



20 22

ANNUAL REPORT

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MESSAGE FROM THE CHIEF

IRS Criminal Investigation (CI) accomplished a list of successes in fiscal year (FY) 2022, which rivals any year that I can remember in my nearly 30 years with the agency. CI remains the sixth largest federal law enforcement agency, and we are the only federal law enforcement agency that spends 100% of its time on financial investigations. In FY 2022, we investigated some of the largest and most sophisticated tax crimes, and we identified more than \$31 billion in tax fraud and other financial crimes. Our bread and butter remains tax, as no other agency has the authority to investigate criminal violations of the Internal Revenue Code.

While navigating our way through the backend of a global pandemic, we seized record amounts of data and cryptocurrency, led some of the largest tax cases on record and spearheaded first-of-its-kind national and international initiatives aimed at developing and strengthening partnerships in the public and private sectors.

Our work has a global impact. CI is a key player in international cyber investigations and sanctions-related enforcement efforts, including through Task Force KleptoCapture, which targets Russian oligarchs and other would-be sanctions evaders. Through our increasing use of social media, we reached millions of taxpayers around the world, educating them about the important role we play in the stability of the financial system by investigating tax and other financial crimes.

Perhaps the statistic I continue to be most proud of is our conviction rate, which again tops 90%. We are thorough and good at what we do. As I tell crowds around the country, if a CI special agent has you in their crosshairs, there is a good chance you are going to jail.

In FY 2022, CI operated with the agency's guiding principles in mind. Our agents honor the badge every day by working with urgency, integrity, and professionalism, even when confronted with misguided media reports fueled by those who just do not know who we are or what we do. Our work protects the American public from cyber criminals, Ponzi schemes, and bad actors posing as legitimate tax preparers. There are real victims to the crimes we investigate, and we keep those victims in mind as we bring criminals to justice.

We preserve CI's legacy as the world's finest financial investigators – not by calling ourselves the best, but by writing our own chapter each year in the storied history books of this great agency. This past year, we took down the world's largest darknet marketplace and separately led the single largest financial seizure in the history of our government.

We remain masters of our craft, and we continually provide trainings to foreign law enforcement agencies around the world. In FY 2022, we conducted in-person trainings in locations ranging from Germany to Palau, which covered financial investigative techniques and cyber topics like cryptocurrency. By sharing our expertise with countries across the globe and strengthening these partnerships, we made the world a smaller place for criminals to operate.

We continue to inspire the future through recruiting and educational and outreach programs. We conducted dozens of CI Citizen Academies around the country to portray what it is like to be a special agent in our organization.

It is easy to look back on a year like 2022 and be happy with our success, but we are already laying the groundwork to do more in 2023. I could not be prouder of our agency, and I look forward to continued success in the future.

–Jim Lee, Chief

2022 SNAPSHOT

\$5.7B
TAX FRAUD IDENTIFIED

\$26.9B
OTHER IDENTIFIED
FINANCIAL CRIMES

1210
WARRANTS EXECUTED

1837
REFERRED FOR PROSECUTION

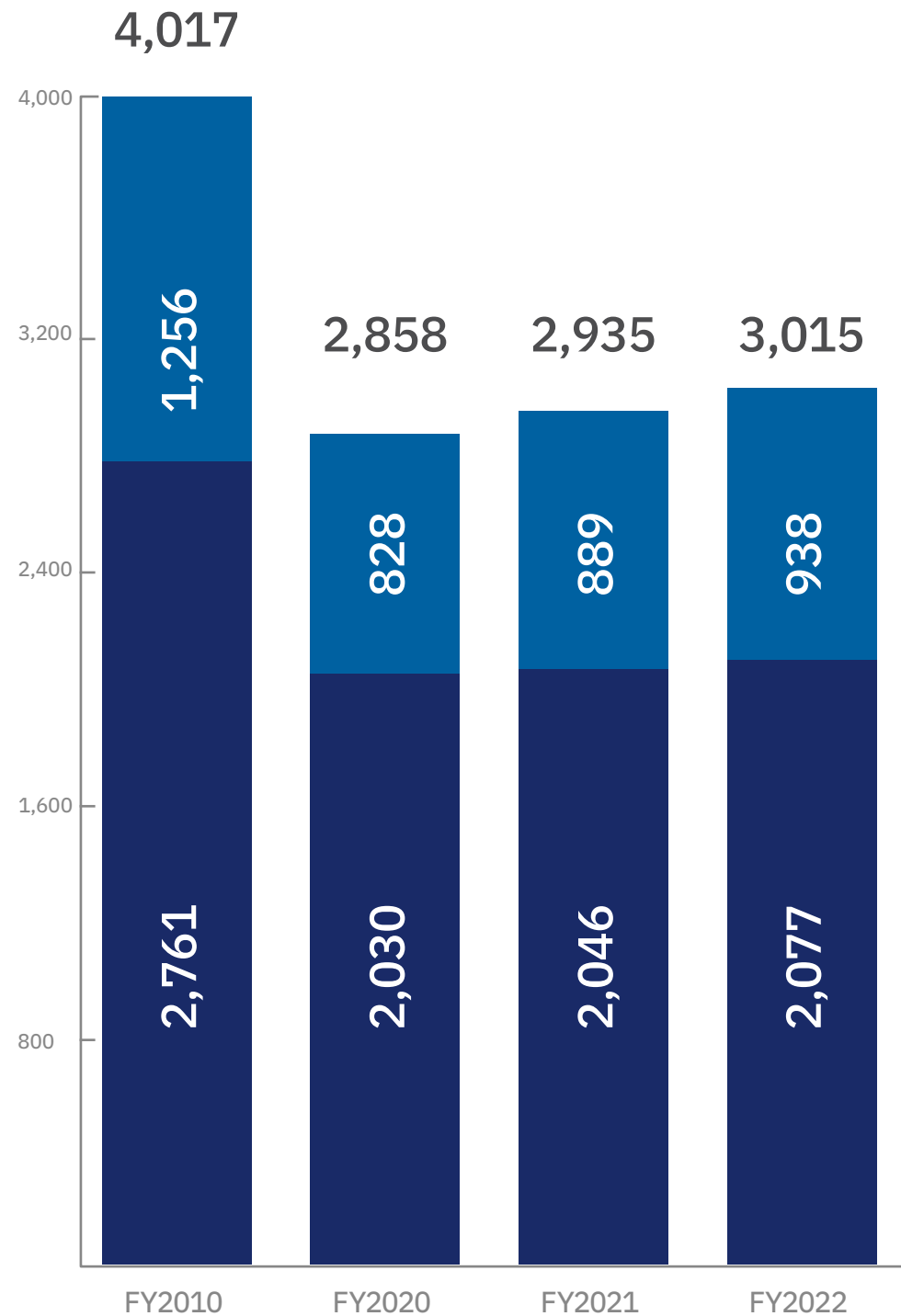
90.6%
CONVICTION RATE

1564
CONVICTIONS

2.97
PETABYTES OF DIGITAL DATA

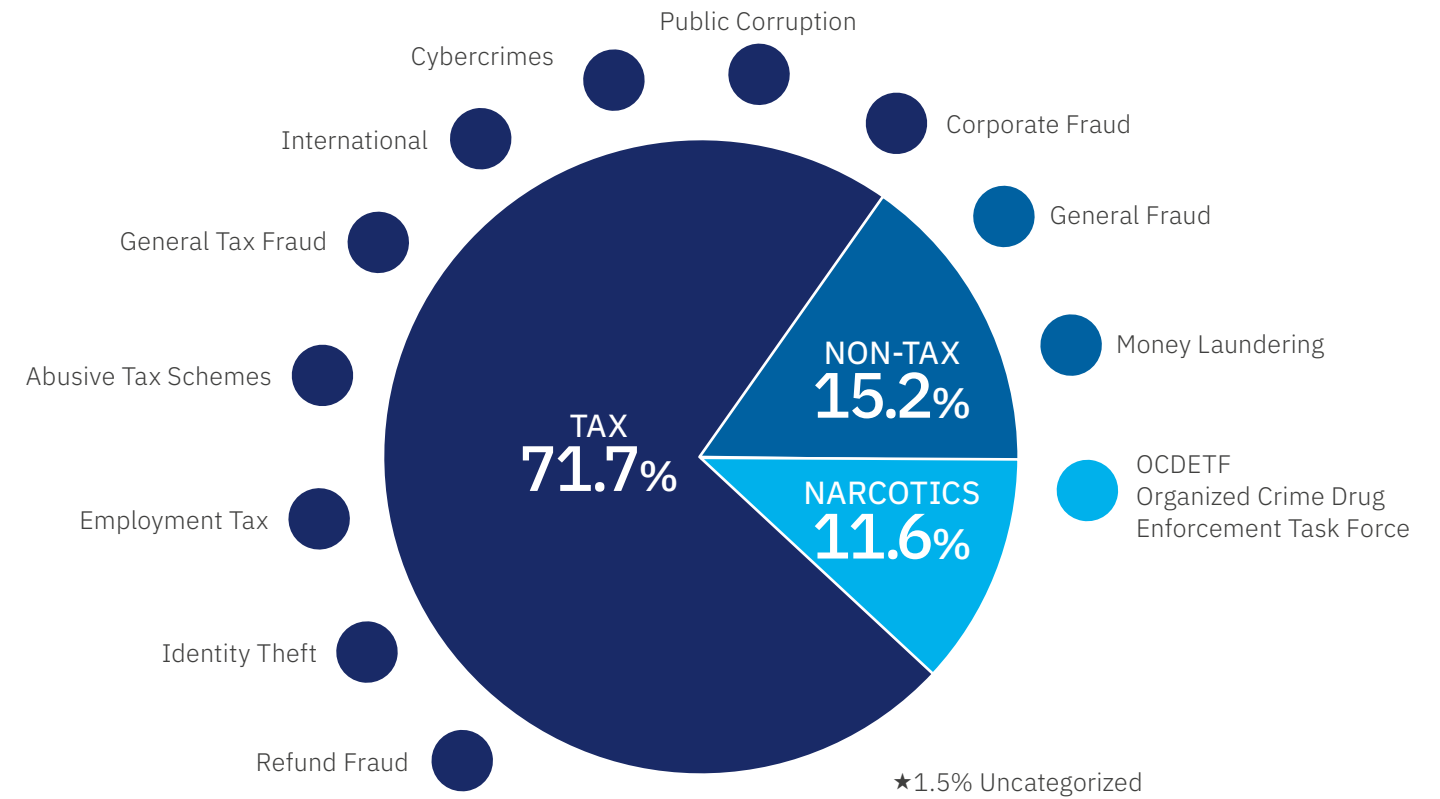
STAFFING

Professional Staff
Special Agents

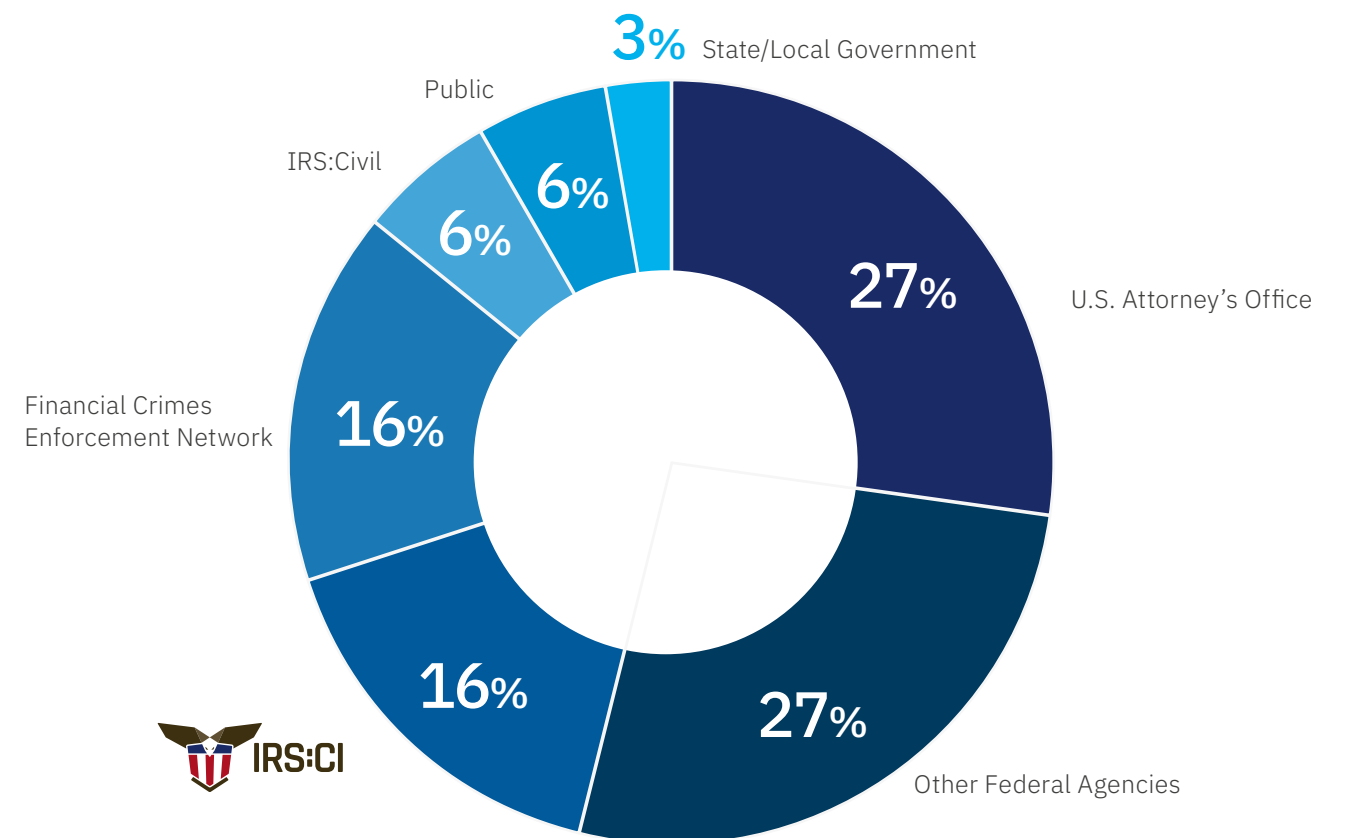


★CI's staffing levels are by fiscal year and reflect an actual count of employees based on the Employee Master Database as of PP19.

DIRECT INVESTIGATIVE TIME SPENT



INVESTIGATION SOURCES



TAX CRIMES

IRS: Criminal Investigation (CI) is the criminal investigative arm of the IRS. As such, investigating tax crimes continues to be a primary focus for the agency. CI works closely on tax-related investigations with a host of federal, state, and local law enforcement partners, as well as foreign tax and law enforcement agencies, and Prosecution of these cases supports overall IRS compliance goals and enhances voluntary compliance with U.S. tax laws.

GENERAL TAX FRAUD

General tax fraud investigations are at the core of CI's law enforcement efforts and directly influence the American public's confidence and compliance with our country's tax laws. The integrity of our tax system depends heavily on the taxpayers' willingness to self-assess taxes owed and voluntarily file tax returns. CI investigations help show law-abiding taxpayers that individuals who deliberately underreport or omit income from their tax returns will be held accountable for their actions. CI looks at high-income taxpayers who have a filing requirement, but deliberately choose not to file returns and pay taxes owed, and targets criminals who use two sets of financial records, make false entries in books and records, claim personal expenses as business expenses, claim false deductions or credits against taxes owed, and hide or transfer assets. CI special agents use their financial investigative expertise to uncover and quantify the seriousness of these schemes. They also work closely with Department of Justice (DOJ) prosecutors to gather the necessary evidence to bring cases to a successful conclusion.

REFUND FRAUD PROGRAM

The Refund Fraud Program consists of three parts: Questionable Refund Program (QRP), Stolen Identity Refund Fraud (SIRF) investigations, and the Return Preparer Program (RPP) for both individuals and businesses. These programs investigate individuals who file fraudulent tax returns to steal government funds. This type of theft erodes voluntary compliance and taxpayer confidence in the integrity of the tax system. It also results in the loss of vital funds needed to support government programs, many of which impact the most vulnerable Americans.

The QRP identifies fraudulent claims for tax refunds. Generally, these schemes involve individuals filing multiple fraudulent tax returns using the personally identifiable information (PII) of taxpayers to facilitate the scheme. A significant number of these investigations are also considered identity theft investigations.

Identity theft refund fraud occurs when someone uses the PII of another individual, without the person's permission. The PII could include another person's name, Social Security number or address. These cases are commonly referred to as SIRF investigations. The crime usually occurs when an identity thief uses a legitimate taxpayer's identity to file a fraudulent tax return and claim a refund. Generally, the identity thief will use a stolen Social Security number and other PII to file a fraudulent tax return and attempt to get a refund early in the filing season before the legitimate taxpayer files their tax return.

In contrast, RPP investigations involve corrupt return preparers who orchestrate the preparation and filing of false income tax returns for taxpayers. These preparers often claim inflated personal or business expenses, false deductions, excessive exemptions, and unallowable tax credits. The preparers' clients may or may not know their returns were falsified.


