the course of the investigation that led to the conviction, agents seized more than $7.5 million in drug proceeds and more than 450 kilograms of cocaine. Agents also seized a drug ledger that attributes the movement/distribution of approximately 12,500 kilograms of cocaine and $41.9 million in drug proceeds by Mendez and other co-conspirators.

Three Chiropractors Sentenced in Staged Automobile Accident Scheme: On Oct. 14, 2014, in West Palm Beach, Florida, three chiropractors were sentenced for their participation in a massive staged automobile accident scheme based in Palm Beach and Miami-Dade Counties. Kenneth Karow, of West Palm Beach, was sentenced to 132 months in prison; Hermann J. Diehl, of Miami, was sentenced to 108 months in prison; and Hal Mark Kreitman, of Miami Beach, was sentenced to 96 months in prison. Karow was convicted of 48 counts of mail fraud and 11 counts of money laundering. Diehl was convicted of two counts of mail fraud and three counts of money laundering. Kreitman was convicted of 21 counts of mail fraud and two counts of money laundering. According to the evidence presented at trial, between October 2006 and December 2012, the defendants and their co-conspirators staged automobile accidents and caused the submission of false insurance claims through chiropractic clinics they controlled. To execute the scheme, the true owners of the chiropractic clinics allegedly recruited individuals, who had the medical or chiropractic licenses required by the state to open a clinic, to act as "nominee owners" of the clinics. The defendants also recruited individuals to participate in the staged accidents, and others to help the clinics launder the insurance proceeds. The defendants also hired complicit chiropractors, including Diehl, Karow and Kreitman, and therapists who prescribed and billed for unnecessary treatments and/or for services that had not been rendered. Thereafter, complicit clinic employees prepared and submitted claims to the automobile insurance companies for payment for these unnecessary or non-rendered services.

Three Sentenced in Illegal Gambling Operation in Guam: On Oct. 8, 2014, in Hagatna, Guam, three individuals were sentenced in a criminal conspiracy to conduct an illegal gambling business at the former MGM Spa in Tamuning. Jimmy Hsieh was sentenced to 24 months in prison and ordered to pay a $423,640 money judgment of forfeiture. In addition, Hsieh agreed to forfeit $178,113 from personal accounts and that three of his condos are subject to possible forfeiture proceedings. Hsieh pleaded guilty to gambling conspiracy and money laundering. William Perez, the manager and supervisor of the MGM poker operation in 2010, was sentenced to six months in prison, six months home confinement for conspiring to operate the illegal gambling business. Pauline Perez was sentenced to one year of probation and community service. According to court documents, from at least January 2006 until December 2010, the defendants conspired to offer card games of chance, including baccarat and poker, at the MGM Spa building. The defendants took a percentage of the winnings from each game. They knowingly conducted financial transactions involving the proceeds from the illegal gambling operation.

Georgia Man Sentenced for Fraud Scheme: On June 25, 2014, in Peoria, Illinois, Kenneth Lewis of Augusta, Georgia and Cranford, New Jersey, was sentenced to 271 months in prison and ordered to pay $5,565,406 in restitution. Lewis was convicted of four counts of wire fraud and 11 counts of money laundering. According to court documents, beginning in the late 1990s, Lewis offered investors the ability to generate income through highly secretive overseas financial transactions. He obtained more than $5.5 million from victims to cover his living expenses while he was purportedly working on completing the details of non-existent transactions. Lewis told investors that he had been living in Zurich, Switzerland for seven years working on the transaction, when, in fact, he was living in a hotel in New Jersey, where he was arrested in July 2012.

Tulsa Man Sentenced for Money Laundering Conspiracy: On June 24, 2014, in Tulsa, Oklahoma, Moises Alberto Yanez was sentenced to 240 months in prison for conspiracy to commit money laundering. According to court documents, from June 2011 through November 2012, Yanez admitted to making rental payments on two properties in Tulsa that were rented for the purpose of storing and distributing marijuana and methamphetamine. Yanez also admitted to making the rental payments using money he received from selling marijuana and methamphetamine, which he and other conspirators received from California, Texas, and elsewhere.

Father and Son Sentenced for Bank Fraud and Money Laundering: On Jan. 23, 2014, in Pensacola, Floriaa, Gary Wayne Thomas, of Daphne, Alabama, and his son, Brian Keith Thomas, of Birmingham, Alabama, were sentenced to 72 months and 24 months in prison, respectively. Both men were charged with conspiracy to structure cash withdrawals and structuring cash withdrawals to avoid the Currency Transaction Reporting (CTR) requirement, conspiring to commit bank fraud and conspiracy to commit money laundering. Gary Thomas was also charged with money laundering, failure to appear, possession of a firearm and ammunition by a person under indictment, and possession of a firearm and ammunition by a fugitive from justice. Brian Thomas went to trial during the week of July 22, 2013, and was convicted of all counts. Gary Thomas pleaded guilty to all charges on Oct. 30, 2013. The evidence showed that between January 1, 2008, and Nov. 1, 2008, Gary Thomas and Brian Thomas caused approximately $4,550,000 to be deposited into their domestic bank accounts and then wired to offshore bank accounts in the Cayman Islands and Belize. Shortly thereafter, Gary Thomas stopped making payments on the loans he and his various entities had obtained from a bank. The total amount of the loans was approximately $56 million. In the summer of 2009, the bank filed civil suits against Gary Thomas on these loans. In a three-year period between 2010 and 2013, Gary Thomas wired approximately $2,150,000 from the offshore banks into several domestic accounts including five accounts that Brian Thomas opened in banks. Thereafter, the father and son conspired to structure withdrawals of cash under $10,000 to avoid the CTR requirement and to hide Gary Thomas's interest in the funds from his creditor bank. The structured withdrawals were done on roughly 194 occasions and totaled more than $1.6 million. Gary Thomas used some of these funds to purchase five airplanes, numerous vehicles, and homes. Thus far, the government has successfully forfeited the five airplanes; approximately $387,413 in cash, which represents the proceeds of the sale of the home in Fairhope, Alabama; and a $60,000 Hyundai Equus. The government has also obtained monetary judgments of forfeiture against Gary and Brian Thomas in the amounts of $4,970,000 and $1,197,148 respectively.

International Fugitives Sentenced for Asset Tracing Scheme: On Jan. 16, 2014, in Newport News, Virginia, Elaine White, formerly of Toronto, Canada, and her husband, Cullen Johnson, were both sentenced to 66 months in prison and ordered to pay $1,021,738 in restitution for their role in an international asset tracing scheme. Johnson and White pleaded guilty to participating in a conspiracy to engage in money laundering. According to court documents, starting in 2006, Johnson and White owned and/or operated an asset location business called "Internal Affairs," "World Solutions" and then "Occipital." Clients seeking to locate funds that had been stolen from them or who believed that relatives or former spouses had hidden money or were otherwise trying to trace lost, missing or stolen assets, hired White and Johnson to investigate the location of such assets. White and Johnson then produced reports of information which purported to contain financial and other information subject to the clients' requests. Rather than providing valid information, White and Johnson provided the client-victims with fabricated banking records, purporting to show that the assets or money that clients sought had been moved from one banking institution to another in locations such as Monaco, Greece, Hong Kong, Switzerland, Latin America and the Caribbean. For additional payments, White and Johnson claimed that they could continue to trace the funds to their final destination. On any occasion where the client-victims determined that the information provided by the defendants was false, the defendants claimed that the information was valid and accused the client-victims or their representatives of improperly trying to collect the funds. Court documents also state that, in or about 2009, White and Johnson were charged by the Ontario Provincial Police in Canada with crimes related to this asset tracing fraud. The couple fled Canada, traveling first to the Bahamas, and then to the Turks & Caicos Islands, where they continued to operate this fraudulent asset tracing business on United States and Canadian victims. The couple resided there until they were apprehended by Turks & Caicos authorities. All told, the couple solicited more than $1,000,000 from United States and Canadian victims, including about $500,000, which they wired to one of their co-conspirators.

The following tables provide IRS-CI's money laundering and Bank Secrecy Act (BSA) statistics over the past three fiscal years:

Money Laundering Investigations	FY 2014	FY 2013	FY 2012
Investigations Initiated	1312	1596	1663
Prosecution Recommendations	1071	1377	1411
Indictments/Informations	934	1191	1325
Sentenced	785	829	803
Incarceration Rate	82.2%	85.4%	84.7%
Average Months to Serve	66	68	64

Bank Secrecy Act (BSA) Investigations	FY 2014	FY 2013	FY 2012
Investigations Initiated	809	922	923
Prosecution Recommendations	677	771	683
Indictments/Informations	608	693	575
Sentenced	535	453	342
Incarceration Rate	74.8%	70.6%	76.6%
Average Months to Serve	35	36	40

BSA statistics include investigations from Suspicious Activity Report (SAR) Review Teams, violations of BSA filing requirements, and all Title 31 and Title 18-1960 violations.