Click the links below to read Case Highlights:

ABUSIVE TAX SCHEMES

CI investigates promoters and clients, who willfully violate tax laws by participating in domestic and offshore tax schemes. The schemes are usually complex and involve multiple layers of transactions to conceal the true nature and ownership of the income and/or assets. Participants create structures, such as trusts, foreign corporations, and partnerships, to make it appear that a trustee, nominee, non-resident alien, or other foreign entity is the owner of the assets and income, when in fact, a U.S. taxpayer maintains true ownership and control.

EMPLOYMENT TAX FRAUD

Employment tax fraud includes cases involving employee leasing, paying employees in cash, filing false payroll tax returns, failing to file payroll tax returns, and "pyramiding." Pyramiding occurs when a business withholds taxes from its employees, but then intentionally fails to forward the tax payments to the IRS. After a liability accrues, the individual starts a new business and begins to accrue a new liability under the new entity. Employment taxes include federal income tax withholding, Social Security taxes, and federal unemployment taxes. Some employers withhold taxes from their employees' paychecks and use the funds for their personal expenses. Employment tax fraud can have serious ramifications for both employers and employees.



699
SENTENCED



789
PROSECUTIONS RECOMMENDED



1388
INVESTIGATIONS INITIATED

NON-TAX CRIMES

CI also uses its financial expertise to investigate a multitude of non-tax-related crimes that range from public corruption to fraud. Special agents focus on complex money-laundering schemes, where individuals launder their ill-gotten gains by making the money appear as if it came from legitimate sources. Sometimes an individual will employ a third party or a professional third-party money launderer. Frequent money laundering techniques include manipulating currency reporting requirements, layering transactions, the use of cryptocurrency or Black-Market Pesos, or the international movement of funds.

MONEY LAUNDERING

Money laundering occurs when criminals or criminal organizations try to disguise the illicit nature of their money by introducing it into the stream of legitimate commerce and finance. In today's global economy, criminals can use a computer, tablet, or smart phone to quickly move large amounts of criminally derived funds into or through the United States and foreign financial institutions. Criminals launder money through a wide variety of enterprises like banks, money transmitters, stock brokerage houses, casinos, and virtual currency exchanges. The flow of illegal funds around the world is estimated to be in the hundreds of billions of dollars.

CI special agents are experts at uncovering money trails through traditional and virtual financial banking systems. They take part in a variety of investigations, as well as financial and narcotics task forces like Organized Crime Drug Enforcement Task Force (OCDEF) and the High Intensity Drug Trafficking Area (HIDTA).

PUBLIC CORRUPTION

CI investigates elected and appointed individuals who violate the public's trust. These individuals are from all levels of government including local, county, state, and federal, as well as foreign officials. Public corruption investigations include such criminal offenses as bribery, extortion, embezzlement, kickbacks, tax fraud, and money laundering. Corruption by public officials results in the loss of taxpayer dollars. In addition, the United States is often a desirable destination for the monies of corrupt foreign officials. This type of corruption undermines democratic institutions and threatens national security. Public officials who violate the public trust are often prosecuted to the fullest extent of the law, with large fines and jail time for offenders.

CORPORATE FRAUD

The corporate fraud program concentrates on violations committed by publicly traded or private corporations and their senior executives. Some specific criminal acts involving corporate fraud include falsifying, fabricating, or destroying company records. Fraudsters then use false information to complete tax returns, financial statements, and reports for regulatory agencies or investors. Corporate fraud can also include executives who receive unauthorized compensation, unapproved payments and bonuses, corporate funds, or fraudulent loans used to pay personal expenses.

GENERAL FRAUD

CI special agents also investigate healthcare, financial institution, and COVID-19-related fraud. COVID-19-related fraud includes schemes targeting the Paycheck Protection Program (PPP), Economic Injury Disaster Loan (EIDL) program, and Unemployment Insurance (UI) programs. Special agents often work with federal, state, and local law enforcement partners, as well as with foreign tax and law enforcement agencies, to bring income tax and money laundering charges to criminal cases, which enhance the prosecutors' effectiveness to combat these and other types of fraud.

Click the links below to read Case Highlights:

BANK SECRECY ACT PROGRAM

The Bank Secrecy Act (BSA) mandates the disclosure of foreign bank accounts, the reporting of certain currency transactions conducted with a financial institution, and the reporting of the transportation of currency across U.S. borders. The Financial Crimes Enforcement Network (FinCEN) is tasked with administering the BSA, but FinCEN does not have criminal enforcement authority. The U.S. Treasury Secretary delegated all criminal enforcement of the BSA to CI. Other federal agencies can investigate criminal violations of the BSA, but CI is the only federal agency that actively reviews all BSA data for leads and possible criminal violations. Through the analysis of BSA data, CI has identified significant, complex money laundering schemes and other financial crimes.

CI's BSA program has grown substantially since its start in early 2000. CI now uses various data analytics tools to actively analyze BSA data and identify leads for possible investigation.

CI-led SAR Review Teams (SAR RTs) and Financial Crimes Task Forces (FCTFs) exist in all 94 judicial districts across the country, and CI currently has upwards of 200 special agents and investigative analysts working on SAR RTs and FCTFs. The SAR RTs and FCTFs focus on specific geographic areas and involve collaboration between CI and federal, state, and local law enforcement agencies for identifying and investigating financial crimes, including BSA violations, money laundering, narcotics, and more.



792
SENTENCED



1048
PROSECUTIONS RECOMMENDED



1170
INVESTIGATIONS INITIATED

CYBERCRIMES

Recognizing that many aspects of our lives are increasingly dependent on technology and the internet, CI continues to focus investigative efforts on holding accountable those who exploit technology for nefarious purposes. Digital assets provide opportunities for responsible financial innovation, expanding access to safe and affordable financial services, and reducing the cost of domestic and cross-border funds transfers and payments, including the continued modernization of public payments systems. Despite the many promising opportunities digital assets present, CI must mitigate the illicit finance and national security risks posed by the misuse of digital assets. Digital assets pose a significant risk of facilitating money laundering, cybercrime and ransomware, narcotics and human trafficking, terrorism, and proliferation financing. Digital assets may also be used as a mechanism to circumvent U.S. tax law and financial sanctions.

In FY 2022, the CI cybercrimes program began to reap the benefits of a strategic realignment to mitigate many of these risks. The Office of Cyber and Forensic Services (CFS) was created in FY 2021 to bring together our digital asset investigation, cybercrime investigation, digital forensics, and physical forensics support efforts under the same roof. Among its priorities, CFS supports criminal investigations agency-wide regarding the illicit uses of digital assets and how they can be used to exploit the U.S. tax and financial system.

Specifically, CFS supports the Eastern (Washington D.C.) and Western (Los Angeles) based Cyber Crimes Units (CCUs) CI's flagship digital asset investigations units. The units are charged with investigating the highest impact cases of theft, fraud, facilitation, and tax crimes, where digital assets are used to facilitate a crime or are proceeds of a crime. From a



Cybercrime special agents surrounded by server infrastructure.

traditional but massive scale pyramid scheme made possible by leveraging the speed and reach of the internet to the most cutting-edge and complex exploitation of decentralized finance protocols, the CCUs are always ready to lead or assist high-impact investigations with domestic and foreign partners.

In FY 2023, CI will establish the Advanced Collaboration and Data Center (ACDC) to modernize its investigative practices. The ACDC will provide centralized access to data and resources to effectively support CI's mission of deterring tax and financial crime. The concept is a support-focused, task force model approach, which combines skillsets of subject matter experts, cybercrime special agents, computer scientists, and analysts to tackle the most prolific and sophisticated crimes. The ACDC will also facilitate collaboration with law enforcement and partners in the government and private sector to ensure CI field offices have the necessary resources to pursue highly technical and digital payment-facilitated crimes.

The ACDC will enhance CI and our partners' abilities to access, investigate, and analyze information and evidence in challenging areas such as:

- ▶ Dark web (research, monitoring, investigating illicit actors/marketplaces)
- ▶ Cryptocurrency (tracing, monitoring, tax basis calculating)
- ▶ Social media and other open-source intelligence

As new and innovative digital technologies are developed, the CFS continues to evolve to meet the challenges of those attempting to exploit them for personal gain. In FY 2022, CI special agents were instrumental in bringing charges related to two individuals who developed a "rug pull" scheme to defraud Non-fungible Token (NFT) investors. The two subjects allegedly generated approximately \$1.5 million in cryptocurrency from the sale of an NFT, then abruptly abandoned the project and retained the investors' funds. It is also alleged that the subjects were preparing to launch another NFT investment opportunity and execute a similar scheme.

The CFS's investigative efforts and law enforcement actions helped mitigate risks presented by digital assets and held bad actors accountable for many years. The CFS is constantly taking additional steps to evolve, especially as threats evolve in areas such as decentralized finance, peer-to-peer payments, and anonymity-enhanced cryptocurrencies. Due to relatively limited resources, the CFS focuses on cases where they can have the most significant impact.

CASE HIGHLIGHTS

Founders of Crypto ICO Sentenced to Combined 8 Years in Prison

In March 2022, Bitqyck founders Bruce Bize and Samuel Mendez were sentenced to federal prison for defrauding more than 13,000 investors through a cryptocurrency-related scheme raising approximately \$24 million. Instead of fulfilling their promises to their investors, Bize and Mendez used the funds on personal expenses, including casino trips, cars, luxury home furnishings, art, and rent. In 2016, the pair promoted the company's cryptocurrency, Bitqy, as a way for "those individuals who missed out on bitcoin" to get rich. In an effort to legitimize its operation, the company characterized the cryptocurrency as an "earned gift" that rewarded consumers for certain internet purchases. The Bitqyck website also promised each Bitqy token was worth 1/10th of Bitqyck common stock; however, the only shares of common stock Bitqyck issued were to Bize and Mendez. Nine months after launching Bitqyck, Bize and Mendez began marketing another token claiming the token allowed investors to join "bitcoin mining operations" that never existed.

Both defendants pleaded guilty to underreporting their income to the IRS and failing to file corporate tax returns, which resulted in a tax loss totaling more than \$1.6 million. The defendants also agreed to pay an \$8.3 million penalty related to a civil settlement with the U.S. Securities and Exchange Commission.

Joint Federal Investigation Leads to Shutdown of Largest Online Darknet Marketplace

In April 2022, a joint federal investigation led to the seizure of the world's largest and longest running darknet market. Hydra accounted for an estimated 80 percent of all darknet market-related cryptocurrency transactions. Since 2015, Hydra received approximately \$5.2 billion in cryptocurrency. Hydra was an online criminal marketplace that enabled users in mainly Russian-speaking countries to buy and sell illicit goods and services, including illegal drugs, stolen financial information, and fraudulent identification documents. Hydra users could search for vendors selling identification documentation, such as U.S. passports or driver's licenses, and filter or sort by the item's price. Vendors of false identification documents also offered to customize the documents based on photographs or other information provided by the buyers.

Transactions on Hydra were conducted using cryptocurrency, and Hydra's operators charged a commission for every transaction on their platform. In addition to the shutdown of Hydra, the Justice Department filed criminal charges against

Dmitry Olegovich Pavlov, a resident of Russia, for conspiracy to distribute narcotics and conspiracy to commit money laundering in connection with Hydra. As an administrator, Pavlov allegedly conspired to further the site's success by providing the infrastructure to operate in the Dark web environment.

Largest Single Financial Seizure In Government History

In February 8, 2022, the Department of Justice announced the arrest of Ilya Lichtenstein and his wife, Heather Morgan, for an alleged conspiracy to launder cryptocurrency that was stolen during the 2016 hack of Bitfinex, a virtual currency exchange. Approximately 119,754 bitcoin (BTC) was stolen from the exchange and was valued at approximately \$4.5 billion at the time of the arrest. The CI Cyber Crime Unit, with the assistance of other U.S. authorities traced the stolen funds on the BTC blockchain to various destinations, including accounts at the darknet market AlphaBay, seven interconnected accounts at U.S.-based virtual currency exchanges, various unhosted BTC wallets, accounts owned by the defendants at six virtual currency exchanges, and to an unhosted BTC wallet containing a majority of the stolen bitcoin. Law enforcement was able to access the wallet by decrypting a file saved to Lichtenstein's cloud storage account (obtained pursuant to a search warrant) that contained a list of 2,000 virtual currency addresses, along with corresponding private keys. CI special agents lawfully seized and recovered more than 94,000 stolen bitcoin, valued at over \$3.6 billion at the time of seizure, which was the largest of its kind.



A cybercrime special agent uses specialized crypto tracing tools and software.

SANCTIONS-RELATED INVESTIGATIONS

CI collaborated with the U.S. law enforcement community to track down Russian financial criminals through a multi-agency task force, Task Force KleptoCapture. On March 2, 2022, the task force was established to locate sanctioned Russians and their assets and to bring them to justice. Between March and May, CI identified and tracked 19 sanctions-related individuals, targets, and entities. This number grew to nearly 50 by September 2022.

CI works with the Treasury Office of Foreign Asset Control and the Financial Crime Enforcement Network to identify, develop, and add new individuals and entities to the Special Designated Nationals list as part of the Treasury Department's Russian Elites, Proxies, and Oligarchs Task Force efforts.

Much of the international success of CI special agents stems from a robust and aggressive international program that includes 11 foreign posts and memberships in multiple international taskforces. CI special agents are assigned within the Drug Enforcement Administration Special Operations Division, International Organized Crime Intelligence and Operations Center, the Organized Crime Drug Enforcement Task Force's (OCDETF) Fusion Center, and the Joint Criminal Opioid Darknet Enforcement taskforce.

CI also spearheads the Joint Chiefs of Global Tax Enforcement (J5), an alliance between the criminal tax authorities of Australia, Canada, the Netherlands, the United States, and the United Kingdom. J5 efforts focus on combatting international tax and financial crimes through proactive collaboration using each country's collective resources. The J5 is working to identify potential sanctions-evaders or sanctioned assets, and to develop a global strategy to deter Russia's aggression.

In addition to the Russian sanctions, CI remains committed to stopping international organized crime syndicates, as well as other foreign nationals violating U.S. sanctions.

CI prioritized training and the deployment of cryptocurrency, blockchain, and open-source intelligence technologies to unravel complex cyber-financial criminal schemes. When a foreign corrupt government official receives bribes, they often use a third-party to move or launder those illegal proceeds to buy properties, cryptocurrencies, and many other assets. If any of the funds move into or through U.S. financial system, CI can trace the money.

Recent examples of CI's global efforts involving sanctions enforcement and other international crimes include:

Alleged Leader of Eastern European Organized Crime Syndicate Extradited

On September 9, 2022, Viktor Zelinger, the alleged leader of an Eastern European organized crime syndicate that operated in the Brighton Beach, Sheepshead Bay, and Coney Island neighborhoods of Brooklyn was extradited from Switzerland on a nine-count superseding indictment. Zelinger was linked to high-level Russian mafia members known as "Thieves in Law" or "Thieves." Zelinger is charged with racketeering, racketeering conspiracy, arson, arson conspiracy, illegal gambling, illegal gambling conspiracy, extortionate collection of credit, and two counts of extortionate collection of credit conspiracy. Zelinger is a naturalized U.S. citizen with dual Ukrainian citizenship. CI investigated this case as part of an OCDETF Strike Force Initiative.

Alleged Russian \$4 Billion Cryptocurrency Money Launderer Extradited

On August 4, 2022, Alexander Vinnik, a Russian citizen and an alleged operator of the illicit cryptocurrency exchange BTC-e, was extradited from Greece to face charges in the Northern District of California. Vinnik was charged in a 21-count superseding indictment in January 2017, based on evidence obtained in a joint investigation between CI and other federal law enforcement. Vinnik was taken into custody in Greece at the request of the United States. According to the indictment, Vinnik and his co-conspirators allegedly owned, operated, and administrated BTC-e, a significant cybercrime and online money laundering entity that allowed its users to trade in bitcoin with high levels of anonymity. They developed a customer base heavily reliant on criminal activity. The exchange is alleged to have laundered more than \$4 billion of criminal proceeds.

Special Agents Train German, Swiss Officials on Human Trafficking Investigative Techniques

On July 28, 2022, CI special agents teamed up with other agencies in Frankfurt, Germany, to train German law enforcement counterparts on the latest investigative techniques to combat human trafficking. U.S. Mission Germany hosted approximately 20 prosecutors and law enforcement officials from the State Criminal Police Offices of Berlin, Saxony, and Hesse; the German Federal Police; the German Federal Criminal Police, and the Financial Intelligence Unit. Traffickers continue to exploit domestic and foreign victims in Germany, and global crises place already vulnerable persons at increased risk. Of note, Ukrainian refugees, predominantly women and children, fleeing Russia's war on Ukraine have become vulnerable to trafficking.



Special agents train German and Swiss officials on human trafficking investigative techniques.



Special agents in Frankfurt, Germany.

NARCOTICS AND NATIONAL SECURITY

CI contributes to the success of U.S. national security programs by investigating the finances of transnational criminal organizations involved in narcotics trafficking, human trafficking, terrorism financing, economic espionage, and money laundering. CI special agents are known for their expertise in following the money trail, and they use this expertise to investigate criminal violations of the Internal Revenue Code, Bank Secrecy Act, federal money laundering statutes, and the International Emergency Economic Powers Act. They trace financial transactions between individuals, businesses, and criminal organizations to identify sophisticated schemes designed to disguise illegal transactions.

The Narcotics and National Security Section (N2S2) has senior liaison officers who provide interagency coordination, deconfliction, advice, strategy, financial analysis, network exploitation, and coordination of field office resources, in support of a whole of government approach to our national security threats.

CI focuses heavily on narcotics and financial investigations related to high-priority targets identified by OCDETF. These cases often involve the convergence of program areas, and these prosecutions have a greater effect on dismantling large transnational criminal organizations.

Beginning in FY 2021, N2S2 established the Cyber-OCDETF initiative. This pilot program was created to work with field offices, contractors, and law enforcement partners on cyber-related narcotics investigations. During FY 2022, N2S2 finalized the initiative and expanded the investigative resources available to all field offices. This resulted in better use of available resources, and correspondingly, a greater number of cyber-related narcotics investigations. N2S2 continues partnering with the FBI-led Joint Criminal Opioid and Darknet Enforcement (JCODE) task force, where the CI liaison officer aids in deconfliction, coordination, and development of investigations.

CI continues its successful counterintelligence program by serving as an integral member of the National Counterintelligence Task Force (NCITF). The NCITF aims to protect the U.S. government research through education and awareness. The threat of foreign government infiltration and diversion or theft of sensitive and critical infrastructure materials remains extremely high. All threats against U.S. interests and critical infrastructure have a real cost to our nation, and, in almost all cases, involve financial crimes. During FY 2022, CI increased investigative resources at the NCITF, resulting in public indictments and prosecutions. Criminal tax charges and Foreign Bank and Financial Accounts (FBAR) violations for underreported or unreported income have been critical tools in the effort to address egregious violators.

Case Example

In December 2021, Charles Lieber, the former chair of Harvard University's Chemistry and Chemical Biology Department, was convicted by a federal jury for lying to federal authorities about his affiliation with People's Republic of China's Thousand Talents Program and the Wuhan University of Technology (WUT) in Wuhan, China. He also failed to report income he received from WUT.

China's Thousand Talents Plan is one of the most prominent Chinese talent recruitment plans designed to attract, recruit, and cultivate high-level scientific talent in furtherance of China's scientific development, economic prosperity, and national security. Unbeknownst to his employer, Harvard University, Lieber became a "Strategic Scientist" at WUT and, later, a contractual participant in China's Thousand Talents Plan from 2012 through 2015.

Under the terms of Lieber's Thousand Talents contract, WUT paid Lieber a salary of up to \$50,000 per month and living expenses of up to \$150,000 and awarded him more than \$1.5 million to establish a research lab at WUT. Lieber lied to federal authorities about his involvement in the Thousand Talents Plan and his affiliation with WUT. Furthermore, Lieber failed to report the income earned from the Thousand Talents contract and failed to file FBARs for the foreign accounts used to receive his payments.



Global Operations Director with N2S2 special agents.

MULTI-AGENCY TASK FORCES WITH CI PRESENCE AND PARTICIPATION INCLUDE:

- ▶ Organized Crime Drug Enforcement Task Force (OCDETF) - Executive Office
- ▶ OCDETF Regional Coordinators
- ▶ Drug Enforcement Administration Special Operations Division (SOD)
- ▶ OCDETF Fusion Center (OFC)
- ▶ International Organized Crime Intelligence and Operations Center (IOC2)
- ▶ Joint Criminal Opioid Darknet Enforcement (J-CODE)
- ▶ National Joint Counterterrorism Task Force (NJTTF)
- ▶ National Counterintelligence Task Force (NCITF)
- ▶ High Intensity Drug Trafficking Area (HIDTA)

SPECIALIZED UNITS

INTERNATIONAL TAX AND FINANCIAL CRIMES

The International Tax and Financial Crimes group (ITFC) was created in late 2017 and is the nation's foremost investigative authority on offshore tax evasion. Since its inception, the ITFC increased compliance and reduced the tax gap through several well-publicized programs and investigations, including the Swiss Bank Program and the UBS, Credit Suisse, and HSBC investigations.

As a specialty group within the Washington, D.C. Field Office, the ITFC is made up of special agents from across the United States who are experts in international tax investigations and use their skills to identify and pursue international evasion schemes. Internally, ITFC works with CI's investigative analysts, foreign-based attachés, personnel from Special Investigative Techniques and International Operations, while creating a network of resources that assist in identifying leads, analyzing data, and performing investigative tasks.

The ITFC leverages strategic partnerships with external agencies, including the U.S. Attorney's offices throughout the country, the Department of Justice Tax Division, and other law enforcement agencies.

The ITFC is also a major contributor to the Joint Chiefs of Global Tax Enforcement (J5) and collaborates with the other J5 countries (United Kingdom, Canada, Australia, and Netherlands) to further CI's international mission to combat offshore tax evasion. The ITFC identifies and investigates enablers, financial institutions, third-party asset managers, promoters, referral agents, and expatriated U.S. citizens who use international jurisdictions for tax fraud. The group also ensures compliance with the Bank Secrecy Act by identifying and investigating U.S. taxpayers who fail to report their foreign accounts.

SIGNIFICANT CASE

Founder of Russian Bank Sentenced for Felony Tax Conviction Arising from Scheme to Evade Exit Tax while Renouncing his U.S. Citizenship

Oleg Tinkov, the founder of a Russian Bank, was sentenced October 2021 for tax fraud after he renounced his U.S. citizenship to avoid paying his share of taxes. Tinkov also paid more than half a billion dollars in the largest personal tax judgment known. Tinkov was a naturalized U.S. citizen when he founded Tinkoff Credit Services (TCS) in late 2005 or 2006. TCS is a Russian-based branchless bank that provides its

customers with online financial and banking services. Through a foreign entity, Tinkov indirectly held the majority of TCS shares. In October 2013, TCS held an initial public offering (IPO) on the London Stock Exchange and became a multi-billion dollar, publicly traded company. As part of going public, Tinkov sold a small portion of his majority shareholder stake for more than \$192 million, and his assets following the IPO had a fair market value of more than \$1.1 billion. Three days after the successful IPO, Tinkov went to the U.S. Embassy in Moscow, Russia to relinquish his U.S. citizenship. As part of his expatriation, Tinkov was required to file a U.S. Initial and Annual Expatriation Statement. The form requires anyone with a net worth of \$2 million or more to report the constructive sale of their assets worldwide to the IRS as if those assets were sold on the day before expatriation. Tinkov filled out the expatriation form himself falsely reporting that his net worth was only \$300,000, and he filed a 2013 tax return that falsely reported his income as only \$205,317. In addition, Tinkov did not report any of the gain from the constructive sale of his property worth more than \$1.1 billion, nor did he pay the applicable taxes as required by law. In total, Tinkov caused a tax loss of \$248,525,339, which he paid in full, along with substantial penalties and interest, as part of his plea. Together with tax liabilities for other years, Tinkov paid \$508,936,184, which is the largest individual payment tracked by the IRS.

GLOBAL ILLICIT FINANCIAL TEAM

Global Illicit Financial Team (GIFT) is a national task force led by CI with the focus of investigating organizations illicitly moving money, which is used to support international crime organizations. As a major conduit of CI's money laundering strategy and a focal point for the CI Money Laundering Cadre, GIFT's talented special agents are hand-picked from field offices for their extensive experiences in investigating complex cases and for their abilities to lead multi-agency teams. Under the leadership of a supervisory special agent in the Washington, D.C. Field Office, GIFT brings a powerhouse of international money laundering expertise to partnerships with other federal law enforcement agencies.

GIFT investigations are inherently complex and are cases that will make the most impact on international third-party money laundering. The cases include investigations of illegal money transfer businesses, professional enablers of money laundering, money laundering through real estate or investment products, financial institutions concealing and disguising illegal transactions, laundering of business email compromise or other cyber intrusions, public corruption and extortion, government

contract fraud, the sale of contraband goods, terror financing, and sanctions violations. With previous large-scale sanctions case experience involving financial institutions, GIFT became a key partner in the Department of Justice KleptoCapture Task Force.

Since its inception in 2010, GIFT investigations resulted in seizures and forfeitures of \$5.2 billion, fines and penalties on settlements of over \$15 billion, and a conviction rate of over 90%.

ALCOHOL AND TOBACCO TAX AND TRADE BUREAU

Reminiscent of Eliot Ness and Elmer Irey's "T-Men," CI continues its partnership with the Alcohol and Tobacco Tax and Trade Bureau (TTB) to combat illicit alcohol, tobacco, and ammunition trade.

The TTB was created in January 2003, when the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) was extensively reorganized under the provisions of the Homeland Security Act of 2002. The act realigned ATF to the Department of Justice but called for their tax collection functions to remain with the Department of the Treasury, thereby creating TTB. In 2009, TTB entered into an inter-agency agreement with CI to provide special agents to enforce TTB's criminal provisions.

Moonshine, counterfeit cigarettes, and export only goods diverted back into U.S. commerce are all in a day's work for this group whose sole focus is combating illicit trade of tobacco, ammunition, and alcohol. TTB's special agents are strategically dispersed across the country. The group is supervised by a supervisory special agent, who reports to the Special Agent in Charge of the Washington D.C. Field Office.

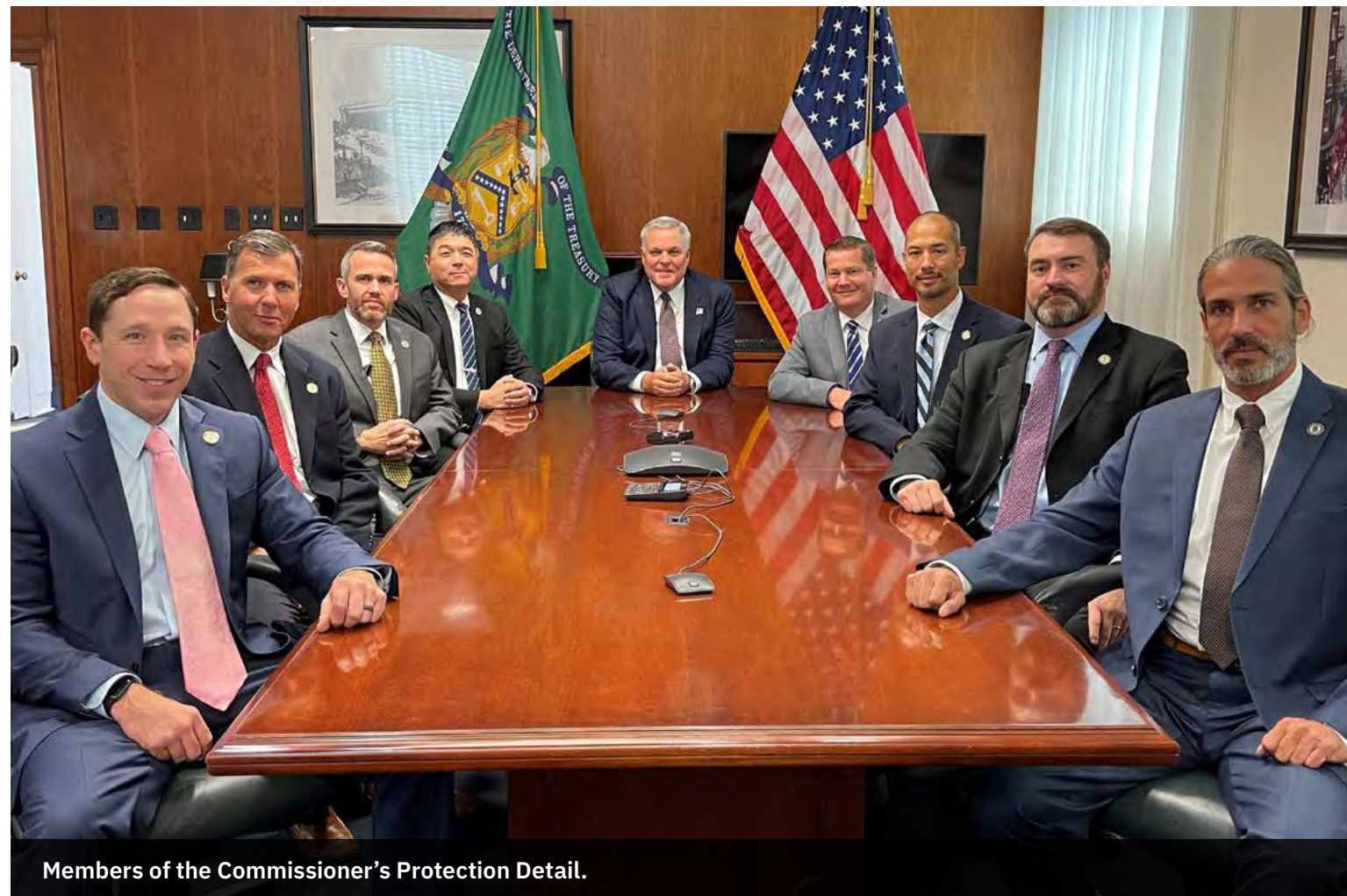


COMMISSIONER'S PROTECTION DETAIL

The Commissioner's Protection Detail (CPD) is a specially trained cadre of CI special agents, who provide personal security and protection to the IRS Commissioner. Since 1999, this dedicated team is charged with protecting the Commissioner during official business operations. CPD provides protection of the Commissioner within the National Capital Region and while in travel status, foreign and domestic. As the leader of the IRS, the Commissioner frequently attends meetings, conferences, publicized hearings, and speaking engagements in locations, such as the White House, U.S. Capitol, U.S. Treasury, and other venues in Washington, D.C., as well as around the globe.

In a typical year, the CPD protects the Commissioner on approximately 500 protective movements, 20 domestic trips, and two to three international visits.

CPD special agents are trained in protective service operations with an emphasis on operational planning, motorcade operations, protective intelligence, and preventing and responding to attacks. Protective operations are a team effort and require detailed advanced preparations aimed at identifying and mitigating potential risks, threats, and vulnerabilities.



Members of the Commissioner's Protection Detail.



Commissioner Charles Rettig and CPD boarding a plane.



The Commissioner's Protection Detail provides a secure escort into the Pentagon.



Commissioner Charles Rettig escorted by CPD.

INTERNATIONAL OPERATIONS

CI has 12 attaché posts strategically stationed in 11 foreign countries, including Mexico, Canada, Colombia, Panama, Barbados, China, Germany, the Netherlands, England, Australia, and the United Arab Emirates. Attachés work with foreign governments to build partnerships, train law enforcement counterparts, and investigate financial crimes.

These partnerships give CI the ability to develop leads for domestic and international investigations with an international nexus. In addition, attachés provide support and direction for investigations with international issues, foreign witnesses, foreign evidence, or execution of sensitive investigative activities in collaboration with our international partners. Attachés also help uncover emerging schemes perpetrated by promoters, professional enablers, and financial institutions. These entities facilitate tax evasion of federal tax obligations by U.S. taxpayers, as well as other financial crimes.

Training is a key part of CI's presence abroad and helps provide the foreign governments in developing nations with necessary tools to combat financial crimes. Training foreign counterparts also serves as a way to build strong relationships abroad, which results in successful international investigations. Special agents train foreign governments through collaborative efforts with the International Law Enforcement Academies (ILEA) in Budapest, Hungary; Bangkok, Thailand; San Salvador, El Salvador; and Gaborone, Botswana. In addition, Global

Operations conducts training at the International Academy for Tax Crime Investigation at the Guardia di Finanza Economic and Financial Police School in Ostia, Italy. In some cases, host nations fund the training, but the majority of the time, funding is sponsored by the Organization for Economic Cooperation and Development and the U.S. Department of State.

Attachés also partner with CI's International Training Team (ITT) to deliver trainings to representatives from multiple countries across the globe. After delivering mostly virtual trainings in FY 2021 due to the COVID-19 pandemic, the team was back in action in FY 2022, delivering 20 in-person trainings in Africa, Asia, the Caribbean, Europe, South America, Central America, and the Indo-Pacific. In addition to the in-person events, the team also delivered 10 trainings virtually. These trainings generated more than 900 international contacts to leverage support for investigations, and they serve as a powerful means to amplify the reach of CI attachés and promote the IRS mission.

CI developed public-private partnerships with domestic and international organizations in the financial compliance industry, financial institutions, and the Fintech industry to facilitate cooperation, deterrence, identification, and enforcement of international tax evasion and related financial crimes.

SIGNIFICANT ACCOMPLISHMENTS

Mexico City locates 70 fugitives

During FY 2022, CI's Mexico City post located 79 fugitives wanted for financial crimes in the United States. For example, in January 2022, Thomas Johnson was located in Belize and extradited to the United States to face court proceedings for aiding in the preparation and filing of false tax returns. Johnson prepared and filed false tax returns on behalf of his clients, and they, in turn, split the large refunds they were not entitled to with Johnson.