Frivolous Arguments Working Group

In Fiscal Year 2013, Criminal Investigation created a working group to develop recommendations on tracking investigations and sharing information about potential safety concerns against the law enforcement community, IRS employees and other government officials. Some members of the sovereign citizen movement espouse frivolous arguments opposing the tax laws, as well as other laws.

Examples of frivolous argument investigations adjudicated in FY 2014 include:

Former Dentist Sentenced for Tax Evasion: On Aug. 15, 2014, in Great Falls, Montana, James Zander, a former dentist, was sentenced to 40 months in prison for tax evasion. According to court filed documents, from 2002 to 2010, Zander evaded his 2001 tax liability through several means, including filing a return filled with zeroes and funneling income from his dental practice to a various entities. Zander also

obstructed IRS collection efforts by sending notices and demands to government employees and filing a frivolous lawsuit against an IRS Revenue Agent. Zander also failed to file legitimate tax returns for the 2002 to 2009 tax
years, incurring a total tax debt of over $1 million. Zander last filed a legitimate individual income tax return for the 2000 tax year. Zander's tax preparer prepared a 2001 individual income tax return and a Form 1120S for Zander's solely owned corporation, Dental Care of Great Falls. Zander signed and filed only the corporate return. On Feb. 20, 2002, Zander formed Solid Rock Partners, LP; on July 16, 2003, he formed Royal Priesthood Society (RPS), a corporation sole; and on June 10, 2008, he formed American Humanitarian Project another corporation sole. Zander opened bank accounts for RPS, Rock Solid, and American Humanitarian Project. From 2002 to 2009, Zander purchased five parcels of land in the name of Solid Rock Partners and RPS. Zander maintained two bank accounts for Dental Care. On Feb. 17, 2004, Zander filed a 2001 individual income tax return listing zeroes in each section for his income, adjusted gross income, and tax liability. The return requested a $27,131 refund for the amount he had withheld. He also attached a two-page document espousing tax defier arguments. In later years Zander either filed a return filled in with zeroes or no return at all. Zander made approximately $2.9 million in unreported income from 2001 to 2009.

Husband and Wife Sentenced for Tax Defiance Scheme: On January 6, 2014, in Atlanta, Georgia, Timothy Thomas and Mary Beth Thomas, of Jackson County, were sentenced for their respective roles in a criminal tax scheme. Timothy Thomas was sentenced to 24 months in prison. Mary Beth Thomas was sentenced to ten months in prison. The couple was also ordered to pay $506,350 in back taxes, interest, and penalties to the IRS. On May 10, 2013, Timothy Thomas pleaded guilty to one count of conspiracy to defraud the IRS and Mary Beth Thomas pleaded guilty to one count of willfully failing to file an income tax return. According to information presented in court, in the 1990s, Timothy and Mary Beth Thomas, who were married and jointly owned and operated a deck and patio construction business, stopped filing federal income tax returns. They then hired American Rights Litigators (ARL), an organization that sold and promoted tax defiance schemes, to send obstructive and harassing materials to the IRS on their behalf. The IRS repeatedly sent notices to the couple notifying them that they had to pay their federal income taxes and that they had to comply with the tax laws. After the IRS shut down ARL as a result of fraudulent anti-tax actions, Timothy and Mary Beth Thomas continued to send a variety of obstructive, frivolous and harassing documents to IRS and Department of Treasury officials. These documents included statements that they were not United States citizens but instead were American citizens; that they were not subject to the federal income tax laws; and that paying income tax was voluntary. Finally, after a decade of not filing tax returns, the couple submitted four false tax returns claiming over $1,000,000 in fraudulent refunds from the IRS. They also submitted fictitious financial instruments to the federal government, to include a document purporting to be a $100 billion private registered bond, and instructed the government to use this bogus bond to pay any of their debts to the government. Despite earning substantial money from their business, Timothy and Mary Beth Thomas failed to pay over $350,000 in federal income taxes from 2003 to 2012. In a separate case, Stephen Paul Thomas and Patricia Denese Anderson, both of Lawrenceville, Ga., were convicted for a similar tax defiance scheme. They were both sentenced on January 3, 2013. Stephen Paul Thomas was sentenced to 60 months in prison and Patricia Denese Anderson was sentenced to 51 months in prison.