Frankfurt Helps Take Down Dark Web Marketplace

CI's Frankfurt post coordinated with the Bundeskriminalamt (BKA) and CI's Cyber Crimes Unit special agents to seize Hydra Market (Hydra), the world's largest and longest running

darknet marketplace. In April 2022, the attaché helped obtain a Mutual Legal Assistance Treaty with German authorities to obtain information on internet protocol (IP) addresses linked to the marketplace. This resulted in a supplemental request for assistance to gather information about two additional IP addresses, and the attaché also ensured that U.S. law enforcement received a copy of the imaged Hydra server once the site was seized. The information CI obtained helped build the criminal case against the main defendant in this investigation.

Global Operations Establishes International Liaison and Strategy Unit

Global Operations also established the International Liaison and Strategy Unit in FY 2022 to ensure a strategic approach to training and international initiatives.

For more information and stay updated on J5.

 [Joint Chiefs of Global Tax Enforcement](#)

 [J5 Website](#)



UNDERCOVER OPERATIONS

CI has a long history of using undercover techniques to investigate crimes. These techniques are well-documented, and they play a significant role to bring criminals to justice. Special Investigative Techniques (SIT) oversees CI's undercover activities and reviews, approves, funds, and trains personnel to carry out undercover operations. Special agents and leadership teams initiate and manage day-to-day operations in their respective field offices. CI has a cadre of active undercover agents that use sophisticated means to initiate contact with individuals perpetrating tax crimes and to gain evidence needed to prosecute their crimes. In FY 2022, agents conducted approximately 401 undercover operations.

SIGNIFICANT CASES

12 Individuals Sentenced for Tax Fraud, Other Crimes

In May 2022, 12 individuals were sentenced in South Carolina for employment tax fraud and other crimes related to hiring unauthorized aliens at seven construction-related companies. The construction companies used unlicensed check cashers to facilitate under-the-table payments to employees, many of whom were unauthorized aliens. The check cashers also provided certificates of insurance falsely stating that the employees were covered under workers' compensation insurance. The defendants cashed at least \$15 million in checks resulting in millions of dollars in losses

to the U.S. government. During the investigation, multiple CI undercover agents posed as individuals that provided unlicensed check cashing services for a fee. The defendants provided the undercover agents with contractor business checks, and in return, the agents gave the defendants cash, minus a transaction fee. Various undercover agents embedded themselves in the Myrtle Beach area and recorded multiple transactions with the defendants.

Pizza Restaurant Owners Plead Guilty to Evading Payroll Taxes

In June and July 2022, Ernesto and Giuseppe Cannuscio, brothers and owners of Mario's Pizza in Ocean City, New Jersey, pleaded guilty to conspiracy to evade more than \$200,000 in payroll, personal, and corporate income tax. They face up to 5 years in prison and/or a fine up to \$250,000 for their crimes.

From 2013 to 2018, the Cannuscio brothers failed to deposit cash receipts into the business bank accounts and paid employees cash wages off the books to avoid payroll taxes. They then failed to tell their accountant about the undeposited cash receipts they did not deposit into their bank account, which resulted in the underreporting of gross receipts on their tax returns. In addition, they failed to tell the accountant about the cash payroll, which resulted in the Cannuscio brothers evading employment taxes.

During the investigation, CI undercover agents posed as potential buyers interested in purchasing Mario's Pizza. During the undercover operation, the agents determined that the Cannuscio brothers kept a second set of books and were significantly underreporting sales. The books also showed that the unreported cash was being split between the brothers. The information obtained during the operation resulted in search warrants at Mario's Pizza and both of the brothers' residences.

HISTORY:

In 1929, Michael Malone successfully infiltrated Al Capone's Chicago gang for nearly two years. Because of his work, the government successfully prosecuted Capone and his top enforcer, Frank Nitti, for tax crimes. In 1963, the Undercover Operation (UCO) was centralized into the National Office. UCO focused on illegal gambling and organized crime, and most operations lasted longer than one year. In the late 1960s, CI initiated the Courier Project to corroborate persistent allegations concerning the movement of casino receipts by couriers to offshore tax havens. UCO infiltrated organized crime organizations that used fall guys to operate casinos. In the late 1970s, the UCO was decentralized. The National Office retained review, approval, funding, and training authority, and districts were responsible for the initiation and daily management of the operations. This organization continues today. In the 1980s, UCO focused on offshore banking schemes and illegal tax shelters. The estimated revenue loss

from these shelters was about \$120 billion by 1985. With the advent of money laundering laws, undercover agents became proficient at conducting investigations into the laundered illegal proceeds of narcotics traffickers. Today, CI uses undercover operations in investigations of unscrupulous tax return preparers, offshore tax schemes, money launderers, Dark web marketplace operators, and those who seek to conceal the movement of money for illegal purposes, including tax evasion.

401
Undercover Operations



Special agents conduct surveillance on suspected illegal activities.

DIGITAL FORENSICS

Digital Forensics is a function of CI's Cyber and Forensic Services section and is the premier digital forensics unit in federal law enforcement. The Digital Forensics mission is to support special agents in the collection and analysis of digital evidence. Since computer, mobile, and digital devices are found on nearly every enforcement action, the reliance on Digital Forensics personnel to secure and analyze digital data has grown. During the last year, CI Special Agent-Computer Investigative Specialists (CISs) assisted with over 619 operations, seized 2.97 petabytes of data, and imaged 3,901 computers and other devices. CISs and Forensic Specialists are certified in forensic examinations and the use of top-level forensic software, thus establishing proficiency. They provide valuable testimony in criminal proceedings and are the voice of the digital evidence.

With the increased use of digital currency in illegal transactions, the need for seizing digital currencies in investigations has also increased, and Digital Forensics has risen to the challenge. During FY 2022 Digital Forensic lab and field staff took possession of approximately \$4 billion of digital currency pursuant to seizure orders.

Today's sophisticated schemes to defraud the American taxpayers demand the analytical ability of financial investigators to decipher complex financial records. Records of transactions have moved from paper ledgers to computers to off-site, online storage. As a result, CI is developing tools and techniques to follow and find those transactions, wherever they may lead. Digital Forensics possesses the expertise in computer and network forensics to forensically seize digital evidence, using specialized equipment and techniques to preserve digital evidence and to recover relevant evidence, including data that may have been encrypted, password protected, or hidden by other electronic means.

Digital Forensics is beginning the transition to a regional lab model with 18 sites selected as major hubs for forensic work. The lab layout will provide a large workspace, storage rooms, a manager's office, and a conference room, all with the latest technology to provide a superior work experience. The first regional lab opened in the Boston area this year, and the opening of several more of these regional labs is anticipated in the coming year.

Digital Forensics current staffing includes seven groups of CISs who sit in labs located throughout the country. Digital Forensics also maintains an 11,000-square foot lab and training center in Northern Virginia. The lab specialists are skilled in various digital forensic disciplines, such as data recovery, mobile support, hardware and software testing and deployment,

and the planning and delivery of the advanced training needed to keep the CISs highly skilled and current on technology and processes.

Digital Forensics is positioned to continue providing world class digital forensic services to special agents and other law enforcement stakeholders, while combining CI's respective electronic, cyber and technical expertise and talents.

SIGNIFICANT CASES

Florida Man Convicted for Wire, Mail Fraud

In May 2022, Michael DaCorta of Sarasota, Florida was convicted at trial for conspiracy to commit wire fraud and mail fraud, money laundering, and filing a false income tax return. DaCorta faces a penalty of 33 years in prison. DaCorta worked as the CEO of multiple domestic and international businesses, where he enticed investors into a foreign exchange trading opportunity and then used the proceeds to fund his lavish personal lifestyle. CI and the FBI worked jointly on the investigation. In April 2019, the FBI executed federal search warrants at five locations and seized 42 TB of data from 39 images of phones and computers. When preparing for trial, CI did not receive any digital evidence from the seized data. Two months before trial, a CIS was assigned to search for email and files documenting the subject's extravagant lifestyle. In approximately one month, the CIS processed 11 images, consisting of approximately 8 TB of data and triaged the files into a manageable dataset for the case agent. The most incriminating files were then used by the prosecution team during the multi-week trial.

Digital Forensics Key to Lawyer's Guilty Plea

In June 2022, Mykhaylo Chugay was convicted of conspiracy to harbor non-resident aliens and induce them to remain in the country, conspiracy to commit money laundering, and conspiracy to defraud the IRS. Chugay operated labor-staffing companies in southern Florida between 2007 and 2021. Chugay hired illegal employees to provide workforce to the hospitality industry in the Florida Keys. Chugay did not withhold employment taxes, did not issue Forms W-2 to the employees, and did not file quarterly employment tax returns. CI and HSI worked jointly in the investigation. Digital Forensics participated in a search warrant and a consent search, and a CIS was assigned to review the QuickBooks files obtained from the searches. The CIS used software to crack the passcode for the files, and the files were ultimately presented at trial to prove the existence of the employment tax violations. A retired CIS testified about the records at trial.

Woman Sentenced for PPP Fraud

In December 2021, Jericca Rosado was sentenced for her scheme to fraudulently obtain Paycheck Protection Program (PPP) Small Business Association loans in exchange for a kickback payment from the PPP loan proceeds. A search warrant for a cell phone was conducted during the investigation. The CIS coordinated the cell phone/computer extraction with the prosecution team, which consisted of Assistant United States Attorneys in the Southern District of Florida, trial attorneys at the Department of Justice, and the special agents. The CIS also worked directly with Rosado to obtain Telegram, Whatsapp, and Gmail extracts to assist the prosecution team in identifying an additional target related to the scheme. The CIS was praised by the prosecution team for his involvement in the case.

Attorney Plead Guilty to Obstruction and Wire Fraud

In June 2022, Michael Avenatti pleaded guilty to wire fraud and endeavoring to obstruct the administration of the Internal Revenue Code. During the investigation, multiple CISs worked with the investigative team to image digital devices and extract data from cell phones provided by witnesses. The CISs also assisted with the execution of search warrants at two residences, a law firm, and a data center that housed the servers for Avenatti's law firm. Multiple digital devices were imaged, including computers, servers, and mobile phones. A CIS assisted DOJ's Cyber Lab to process the forensic images and to load them to Relativity E-Discovery software for special agents and attorneys to conduct a privilege review of the digital evidence. The CIS then rebuilt Avenatti's law firm's server network in a virtual environment to access the specialized database software containing the client data. The CIS used the program TABS, which is a software specialized to attorneys' offices.

Avenatti's case originally went to trial in July 2021. The CIS testified for the prosecution and was later called to testify for the defense. During and after the trial, the CIS assisted with locating additional digital evidence to address discovery concerns raised by Avenatti. The trial was declared a mistrial, and the case was scheduled for a new trial in July 2022. Avenatti claimed that files on his computer would prove his innocence. The CIS obtained a copy of a special billing software to be able to review Avenatti's billing records. After teaching himself how to use the program, the CIS accessed Avenatti's records in a meeting with the prosecution and defense attorneys. The CIS showed the defense team that Avenatti's defense would not hold up at trial. Avenatti subsequently entered a guilty plea before the new trial date.



CIS special agents adapt and use what is available as a work space.



A CIS special agent prepares to image a server.

A CIS special agent prepares to pull a hard drive for imaging.



A CIS special agent prepares to document steps included in imaging.

CENTER FOR SCIENCE AND DESIGN

Since the early 1970s, scientists and technical experts at the Center for Science and Design (CSD), formerly known as the National Forensic Laboratory, have reported the results of forensic testing and technical services to investigators exploring potential criminal violations and for adjudication of the Internal Revenue Code and related financial crimes. Results of the CSD's work are used by CI special agents or other customers of the laboratory to analyze elements to provide pivotal direction in their investigations. The CSD's work remains essential to ensuring the efficient processing of crucial evidence in CI investigations. Often support provided by the CSD does not end with the delivery of a scientific report or product. This important work continues with support in judicial proceedings when required.

The CSD consists of three sections, each offering specific scientific or technical services. The Trial and Design Services (TDS) section simplifies complicated cases into succinct, effective visuals that help show, rather than tell, all the elements of extremely complex investigations. Although the services are primarily for special agents preparing for trial, TDS also creates high-level presentations, investigation summaries,

and other special projects, such as CI branding and marketing outreach. In 2022, TDS assisted in the creation and launch of the new CI logo.

The Scientific Services section offers forensic disciplines that include latent prints (finger and palm print development and comparison), questioned documents, ink chemistry, and DNA collection. Due to advances in technology, the CSD has also offered services for DNA. This section can collect samples from evidence to be used in identifying subjects related to the investigation. The CSD has a working relationship with the FBI's DNA Unit to assist the lab in extracting a profile from the samples.

Meanwhile, the newly formed Multimedia and Deception Detection section provides services such as electronic (audio, video, and image enhancement), polygraph examination, and soon-to-be established facial recognition. The Facial Recognition Unit is in development and when established will be able to assist special agents with facial images collected from ATMs, pole-cams, and undercover operations.

When the experts at the CSD are not working on evidence, they are providing tours and virtual presentations to special agents and various CI stakeholders at their building in downtown Chicago. One of the most effective ways to educate others about the CSD's capabilities is by demonstrating their state-of-the-art equipment and sharing stories. Thanks to the talented men and women of the CSD and their dedication to science and their technical services, as well as the mission of CI, the customers of the laboratory have come to know and expect their high-quality work. The successes of their cases speak for themselves, and nothing is more gratifying to the CSD than seeing the cases get fully adjudicated. However, it is equally important to help investigators know when to consider closing a case. Regardless of the outcome, the CSD scientists and technical experts continue to strive in their role as servants of the criminal justice system.

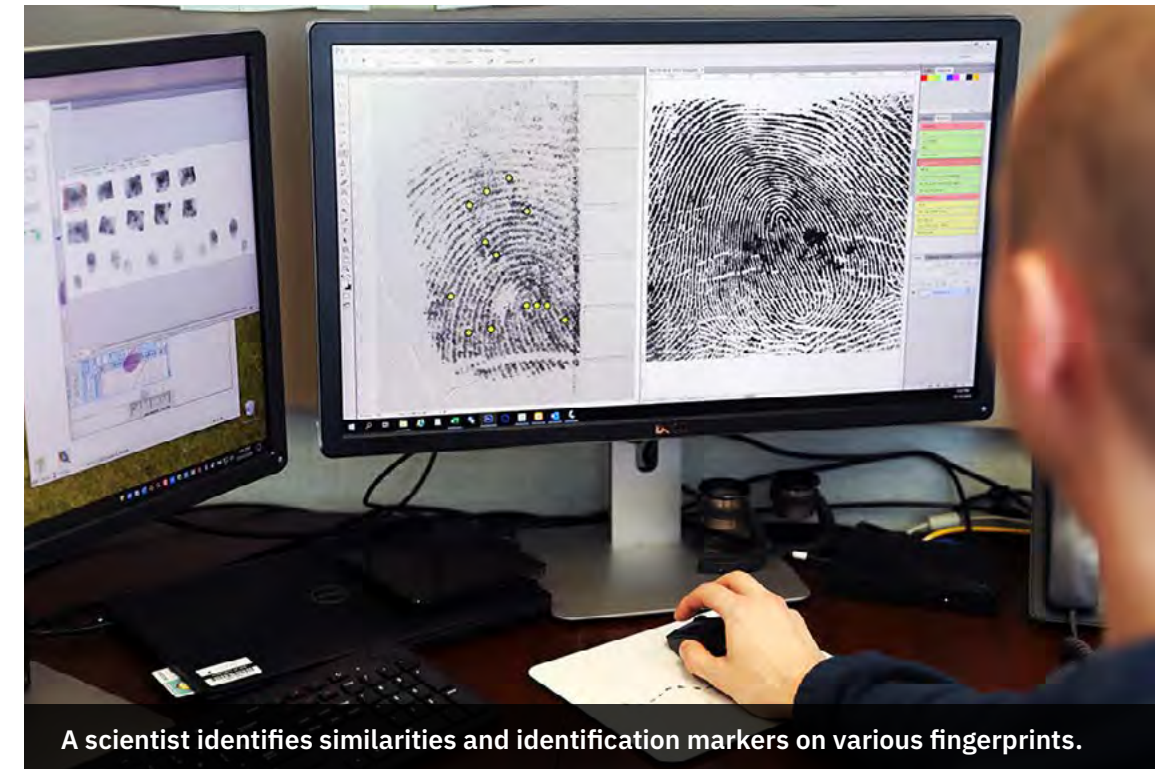
65
Scientific Services

191
Trial & Design Services

37
Multimedia & Deception Detection



A scientist listens for sound cues and adjusts levels to clarify audio for a training case.



A scientist identifies similarities and identification markers on various fingerprints.

ADVANCED ANALYTICS & INNOVATION

Our newest HQ Division, Advanced Analytics & Innovation (AAI), is moving CI into the future of case selection through the utilization of data analytics, creation of investigative data management and governance, and solving employee challenges through innovative solutions. AAI, through strategic partnerships with internal IRS business units, such as Large Business & International, Small Business/Self Employed, Research Applied Analytics & Statistics, and the Office of Fraud Enforcement, is streamlining processes and implementing automation to protect revenue. AAI collaborates with a diverse group of internal and external professionals, including experts in academia, government, and industry to improve functions and processes.

AAI's dedicated team is united in the goal of "One IRS" and is comprised of special agents and professional staff with dynamic skills, including data scientists, mathematicians,

program analysts, investigative analysts, systems experts, and leaders in process change management. AAI is comprised of six sections: Applied Analytics (AA), Data Management and Governance (DMG), Innovation, National Coordinated Investigations Unit (NCIU), Refund Fraud and Investigative Support (RFIS), and Systems and Operational Support (SOS).

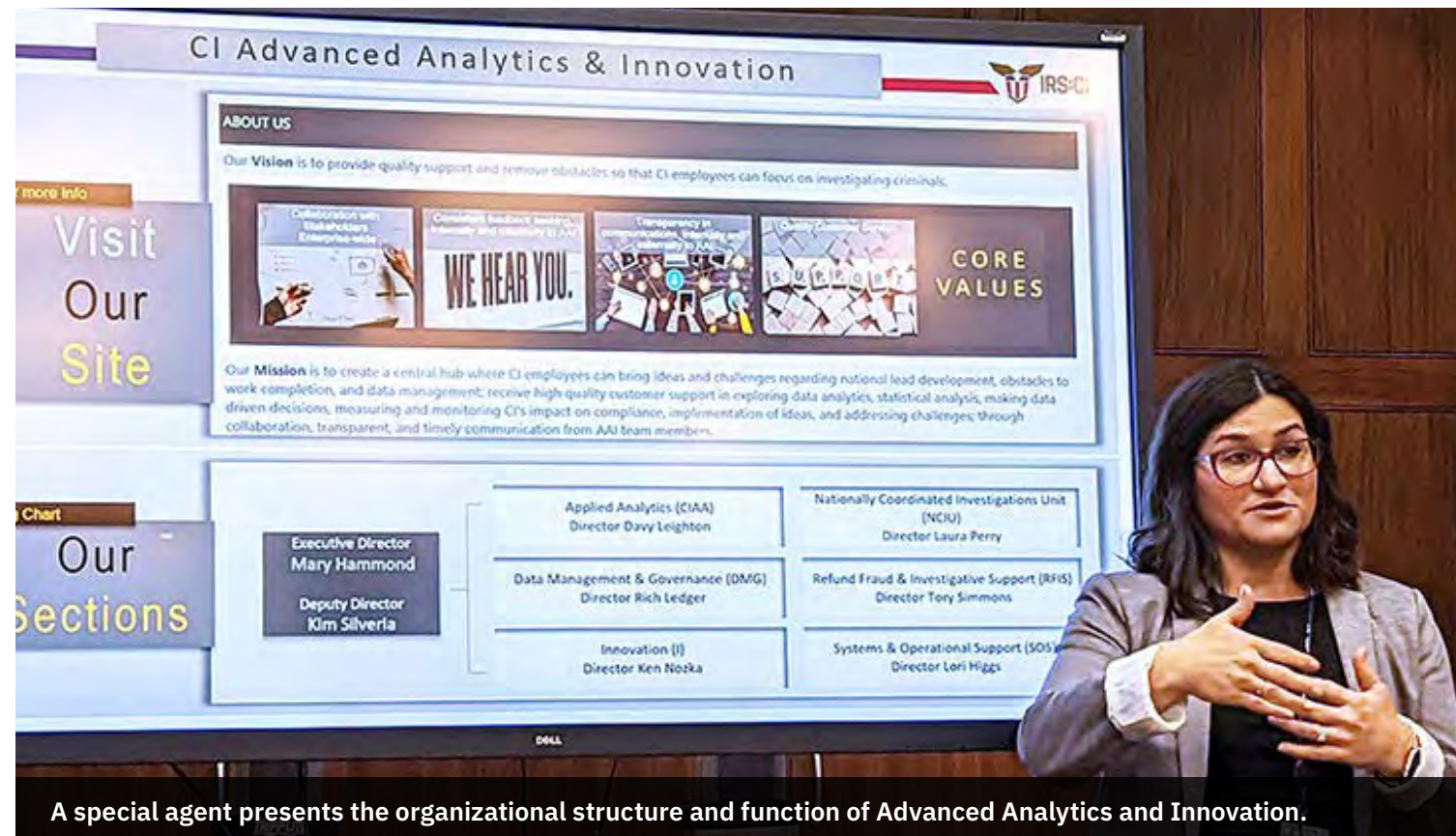
AAI identifies egregious promoters of criminal activity, including refund fraud, identity theft, and other abusive schemes, and isolates significant cases of federal tax evasion, including employment tax, COVID fraud, and international and domestic tax evasion. During FY 2022, RFIS provided field office support in the Questionable Refund Program (QRP), the Return Preparer Program (RPP), and the Identity Theft (IDT) Program. RFIS also supported other national programs, such as the Court Witness Program, Controls and Unpostables Program, and Electronic Filing (ELF) Suitability Program.

AAI also digitizes records through the Data Processing Center and supports CI investigations utilizing data analytics. To improve efficiencies and ensure impartiality, AAI's talented staff leverages technology and develops algorithms to filter large data sets. Using analytics increases CI's ability to identify fraud and dedicate resources to the most impactful investigations that result in criminal prosecution.

AAI has experts who analyze business statistics to support data-driven decisions made by CI leaders. The experts validate data to ensure integrity and proper system functionality. AAI partners with Return Integrity and Compliance Services to improve IRS filters that detect and stop refund and identity theft early in the filing process. AAI further supports the tax enforcement effort by sharing knowledge of increased data analytic capabilities through training sessions and collaboration across CI.

AAI is guiding CI into the future of investigative data management and governance which will ensure tax information is both usable and safeguarded. This is essential to reduce the tax gap as criminals continue to evolve in sophistication, and the criminals' use of social media allows for rapid advertising of fraud schemes and criminal collaboration.

CI assures the American public that criminals are held accountable, citizens are paying their fair share of taxes, and resources are dedicated to the most impactful criminal investigations. This serves the public interest and deters would-be criminals. AAI strives to make CI the most innovative law enforcement agency in the world while fulfilling our mission to foster compliance and confidence in the tax system.



A special agent presents the organizational structure and function of Advanced Analytics and Innovation.

2022 AAI HIGHLIGHTS

- ▶ In FY 2022, the Data Processing Center processed approximately 2,101,762 documents despite challenges related to COVID.
- ▶ In FY 2022, RFIS supported 525 QRP and 862 RPP schemes, with 254 of the schemes having an IDT element.
- ▶ AAI's Innovation section supported at least 105 support requests for efficiency challenges in FY 2022. For example, in one case, the use of automation reduced an expected 6-month process to 2 weeks.
- ▶ RFIS also provided support to 138 trials, placed 96,744 controls, addressed 33,471 unpostables on individual and business tax modules, and received and researched 3,913 Electronic Filing Identification Number applications to assist IRS in determining the suitability of an individual into the program.
- ▶ In FY 2022, NCIU made 172 investigative referrals to CI field offices.

NATIONAL CRIMINAL INVESTIGATION TRAINING ACADEMY

CI special agents are sworn federal law enforcement officers throughout all 50 states and U.S. territories, including special agent attachés located in 11 countries. Special agents begin their training at the National Criminal Investigation Training Academy (NCITA), which is located at the Federal Law Enforcement Training Center (FLETC) in Brunswick, Georgia.

New special agents first attend and complete FLETC's Criminal Investigator Training Program (CITP), which provides, on an interagency basis, a program of instruction that fulfills all the basic criminal investigative training requirements necessary for responsible and competent job performance. Rather than being agency-specific, the program addresses common knowledge, skills, and abilities that are expected of all investigators. In today's changing world, criminal investigators are faced with a variety of situations that, in addition to traditional law enforcement skills, require an awareness of and expertise in human behavior, modern technology, cultural sensitivity, law, and other interdisciplinary approaches to effective law enforcement.

Special Agent Investigative Techniques (SAIT) is CI specific training, which begins immediately after students graduate from CITP. During SAIT, the students work together to investigate three cases and to complete investigative steps just as they would in the field. These steps include interviewing, gathering evidence, writing of interviews and reports, applying various methods of proof, and making recommendations for prosecution.

NCITA also plays a vital role in assisting and providing advanced training to special agents in areas such as use of force, firearms instruction, defensive tactics, and building entry. NCITA assists in developing continuing professional education courses for special agents and professional staff, which focus on emerging trends and issues within the law enforcement environment. A comprehensive and progressive formal training program is essential to effective performance as a criminal investigator and provides assurance that new practitioners are fully equipped to meet the rigorous demands of the environment in which they will operate.

NCITA is committed to continual improvement of new agent training through modernization and building a student curriculum that is updated on a real time basis. CI continues to revamp its case study videos, to automate its case activity documents, and to create tax lessons that assure new special agents will meet and exceed all the complex and challenging tasks of contemporary law enforcement.

Commissioner Charles Rettig was the keynote speaker at the graduation for SABA 2204 on April 25, 2022. Commissioner Rettig had the opportunity to tour FLETC Glynco's facilities, including the driving range, Danis City, the Physical Techniques Division, and the firearms training facilities. During his visit, Commissioner Rettig addressed the CI special agents currently in training and attended a social with the students after the training day concluded.



A day in class



Matroom



Firearms training



ASSET RECOVERY AND INVESTIGATIVE SERVICES

Asset Recovery and Investigative Services uses forfeiture authority as an investigative tool to disrupt and dismantle criminal enterprises. The program deprives criminals of property used in, or acquired through, illegal activities. Seized assets are routed to the Treasury Forfeiture Fund (TFF), which the Treasury Executive Office for Asset Forfeiture manages. Forfeited funds are returned to identified victims of criminal activity and are also used to reimburse law enforcement agencies for expenses like enhanced training, equipment, and costs associated with conducting significant investigations. In addition, the TFF shares a portion of forfeited funds with federal, state, and local law enforcement agencies. As of September 30, 2022, CI seized assets valued at approximately \$7.1 billion★ and forfeited approximately \$1.1 billion in ill-gotten proceeds. In addition, approximately \$32.5 million were refunded as part of CI's asset recovery efforts.

SIGNIFICANT FORFEITURES

- ▶ Three San Diego money managers – Richard M. Owen, Jeffrey Morrow and James Warren – laundered money from a number of illicit sources, including a Mexican cartel, and fraudulently documented the activity as gold transactions through their business, Global Gold Exchange LLC. Owen, Morrow, and Warren admitted that the company operated as an informal money transmitter that facilitated money transfers both domestically and internationally and outside conventional financial institutions. They directed their clients to lie to law enforcement and tax officials and asked their clients to mail packages filled with heavy substances to mirror the weight of gold. The trio agreed to forfeit approximately \$2 million in assets, including currency and financial accounts, as well as various gold bars, nuggets, and coins they acquired by laundering money and conducting unlicensed money transmitting services through Global Gold Exchange LLC.
- ▶ The March 2020 Coronavirus Aid, Relief, and Economic Security (CARES) Act was designed to provide emergency financial assistance to businesses suffering as a result of the COVID-19 pandemic. Unfortunately, fraudsters like Don Cisternino tried to capitalize on CARES Act funds for personal gain. In May 2020, Cisternino obtained a \$7.2 million loan for a non-existent movie production company he claimed had 441 employees and a payroll of more than \$2.8 million. Instead, he used approximately \$3.5 million to purchase a luxury home with seven bedrooms, 11 bathrooms, a four-car garage, a theater room, a resort-style pool and spa, tennis courts, and a horse barn. The home was located on more than 12 acres of land. In FY 2022, the lavish residence was civilly forfeited and sold for \$4 million.
- ▶ The Black Market Bolivar Exchange (BMBE), with its genesis in Venezuela, is a money laundering system that parallels the Black Market Peso Exchange (BMPE). Operation Seaducks exposed a BMBE in southern Florida and throughout the United States, whereby many Venezuelan nationals with ties to the Venezuelan government and drug trafficking organizations (DTOs) were able to access an unlimited supply of U.S. dollars (USD) at favorable, albeit grossly inflated, currency exchange rates. One of the primary “clients” of these currency speculators benefiting from the BMBE were DTOs based in Colombia, Venezuela, and elsewhere.

Mohannad Ilbih Ilbih, who had numerous companies registered with CADIVI, the Venezuelan government entity delegated with the administration of the country's legal currency exchange, was a leader in a south Florida DTO. Ilbih Ilbih directed co-conspirators' to use nominee accounts and entities to arrange multiple cash pick-ups throughout the U.S. and to send approximately \$6 million in wire transfers of illegal, narcotics-derived cash proceeds throughout the world. Significant proceeds from Ilbih Ilbih money laundering fraud scheme were utilized to purchase two homes, one in Davie, Florida and one in Sunrise, Florida. Both homes were forfeited and sold for \$2,365,000 and \$500,500, respectively.

\$7.1B

Seized Assets★

\$1.1B

Ill-Gotten Proceeds
Forfeited

\$32.5M

Refunded

★ Seizure and forfeitures figures are based on values at date of asset seizure.



PROFESSIONAL STAFF AND WORKFORCE DEVELOPMENT

During FY 2022, CI continued its commitment to the growing numbers of its professional staff with the creation and installation of Professional Staff Advocates (PSAs). Located within Strategy and part of its Workforce Development arm, the PSAs were hired to bring advocacy and voice to all professional staff across CI. This effort was integral to promote unity, opportunity, and cohesiveness to the professional staff during the ongoing COVID-19 pandemic.

CI currently employs a robust workforce that works alongside the special agents. With more than 900 professional staff employees, nearly one-third of CI's workforce exists to provide support, guidance, and aid in accomplishing CI's mission of deterrence and compliance. Generally, these roles fall into three separate categories: investigative, administrative, and technical staff. Professional Staff are on the front lines of case work and behind the scenes of every CI activity.

These dedicated employees continued to provide excellent case, administrative, and technical support in uncertain times and less than ideal situations. CI employed innovative remote hiring techniques, which involved bringing people onboard in a completely virtual environment. The newly hired professional staff did not have the opportunity for immediate face to face training. CI addressed the remote training obstacle by successfully developing virtual and peer-led training initiatives. The PSAs and the professional staff community have provided interactive on-line instruction related to specific investigative, technical, and administrative job functions. Workforce Development (WD) seeks to develop employees over the

long term to providing them with the skills necessary to meet the challenges of the future. WD continues to support skills development at all stages of an employee's career lifecycle to enhance engagement and opportunity for special agents and professional staff. WD partners with HR and EDI to recruit and retain a talented and diverse workforce. During FY 2022, WD created and published a Retention Plan so that employees can easily access resources meant to keep them balanced, engaged, and satisfied in their careers. Career pathing helps employees consider future opportunities within the agency. CI furthered its commitments to its workforce by having professional staff participate in Frontline Leadership Training Programs and Frontline Leadership Readiness Programs.

CI created, developed, and deployed innovative techniques to provide resources for professional staff to identify career opportunities and tools necessary to help them thrive as they advance in their careers. WD facilitates an ongoing series on leadership, management, and self-development. Hundreds of employees utilized Zoom sessions facilitated by experts in career and personal development. Leadership aims to keep these programs running well into the future as they are key to ensuring mental health, professional growth, and job satisfaction. Furthermore, these sessions foster an environment of inclusion and the sharing of best practices amongst all personnel.

Major investments in professional staff have positively impacted CI's ability to accomplish its law enforcement mission and will continue to do so for many years to come.

938
Professional Staff support Investigative, Administrative, and Technical roles



Investigative Support

Administrative Support

Technical Support

EQUITY, DIVERSITY, AND INCLUSION OFFICE

The mission of the Equity, Diversity, and Inclusion Office (EDI) is to identify, examine, and address the organization's employment practices, policies, and procedures to ensure that all employees achieve equal opportunity. Equity is the main element that is needed to ensure that processes and programs are impartial, fair and provide equal possible outcomes for every individual. EDI's goal is to create and sustain a diverse, equitable, and inclusive environment that respects and accommodates every employees' background including race/ethnicity, sexual orientation, gender identity, and other protected statuses that make us all unique.

Achieving an inclusive environment creates an equitable workplace and promotes a positive employee experience. Therefore, in FY 2022, EDI reinstated EEO's Special Emphasis Program that raised more awareness of national observances and other significant programs that encouraged broad awareness and engagement of underrepresented populations. Information sessions designed to address and promote diversity and work-life balance included Understanding Depression; LGBTQ Awareness for Managers; Coping with Unexpected Grief; Managing Stress. Multiple mental and physical health awareness sessions were conducted through EAP.

This year, EDI facilitated the development of a new course, entitled Inclusive Leadership. The training was designed for the Senior Leadership Training Program participants and senior managers within field offices. The curriculum focuses on the areas of cultural competency, emotional intelligence, diversity, inclusion, and engagement throughout all management levels. EDI is collaborating with the newly formed Mental Health Awareness Program team. The goal is to increase awareness around mental health wellness and to provide options for support throughout the CI community. EDI also delivered multiple training and work-life sessions, covering topics such as managing workplace conflict, disability awareness and reasonable accommodation, emotional intelligence, prevention of harassment; mental health awareness, managing stress during the pandemic, and provided agency guidance pertaining to religious accommodation procedures for vaccination exemptions.