Wisconsin Man Sentenced for Filing False Claim for Refund: On Feb. 13, 2014, in Madison, Wisconsin, John Glavin, of New Lisbon, was sentenced to 36 months in prison. Glavin pleaded guilty on Dec. 4, 2013 to filing a false claim for refund with the IRS. According to court documents, Glavin submitted a false 2008 income tax return to the IRS claiming a tax refund of $700,704. The 2008 tax return included 12 fictitious Forms 1099-OID which falsely reported that Glavin had received $1,076,202 in income and had taxes withheld from that income. In addition, Glavin filed multiple lawsuits in federal court to stop the enforcement of IRS subpoenas for records, arguing that "sovereign citizens" are not citizens of the United States and that Form 1040 is not legitimate. Glavin also sent documents to IRS employees expounding sovereign citizens' beliefs stating that he was exempt from taxes. These documents included fictitious promissory notes for $75,000.

WARRANTS AND FORFEITURE

Criminal Investigation uses asset forfeiture statues to disrupt and dismantle criminal enterprises by seizing and forfeiting their assets or property used or acquired through illegal activities. Criminal Investigation also maintains an active fugitive program and coordinates information with other law enforcement agencies in order to identify and apprehend fugitives from justice where the fugitive has been charged with violations of the Internal Revenue laws and related offenses.

The chart below summarizes the seizures and forfeitures during Fiscal Year 2014. This chart shows the number of investigations involved and the number of assets seized and forfeited.

Seizures		
Count of Investigations	**Count of Assets**	**Total Asset Appraisal Value**
467	1410	$4,267,477,686

Forfeitures		
Count of Investigations	**Count of Assets**	**Total Forfeited Value**
468	1456	$297,688,136

Examples of investigations involving forfeitures during FY 2014 include:

John Paul Gizzi - On July 30, 2013, Gizzi pleaded guilty to two counts of filing a false tax return for tax years 2008 and 2009. From 2005 through 2010, Gizzi concealed revenue earned from the sales of scrap metal from the IRS. Revenue from the cash sales of scrap metal exceeded $1.9 million. As part of the plea agreement, Gizzi agreed to immediately civilly forfeit $1.5 million. The aforementioned funds were forfeited on October 29, 2013.

Daniel Fernandez Rojo Filho – Filho was a director and promoter of Evolution Marketing Group (EMG) a Panamanian corporation. EMG operated several websites soliciting individuals to invest in short-term investments yielding rates of return between 77% and 300%. On October 31, 2013, the United States District Court for the Middle District of Florida entered orders of forfeiture for over $138 million in assets. The total amount of funds forfeited exceeded $122 million.

Christopher Harris – On December 9, 2013, Harris pleaded guilty to conspiracy to commit government procurement fraud and conspiracy to commit money laundering. Harris worked as the country manager in Afghanistan for American International Security Corporation (AISC). On November 27, 2013, a stipulated settlement agreement was entered by the court whereby over $3.2 million was forfeited to the government.

Holy Land Foundation for Relief and Development – In November 2008, the U.S. secured the conviction of the Holy Land Foundation for Relief and Development (HLF), and five of its leaders, on charges of providing material support to Hamas, a designated foreign terrorist organization. In May 2009, HLF and five of its leaders were sentenced. During the sentencing, the court reaffirmed the jury's $12.4 million money judgment against all the convicted defendants. The court entered a Final Order of Forfeiture on January 7, 2014. Thus far, over $5.9 million has been forfeited to the government.

Alcoa World Alumina LLC - On January 9, 2014, Alcoa World Alumina LLC, a majority-owned and controlled global alumina sales company of Alcoa Inc., pleaded guilty to one count of violating the Anti-bribery Provisions of the Foreign Corrupt Practices Act (FCPA) in connection with a 2004 corrupt transaction, to pay a criminal fine of $209 million, and to administratively forfeit $14 million to resolve charges that it paid millions of dollars in bribes through an international middleman in London to officials of the Kingdom of Bahrain in violation of the FCPA. A Declaration of Forfeiture was signed on April 29, 2014, and the $14 million Alcoa World Alumina LLC agreed to administratively forfeit on January 9, 2014, was forfeited.

SunTrust Mortgage - On July 3, 2014, SunTrust Mortgage, Inc., and the United States Department of Justice reached a $320 million settlement regarding SunTrust's administration of the Home Affordable Modification Program (HAMP). On July 15, 2014, $16 million was forfeited per the Restitution and Remediation Agreement entered on July 3, 2014. As part of the settlement, this money will be available to law enforcement agencies working on mortgage fraud and other matters related to the misuse of TARP funds.

During FY 2014, Criminal Investigation apprehended ninety (90) fugitives from justice.