OUTREACH AND COMMUNITY ENGAGEMENT

CI offices throughout the country participate in community events such as National Night Out and the Law Enforcement Torch Run for Special Olympics. National Night Out is an annual community-building event that promotes law enforcement-community partnerships and neighborhood camaraderie to make our neighborhoods safer and more caring places to live. National Night Out also enhances the relationship between neighbors and law enforcement, while bringing back a true sense of community. The Law Enforcement Torch Run for Special Olympics is a campaign to benefit the Special Olympics. It began in 1981, in Wichita, Kansas, and is the largest grass-roots fundraising movement for the Special Olympics. Since inception, the Law Enforcement Torch Run has raised more than half a billion dollars and changed millions of attitudes by engaging law enforcement officers worldwide to be champions of acceptance and inclusion.



Special agents from the Newark Field Office participated in an elementary school 2022 career day. The agents shared their personal journeys, which led them

on the path to choosing a career as a special agent with CI. The agents' enthusiasm and passion for their careers encouraged the students to strive and thrive as future leaders of their community and inspired them to keep working on their education through the pandemic.



Special agents from the Oakland Field Office spent their evening at San Francisco State University's Meet the Firms hosted by Beta Alpha Psi (Beta Chi Chapter). It was

an astonishing turnout and a refreshing experience to attend an in-person career fair again. Agents were able to engage in more personable conversations with students about CI and their own career paths.



Through the help of Native American Community Services of Erie and Niagara Counties, Inc. (NACS), special agents and support staff of the

Buffalo, New York POD adopted and provided gifts for five deserving families in the Western New York community, in an effort to spread holiday cheer. The group participated in gift-wrapping festivities prior to attending their holiday luncheon.



Special agents of the Miami Field Office engaged more than 250 middle school students at a middle school in Davie, Florida. The focus of their

presentation was on what it is like to be a special agent in CI. The students were very engaged with the presentation and asked lots of questions. Perhaps around 2030, we will see some new special agents joining our ranks. The daughter of one of CI's special agents attended the presentation and is pictured with her classmates.

CI SPECIAL AGENTS DEPLOY TO ASSIST WITH DISASTER RECOVERY EFFORTS

CI Special Agents not only investigate a multitude of financial crimes, but they also provide assistance to state and local agencies during or after catastrophic events. The Federal Emergency Management Agency (FEMA) designated 14 Emergency Management Functions (EMFs) to assist in disaster recovery efforts which range from transportation to external affairs. CI helps maintain ESF #13 by providing public safety and security assistance.

In July 2022, 15 CI special agents supporting ESF #13 deployed to Hazard, Kentucky, for 12 days to provide security for first responders, the operations base and the FEMA staffing center after catastrophic flooding there. The team worked 15+ hour days on protection details, ensuring the safe completion of recovery efforts.

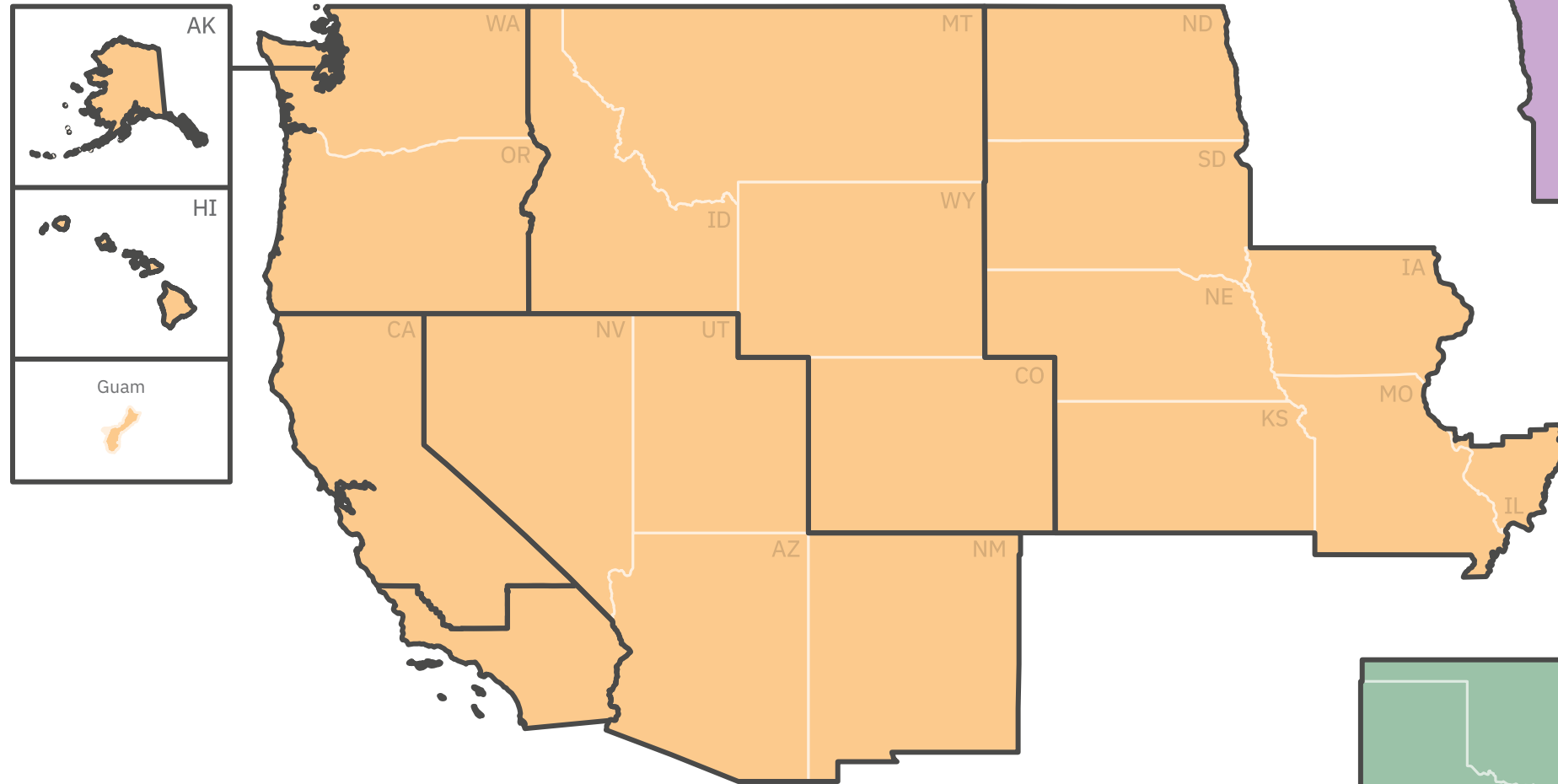
About 140 CI special agents, supervisory special agents and analysts have volunteered to support ESF #13. Whenever, there's a federally declared disaster, EMF participants can volunteer to deploy for the mission. Previous deployments include: hurricane recovery efforts after hurricanes Dorian, Ira, and Florence; perimeter security and relocation of sick guests after a COVID-19 outbreak on a cruise ship; and security for search and rescue efforts following the Oregon wildfires.



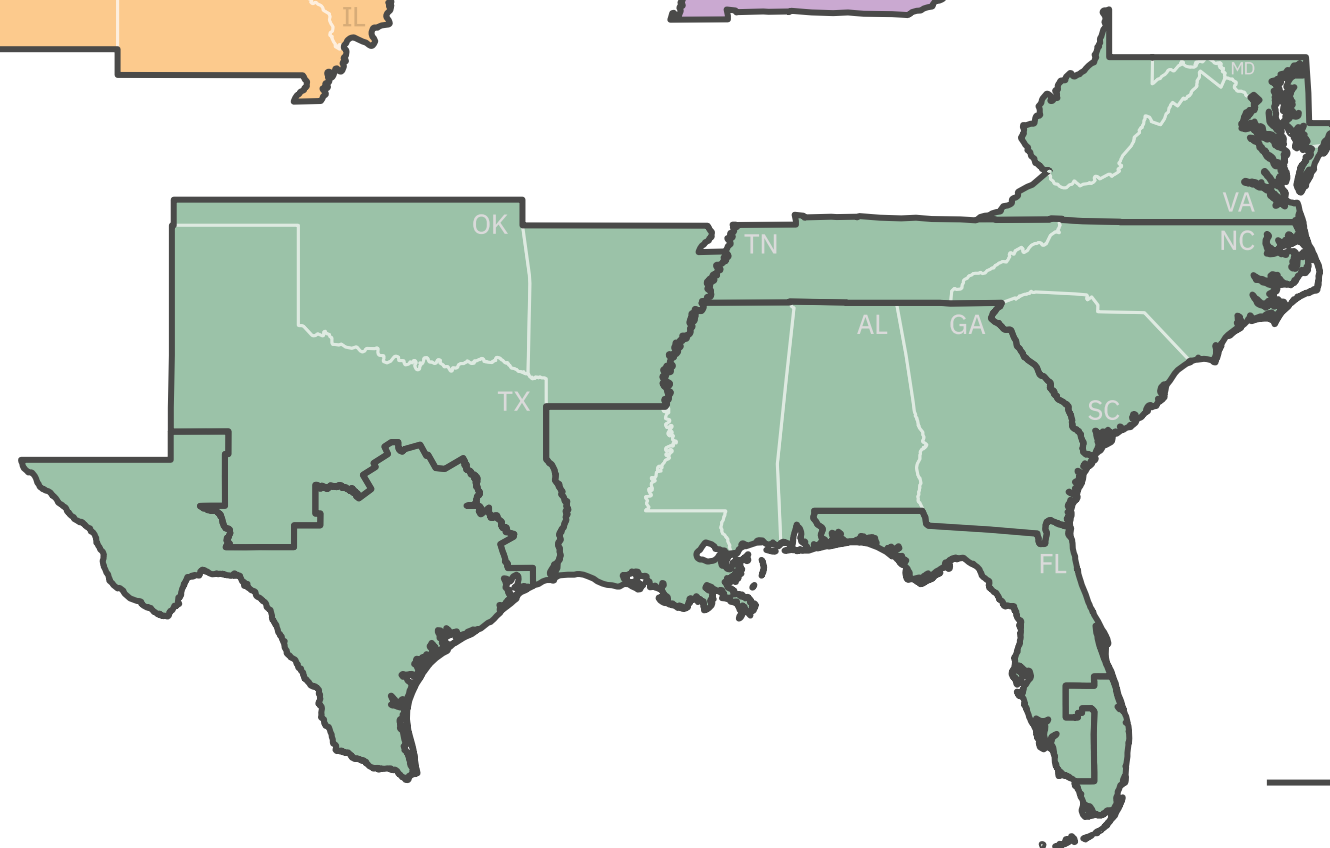
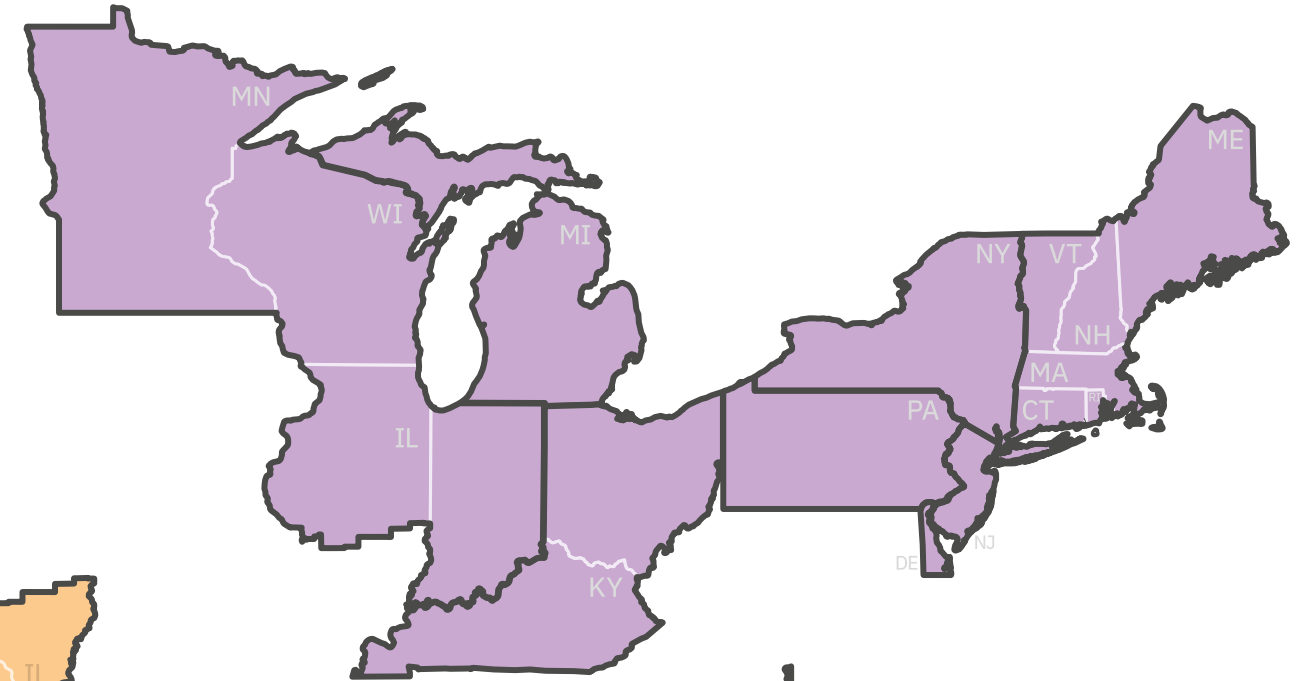
FIELD OFFICE MAP

Click on a location to go to that Field Office section.

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NORTHERN AREA



SOUTHERN AREA

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Gulfport | Hattiesburg | Jackson | Oxford

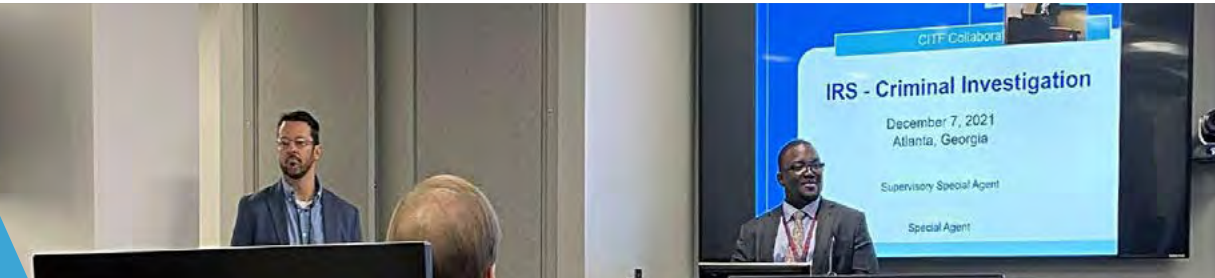
The ATLANTA FIELD OFFICE encompasses four states: Georgia, Louisiana, Mississippi, and Alabama. The territory includes Atlanta and New Orleans, two of the most popular destinations in the southeast, which are known for their vibrant culture, outstanding cuisine, and world renowned chefs. The field office is also home to some of the best beaches along the Gulf Coast in Mississippi and Alabama. The Atlanta Field Office offers meaningful investigative work in many areas, such as corporate fraud, political corruption, OCEDTF, counterintelligence and terrorism funding, and QRP/RPP. The field office is continually building and strengthening its relationships with our law enforcement partners, the U.S. Attorney's Office, and the public in an effort to identify, investigate, and refer quality cases for prosecution.

Former City of Atlanta Director of Human Services Sentenced to 14 Years in Prison for Bribery Scheme

September 8, 2022—former City of Atlanta Director of Human Services, Mitzi Bickers, was sentenced to 14 years in prison and 3 years of supervised release. Bickers was also ordered to pay restitution of nearly \$3 million to the City of Atlanta. Bickers was previously found guilty of conspiracy to commit bribery, wire fraud, money laundering, and filing a false tax return. Bickers utilized the illegally obtained bribery funds to purchase a lake home, a GMC Acadia Denali, and jet skis, which Bickers ultimately forfeited to the government.



Special agents participated in the Atlanta "Tough Mudder", which raises money for the Wounded Warrior Project.



A special agent and supervisory special agent participated in the inaugural FBI Atlanta Counterintelligence Task Force.

Former Georgia Insurance Commissioner Sentenced to 7 Years in Prison for Tax Fraud

October 13, 2021—Jim Beck, the former General Manager of the Georgia Underwriting Association, was sentenced to over 7 years in prison and 3 years of supervised release and was ordered to pay restitution of \$2,619,000 and forfeiture of over \$426,000, two pieces of real property, and a \$2,064,781.85 personal forfeiture money judgment. Beck was previously found guilty of four counts of tax fraud for filing false federal income tax returns for 2014 through 2018. Beck devised a scheme to steal more than \$2.5 million from the state-created insurance company, Georgia Underwriting Association. Beck managed the company prior to taking office as the insurance commissioner.



A special agent meets with students at an Alabama A&M career fair.



Special agents volunteered a day of service to the Community Food Bank of Central Alabama.

Former Muscogee County Deputy Clerk of Court Sentenced to 12 Years in Prison for Historic Multi-Million Dollar Fraud Case

June 2, 2022—Willie Demps, was sentenced to over 12 years in prison and 5 years of supervised release and was ordered to pay \$1,323,045 in restitution to Muscogee County Clerk of Court's and \$359,604 in restitution to the IRS. Demps the former deputy clerk for Muscogee County Clerk's Office, was the ringleader of a massive lengthy scheme to drain the Muscogee County Clerk of Courts' coffers of millions of dollars. Willie Demps, worked for the Muscogee County clerk's office for about 30 years, where he supervised monetary deposits received by the clerk's office. While in this role, Demps wrote checks from the clerk's office payable to various codefendants in the case. The codefendants would then cash the checks and return the money to Demps, who allegedly gave the participants in the scheme a portion of the money.

Georgia Man Sentenced to More Than 19 Years in Prison for Filing False Returns

July 14, 2022—Marquet Mattox, was sentenced to over 19 years in prison and 3 years of supervised release. Mattox was also ordered to pay restitution of \$3.2 million to the IRS. Mattox was previously convicted by a federal grand jury on August 18, 2022, of wire fraud, false claims, and theft of government funds. From 2016 to 2018, Mattox filed more than 30 fraudulent federal income tax returns with the IRS in the names of 12 different trusts. On those returns, Mattox falsely reported that the trusts had withheld large amounts of taxes on purported interest income, thereby entitling the trust to refunds. In total, Mattox claimed approximately \$165 million in refunds on behalf of the purported trusts. The IRS paid \$5 million of the requested refunds. Mattox used those funds to purchase a new house, a luxury automobile, and other personal expenses.

Computer Consultant Sentenced to More Than 6 Years in Prison for Access Device Fraud

March 14, 2022—Kevin Kirton, was sentenced to over 6 ½ years in prison and 3 years of supervised release. Kirton was also ordered to pay restitution of \$629,551 to the IRS. Kirton previously pleaded guilty to access device fraud and aggravated identity theft. Kevin Kirton created a computer program to file fraudulent federal income tax returns with the IRS. The computer program stored stolen identities and could be used to submit fraudulent tax returns in the names of stolen identities to the IRS, effectively automating stolen identity tax refund fraud. The computer program could be accessed remotely via

the internet to prepare fraudulent tax returns. The resulting fraudulent tax refunds were deposited onto prepaid debit cards in the names of identity theft victims. To help conceal the fraud activity, Kirton developed techniques to hide Internet Protocol addresses so the IRS could not trace a fraudulent tax return back to one particular origination point. Kirton also set up a bootleg phone system that he believed would not be susceptible to wiretaps to communicate with other criminals.

ER Doctor Sentenced to More Than Two Years in Prison for Tax Evasion

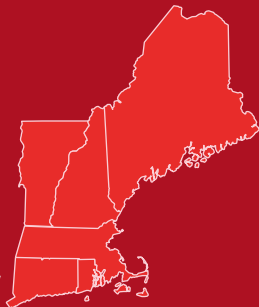
June 7, 2022—Dr. Kevin L. Crandell was sentenced to almost 3 years in prison and ordered to pay restitution to the IRS totaling \$972,493, resulting from a conviction involving a scheme to evade the payment of his personal income taxes. Crandell was an emergency room doctor from Golden, Mississippi, who earned approximately \$30,000 to \$40,000 per month. He ceased paying personal income taxes in 2007. Crandell committed multiple affirmative acts of evasion, which included making false statements to an IRS revenue officer, creating a nominee entity that he utilized to collect and conceal his income from the IRS, and filing a false Collection Information Statement, Form 433-A, which omitted his receipt of income and ownership of significant assets. During the trial, the IRS special agent and revenue officer testified and introduced evidence to ensure that Crandell was held accountable for the full extent of his criminal conduct.

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Burlington

The **BOSTON FIELD OFFICE** covers the six New England states: Massachusetts, Connecticut, Rhode Island, New Hampshire, Vermont, and Maine; each with their own judicial districts. New England is home to some of the greatest sports franchises, a long coastline of beautiful beaches, and several of the oldest and most renowned colleges and universities in the country. Boston Field Office's relationship with the U.S. Attorney's Office and our law enforcement partners is one of the best in the country. Boston Field Office special agents are vital members of several task forces, including Organized Crime Drug Enforcement Task Force (OCDETF), Joint Terrorism Task Force (JTTF), cybercrimes, securities fraud, and health care fraud.

Former CFO of Boston Grand Prix Sentenced to 4 Years in Prison for Fraud and Tax Schemes That Netted Almost \$2 Million

February 15, 2022—John F. Casey was sentenced to 4 years in prison and 3 years of supervised release. Casey was also ordered to pay \$1,998,097 in restitution and ordered to forfeit \$1,570,399. Casey became the CFO of the Boston Grand Prix in January 2015. The Boston Grand Prix organization made payments to, or on behalf of, Casey totaling approximately \$308,292 in 2015 and \$601,073 in 2016, which Casey failed to include in the gross income he claimed on his personal tax returns for those years. In addition, between March 2020 and May 2021, Casey orchestrated a scheme to fraudulently obtain Economic Injury Disaster Loans and Paycheck Protection Program loans. Casey subsequently used the fraudulently obtained funds to pay personal expenses, including the purchase of a three-carat diamond ring, an online dating membership, private school tuition, and luxury hotel stays.

Third Strike for Rhode Island Businessman Sentenced to Prison for Employment Tax Fraud Scheme

April 28, 2022—Steven M. Allard, owner and operator of BR Steel Corporation in Burrillville, RI and Greystone Iron Corporation in Smithfield, RI, was sentenced to almost 3 years in prison and 3 years of supervised release. He was also ordered to pay \$625,186 in restitution to the IRS. Allard previously admitted in court that from at least 2017 through 2018, he failed to turn over to the IRS more than \$570,000 in federal employment taxes and FICA payments withheld from his employees. Instead, Allard used the money to pay for personal expenditures, including the purchase of more than \$216,000 in "credits" to an online dating website, RussianBrides.com, and \$93,000 in rent payments for a luxury home in Scituate. This case marks the third federal conviction and sentencing of Allard in U.S. District Court in Rhode Island.

Australian Tech Entrepreneur Sentenced to More Than 8 Years in Prison for Defrauding Mobile Phone Users of More Than \$40 Million

June 28, 2022—Eugeni Tsvetnenko, of Australia, was sentenced to over 8 years in prison and was ordered to pay \$15.4 million dollars in forfeiture, which he repaid. Tsvetnenko pleaded guilty for his role in a consumer fraud scheme to charge mobile phone customers millions of dollars in monthly fees for unsolicited, recurring text messages about such topics as horoscopes, celebrity gossip, and trivia facts, without the customers' knowledge or consent, a practice referred to as "auto-subscribing." The consumers who received the unsolicited text messages typically ignored or deleted the messages, often

believing them to be spam. Tsvetnenko and his co-conspirators distributed the proceeds of the fraud scheme among themselves, and others involved in the scheme by causing funds to be transferred through the bank accounts of a series of shell companies and companies held in the names of third parties.

Vermont Business Owner Sentenced to Prison for Executing a Multi-Step Plan to Evade Employment Taxes

August 1, 2022—Blakely H. Jenkins, Sr., was sentenced to one year and one day in prison for evading taxes and committing identity theft while running his St. Johnsbury-based painting business, Blake Jenkins Painting, Inc. In total, Jenkins' company failed to report over \$1.3 million in employee wages, resulting in over \$340,000 in unpaid federal taxes. Jenkins evaded employment taxes from the middle of 2015 to the middle of 2020 by paying his employees "off the books" wages, either in cash or in checks falsely denoted as being for non-wage purposes. Jenkins took a number of steps to execute this plan, including falsifying records, creating bogus documents, and signing another person's name without permission.

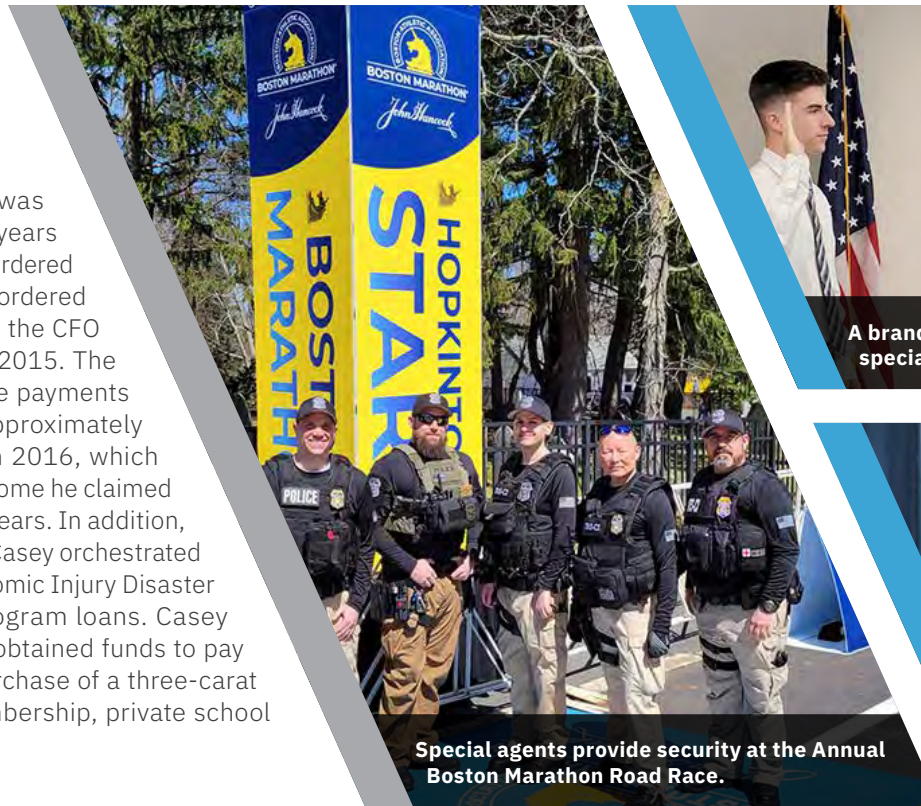
Massachusetts Tax Return Preparer Sentenced to 5 Years in Prison for COVID-19 and Tax Fraud Schemes

May 12, 2022—Roosevelt Fernandez, was sentenced to 5 years in prison and 3 years of supervised release. Fernandez was also ordered to pay \$198,402 in restitution and forfeiture. In as early as 2018, Fernandez, a tax preparer, operated a Salem-based tax

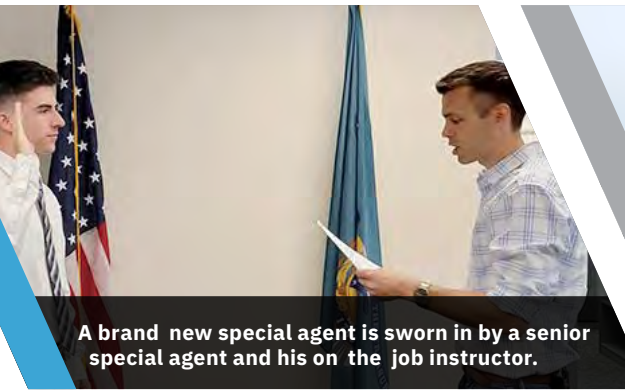
preparation business called, Soluciones Multi Service. Through his business, Fernandez used personal identifying information of certain taxpayers to prepare and file fraudulent federal and state tax returns on their behalf without their knowledge. A number of these returns included fraudulent Forms W-2 purportedly issued by employers for whom the named taxpayer did not work. In addition, Fernandez applied for and received multiple fraudulent payments authorized under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

Connecticut Attorney Sentenced to 2 Years in Prison for Tax Offenses

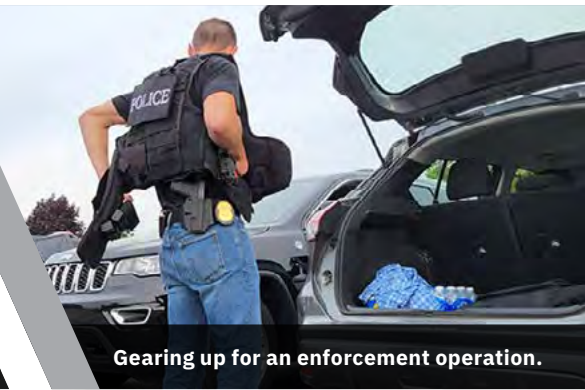
July 28, 2022—Deron Freeman, of Glastonbury, was sentenced to 2 years in prison, followed by one year of supervised release, for tax fraud offenses. Freeman was also ordered to pay \$357,062 in restitution to the IRS and fined \$15,000. Freeman, an attorney specializing in the areas of personal injury and criminal law, owned and operated The Law Offices of Deron Freeman in Hartford. Between 2006 and 2010, Freeman failed to pay his overdue tax balance, despite multiple notices of delinquent taxes and the imposition of payment and interest by the IRS. In 2011, soon after Freeman entered into a payment plan with the IRS, he began using a bank account in the name of a third party to hold hundreds of thousands of dollars in an attempt to protect the funds from IRS scrutiny. The evidence at trial revealed that between 2012 and 2016, Freeman spent lavishly on cars, watercraft, and approximately \$1.5 million in expenses related to the construction of a new home.



Special agents provide security at the Annual Boston Marathon Road Race.



A brand new special agent is sworn in by a senior special agent and his on the job instructor.



Gearing up for an enforcement operation.



Special Agent in Charge participates in a press conference announcing the indictments of several individuals involved in a large drug trafficking and money laundering operation.

CHARLOTTE

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The **CHARLOTTE FIELD OFFICE** covers three states, spanning from the Great Smoky Mountains of North Carolina and the music filled state of Tennessee to the beaches of South Carolina. The field office covers seven judicial districts and has excellent partnerships both internally and externally. The field office works a diverse mix of cases throughout the three states, including general tax fraud, employment tax fraud, healthcare fraud, refund fraud, terrorist financing, public corruption, and Organized Crime Drug Enforcement Task Force (OCDETF).

North Carolina Surgeon and Wife Sentenced to Prison for Tax Crimes

January 28, 2022—Dr. James and Susan Rice were both sentenced to 5 years in prison and 3 years of probation and were ordered to pay \$2.4 million in restitution. Rice was an orthopedic surgeon and sole owner of Sandhills Orthopedic & Spine Clinic, and his wife had authority over the business's administrative operations. Between 2007 and 2016, the Rices withheld employment taxes from their employees but failed to pay over \$580,000 in withheld taxes to the IRS. Instead, over \$1 million of business funds were used to pay for their personal luxuries, transferred into their personal accounts and business bank accounts of other entities under their control, and used to support Susan Rice's truffle cultivation business. The Rices also directed employees to deposit patient co-payments directly into their personal bank accounts. Finally, the Rices failed to file individual income tax returns and corporate income tax returns from 2014 to 2016.

Bookkeeper sentenced to prison for \$1.5M theft from Charleston real estate company

April 4, 2022—Karen Rhett, of Charleston, South Carolina was sentenced to 3 years in prison and 2 years of supervised release and was ordered to pay \$1.5 Million in restitution. Rhett was a longtime bookkeeper for a Charleston based real estate company. While working as the bookkeeper Rhett stole at least \$1.5 Million dollars from the family-run business. The 59-year-old woman committed the thefts using secret, password-protected ledgers and fabricated invoices, federal authorities said. She stole company checks, padded her own salary and moved ill-gotten money through the bank accounts of affiliated businesses to hide its origins. David Simmons, president of the company, said Rhett was stealing from the company even as his father was dying of cancer. The family's accounting showed Rhett stole more than \$2.5 million beginning in 1996, family attorney Bart Daniel said. The government's figure of \$1.5 million only accounted for money stolen after 2012, the attorney said. Rhett pleaded guilty following an investigation by the IRS and the FBI.

New Bern Woman Sentenced to More Than 13 Years After Drug and Tax Conviction Investigation

February 17, 2022—Antoinette Charmane Becton of Wilmington, North Carolina, was sentenced to more than 13 ½ years in prison for conspiracy to distribute and to possess with intent to distribute 50 grams or more of a mixture and substance containing a detectable amount of methamphetamine, and conspiracy to defraud the United States. Becton was also ordered to pay \$222,461 in restitution to the IRS. In addition

to the drug activity, Becton owned and operated Carolina Tax Solutions, a tax return preparation business in New Bern and Kinston, North Carolina. Becton and her employees filed false tax returns with intended losses of more than \$1 million. From 2014 to 2018, Becton and others knowingly prepared false tax returns for clients by falsifying W-2 income, W-2 withholdings, and credits. Becton was paid through fees deducted from the refund checks, and she received cash kickbacks of approximately \$1,000 to \$1,500 after the client cashed the refund check.