NATIONAL FORENSICS LABORATORY

The National Forensic Laboratory (NFL) is a federal forensic science laboratory whose operations fall under the authority of IRS Criminal Investigation. The NFL conducts forensic analysis and provides technical support in Electronics, Latent Prints, Questioned Documents, Ink and Paper Chemistry, Polygraph, Imaging, and Trial Illustration.

In FY2014, the laboratory drafted and finalized eight manuals and twenty-nine forms of policies and procedures as a prerequisite of laboratory accreditation or document compliance with accreditation standards. In July 2014, the NFL submitted an application for accreditation of ISO/IEC 17025 forensic testing laboratories and the application was accepted. The next step, a pre-assessment, is scheduled for January 2015.

A portion of funds secured through the I.D. Theft Initiative funds provided improvements to the Laboratory Information Management System (LIMS). The LIMS is used by the laboratory to track casework and associated data. The LIMS is now able to collect data such as the number of IAFIS (i.e. national fingerprint database) hits resulting in investigative leads, the amount of laboratory resources used to complete cases, as well as demonstrate compliance with certain accreditation standards.

Scientists and technical support personnel in the laboratory also utilize new technology to more efficiently work multiple types of examinations. For example, the Questioned Document/Ink Section received a new VSC6000, an instrument that uses different types of light to decipher various types of alterations on documents. Latent print examiners now use the Next Generation Identification (NGI) biometric identification system, which searches finger or palm prints of unknown origin against more than 115 million record prints managed by the FBI. This is an effective tool for generating investigative leads for the CI agents. Trial Illustration received new iMacs for use with their Thunderbolt displays. Visual information specialists now have some of the latest technical equipment available to facilitate the creation of complex graphic designs used for the presentation of information at trial.

TECHNOLOGY OPERATIONS AND INVESTIGATIVE SERVICES

Technology continues to play an important investigative role as the sophisticated nature of financial crimes changes and evolves. CI's Technology Operations & Investigative Services (TOIS) division is responsible for outfitting Special Agents with the most effective technologies to do their job and supporting CI's financial investigations by collecting and analyzing its reams of digital evidence. TOIS' Electronic Crimes Office has special agents trained in the recovery and preservation of hardware and software evidence. In Fiscal Year 2014, the amount of seized electronically stored information/data for investigations totaled over 1,400 terabytes. The majority of CI Special Agent-Computer Investigative Specialists are certified in the use of top-level forensic software, thus raising proficiency and providing an important certification for judicial proceedings. Special agents are also trained in the use of the latest mobile forensics hardware and software.

Electronic Crimes Statistics for FY 2014

Electronic Crimes Enforcement Statistics	FY14 Totals
Total Operations/Search Warrants	434
Total Sites	654
Total CISs Deployed	766
Total Systems Encountered	4794
Total Volume of Data (Terabytes) Seized	1466

In fiscal year 2014, TOIS reviewed its current operations and took a look at the coming technology horizon to develop four strategic themes to drive how TOIS will work to prepare the CI crime fighter now and in the future.

TOIS Strategic Themes:

Mobile Information Availability

- CI Special Agents will use their recently issued smartphones to access more data about their cases then ever so that more time is spent in the field then in the office

Office Anywhere Capability

- ATLAS, CI's new evidence management tool, will enable Special Agents to collaborate on cases while working across the country by having one common application to store and organize their investigations
- ECE, CI's new digital evidence collection and analysis tool, will enable Special Agent Computer Investigative Specialists, to store digital evidence centrally and leverage the entire CIS cross-country workforce for analysis and investigative support using the latest in virtual environment technologies
- Microsoft's Sharepoint suite of knowledge management and collaboration tools will also enable CI's workforce to better coordinate activities even as CI investigators physically work farther apart.

Operating Technology More Efficiently

- TOIS will engage in several activities to reduce its year-over-year operations and maintenance costs as part of being a steward of scarce financial resources.

Evolving Nature of Financial Crimes

- CI's Lead and Case Analytics tool will identify the criminal relationships and schemes centrally behind the illicit activities that thwart our Nation's tax system.
- The Cyber Crime Unit will also mobilize to identify and refer more cyber-crimes cases to the field after a successful pilot in FY 2013.

Never before has the role of technology played such a critical role in the continued success of the Criminal Investigation Division. FY 2015 will be a pivotal year as CI launches new technologies and applications into the hands of CI's Special Agents to more effectively pursue the sophisticated financial crimes, which CI is uniquely capable of enforcing.