Cocaine Trafficker and Money Launderer Operating Across the Carolinas is Sentenced to 30 Years in Federal Prison

April 7, 2022—Jared Shemaiah Jones, the leader of a drug and money laundering organization operating across the Carolinas, was sentenced to 30 years in prison and 5 years of supervised release for conspiracy to distribute and to possess with intent to distribute cocaine, money laundering conspiracy, and possession with intent to distribute cocaine. Seven other co-conspirators have been sentenced to between 2 and 7 years in prison, while another is awaiting sentencing and another is a fugitive. Between 2014 and September 2020, the drug conspiracy trafficked approximately 1,000 kilograms of cocaine from California into North Carolina and South Carolina and laundered the criminal proceeds. During the investigation, law enforcement seized 30 kilograms of cocaine, one kilogram of heroin, and approximately \$500,000 in cash.

Chapel Hill Man Sentenced to More Than 10 Years Imprisonment for an Elder Fraud Home Repair Scheme

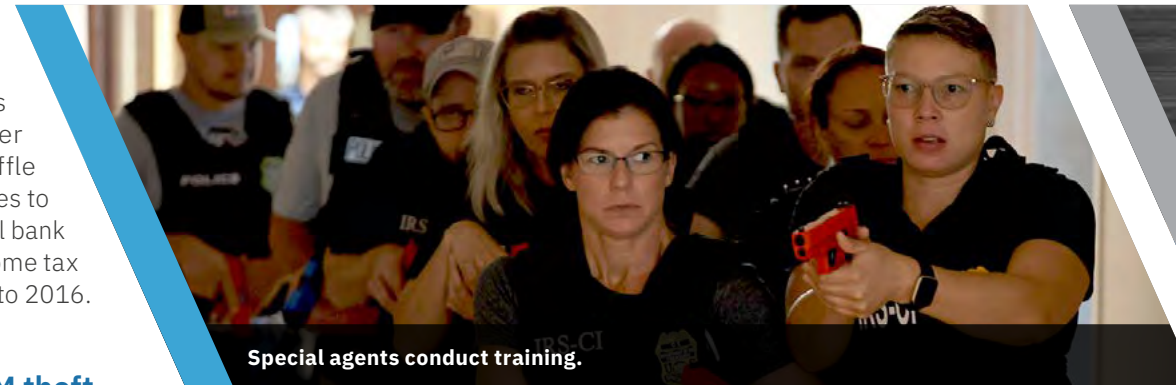
January 24, 2022—Jorge Alberto Garcia, of Raleigh, North Carolina, was sentenced to over 10 years in prison and 3 years of supervised release for conspiracy to commit wire fraud and willfully failing to file a tax return. Garcia was also ordered to pay \$4,043,398 in restitution. From around September 2015 to April 2020, Garcia approached elderly, retired individuals at their private residences in Durham, Orange, and Chatham Counties, offering home improvement services using the business names "J&J Home Improvement" and "JH Home Improvements, Inc." Many of these victims had physical or mental infirmities. Garcia, who never had a state general contractor's license, offered to perform home improvement projects, and these elderly individuals paid him prior to the completion of any construction work. The victims made payments by personal checks, credit cards, or withdrawals from investment accounts. Garcia often directed these individuals to leave the "to" line of the check blank, and he later added the name of his wife to the check. Other times, Garcia directed the individuals to issue the check directly to his wife. Garcia's wife then deposited the checks into personal accounts in her name or that of her business, La Cacerola. Garcia's wife then withdrew the money in cash and/or issued a cashier's check made out to Garcia. Garcia and his wife also took the checks to the elderly individual's bank or their bank and cashed the checks without depositing the funds into their bank accounts.



Special agents volunteer to help build a house.



Special agents support a suicide awareness walk.

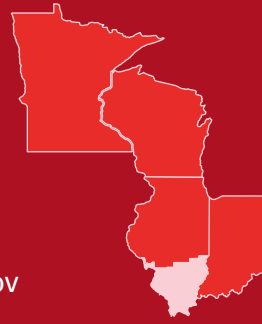


Special agents conduct training.



COVID fraud investigations make the news.

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Anchoring the Mid West, the **CHICAGO FIELD OFFICE** covers several major cities and areas, dotting the coastline of Lakes Michigan, Superior, and the Mississippi River. The Chicago Field Office has 20 posts of duty with over 165 special agents and professional staff across an area of responsibility across Minnesota, Wisconsin, Indiana, and most of Illinois. Second to none, the Chicago Field Office tackles tax fraud as its top priority and investigates a wide array of financial crimes, including money laundering from narcotics trafficking and COVID 19 fraud. Chicago's special agents also work with their law enforcement partners to lend their financial investigative expertise to task forces, including HIDTA, OCDETF, JTTF, cybercrimes, and political corruption. Serving over 235,000 square miles, the office is consistently building on and bolstering its relationships with other law enforcement partners, the U.S. Attorney's Office, and the public to identify, investigate, and refer quality cases for prosecution.

Former Brookfield Business Owner Sentenced to Federal Prison for Tax Offense

May 27, 2022—Kimberly Zulkowski was sentenced to 15 months in prison followed by 3 years of supervised release for her willful failure to account for and pay over taxes owed to the IRS. Zulkowski was also ordered to pay \$731,970 in restitution. Zulkowski founded and managed Faith Family Services, Inc., a personal care business based in Brookfield, Wisconsin. Her business was successful, with gross annual receipts exceeding \$5 million and over 150 employees. Despite that success, Zulkowski refused to pay over taxes she withheld from her employees' wages as part of her company's payroll tax obligations. Court records reveal that although the IRS had warned Zulkowski in 2015 that she was violating the federal tax laws, she nevertheless persisted in her criminal conduct for nearly two more years.

Mexican Posse Gang Members Sentenced to Federal Prison for Narcotics Trafficking

August 21, 2022—Louis Perez III was sentenced to 21 years in prison and 5 years of supervised release after pleading guilty to conspiracy to distribute, possession with intent to distribute controlled substances, and possession of firearms, in furtherance of a drug trafficking crime. Perez III's conviction and sentence stem from his leadership of a violent, nationwide drug trafficking organization that obtained multi-kilogram quantities of cocaine, heroin, and marijuana for distribution in the Milwaukee area. Perez III, also known as "Eight Ball," often obtained controlled substances from California and shipped drug proceeds through the U.S. Postal Service to co-conspirators in California. As a result of the investigation, law enforcement officers seized approximately 45 firearms, 8.6 kilograms of cocaine, 700 grams of heroin, 4.4 kilograms of marijuana, 4,500 kilograms of marijuana oils, 21.9 kilograms of filled marijuana vape cartridges, and \$170,000 in U.S. currency.

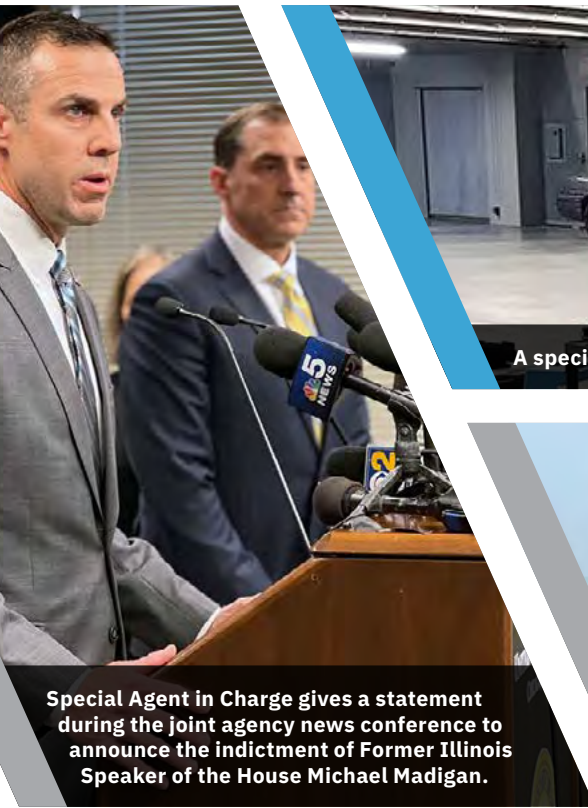
Minnesota Man Sentenced to More Than 2 Years in Prison for Tax Evasion

October 8, 2021—Daniel Berglund was sentenced to over 2 years in prison followed by 3 years of supervised release, and he was ordered to pay \$336,040.45 in restitution for tax evasion after failing to file income tax returns since 1997. Berglund was previously convicted by a federal jury on four counts of tax evasion. Berglund was the owner and sole employee of Faith Software (FAITH), where he worked as a computer language instructor. Despite earning a substantial annual income through FAITH, Berglund did not file any individual income tax returns since 1997, and he did not file any corporate tax returns on behalf of FAITH. Berglund took numerous steps to hide his income from the IRS, including giving his clients a fabricated tax identification number to

prevent their payments from being reported to the IRS as income attributable to him, depositing clients' payments into accounts where the funds would not be traceable to him, and converting his income into silver that he stashed in concealed locations in his home.

Grandparent Scammer Gets Federal Sentence

August 23, 2022—Jasaun Pope was sentenced to 8 years in prison for mail fraud and money laundering related to his role in a nationwide elder fraud scheme. Pope and four co-conspirators have all signed plea agreements for their roles in the offense, and Pope is the first to be sentenced. Unidentified members of the conspiracy made scam telephone calls to elderly victims in Indiana and nationwide claiming that their grandchild or other relative had an urgent legal or medical problem and needed money immediately. The caller, who often claimed to be an attorney, police officer, or other authority figure, told the victims to send an overnight delivery of cash to help the purported relative in need—typically between \$5,000 and \$15,000—to a delivery address used by the conspirators. Pope's crew traveled to cities around the country to identify unoccupied residences to use as cash delivery addresses. They relayed the delivery addresses to Pope, who provided them to other members of the conspiracy. Pope's crew then traveled to the delivery addresses to retrieve the cash sent by the elderly victims, and the conspirators divided the criminal proceeds amongst themselves. To date, investigators have identified over 68 suspected victims of the defendants' scheme and identified losses amounting to over \$683,464.



Special Agent in Charge gives a statement during the joint agency news conference to announce the indictment of Former Illinois Speaker of the House Michael Madigan.



A special agent learns the proper use of a weapon during range training.



Participating in the US Marshalls Fallen Heroes Honor Run in Chicago on March 11, 2022, CI was well represented by special agents.



Supervisory special agents attend Chicago's Hellenic Community Fair to support recruiting efforts.

Leader of Massive Sports Gambling Ring Sentenced to 18 Months

March 9, 2022—Vincent Delgiudice was sentenced to 1 ½ years in prison for conducting an illegal sports gambling business and laundering the proceeds, and he was ordered to forfeit proceeds of \$3.6 million. Delgiudice pleaded guilty last year to conspiracy and gambling charges. Delgiudice, also known as "Uncle Mick," conducted, managed, supervised, and directed a multi-million dollar illegal gambling business based in the greater Chicago area. Delgiudice accepted wagers from approximately 1,000 gamblers on the outcome of sporting events, including major league baseball, college and professional basketball, college and professional football, and other professional and amateur sporting events. To maintain the illegal betting website, Delgiudice cashed at least 12 cashier's checks totaling at least \$113,625 and express mailed them via Federal Express from Orland Park, Illinois to Costa Rica.

CINCINNATI

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KENTUCKY

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OHIO

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CINCINNATI FIELD OFFICE comprises of the states of Ohio and Kentucky, which contains two federal judicial districts in each state. The Cincinnati field office works closely with our federal, state, and local law enforcement partners to investigate and prosecute tax, money laundering, and related financial crimes that affect the southern and northern judicial districts of the “Buckeye State” and the eastern and western judicial districts of the “Bluegrass State.” Our special agents and professional staff provide unparalleled financial expertise to lead investigations against the most egregious white collar criminals. In concert with the U.S. Attorney’s office as well as our civil and law enforcement partners, our investigations have a significant impact on regional and national enforcement priorities that include income tax evasion, questionable tax refund/return preparer fraud, COVID 19 relief fraud, public corruption, cybercrimes, and narcotics related crimes.

Kentucky Man Sentenced to 35 Years in Prison on Drug and Money Laundering Conspiracy Charges

July 18, 2022—William R. Hargis was sentenced to 35 years in prison for conspiracy to distribute and possession with intent to distribute 52.5 pounds of crystal meth, possession of firearms in furtherance of drug trafficking, and conspiracy to commit money laundering. Hargis was a drug supplier and was storing, packaging, and cutting narcotics in a Lexington office building. In that office, law enforcement found more than 50 pounds of methamphetamine, four firearms, cocaine, and additional drug trafficking items. Hargis traveled from Kentucky to casinos in Southern Indiana to place monetary bets to conceal the source of the bets, which was in whole or part drug proceeds.

Two Men Sentenced in Massive COVID-19 Relief Fraud Scheme

May 6, 2022—James Stote was sentenced to 10 years in prison, and Phillip Augustin was sentenced to 6 ½ years in prison related to Paycheck Protection Program (PPP) fraud. Augustin and Stote obtained fraudulent PPP loans for Augustin’s company and others using falsified documents. Augustin used his network of business contacts as a manager for professional football players to recruit loan applicants. The applications they submitted for these loans relied on fake payroll numbers, falsified IRS forms, and phony bank statements. Stote submitted or facilitated at least 79 fraudulent loan applications worth at least \$35 million. Among those loans, Augustin was also held responsible for at least 34 fraudulent loan applications worth at least \$15 million.

Middletown Man Sentenced to Prison for Tax Evasion

April 4, 2022—David Fraley was sentenced to 2 ½ years in prison and ordered to pay \$725,107 in restitution to the IRS, after pleading guilty to tax evasion. In an effort to evade the payment of his taxes, Fraley initially told his contractor not to issue any income in his name but to issue the income in his business name. When the IRS levied his business bank account, Fraley stopped making deposits into his business bank account and started making deposits into his brother’s bank account.

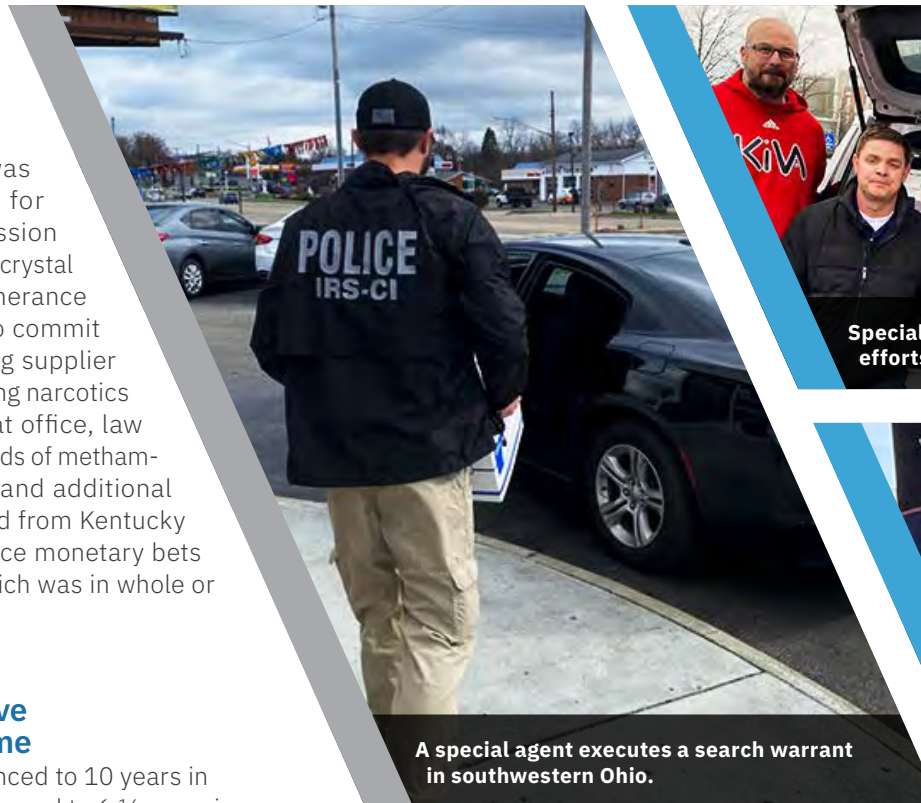
Non-Profit CEO Sentenced to 4 years in Prison for Tax Fraud

November 16, 2021—Barry Isaacs was sentenced to 4 years in prison and ordered to pay \$360,025 in restitution to the IRS for willful failure to account for and pay over employment taxes and aggravated identity theft. Isaacs was the founder, owner,

CEO, and president of Hope 4 Change, a Cincinnati non-profit that provided housing and care for adults with developmental disabilities, drug addiction problems, and mental disorders. Isaacs withheld payroll taxes but failed to pay the taxes over to the IRS. Isaacs caused Hope 4 Change to spend thousands of dollars for clothing, massages, beauty care, travel, and personal vehicles for himself and his family.

Former Cleveland City Councilman Sentenced to 6 Years in Prison for Federal Program Theft, Tax Violations, Witness Tampering, and Falsifying Records

October 8, 2021—former City of Cleveland Councilman Kenneth Johnson was sentenced to 6 years in prison and ordered to pay \$746,839 in restitution to the IRS and the U.S. Department of Housing and Urban Development. Johnson was found guilty by a jury of conspiracy to commit federal program theft, federal program theft, aiding and assisting in the preparation of false tax returns, tampering with a witness, and falsification of records in a federal investigation. Garnell Jamison was also sentenced to 5 years in prison following his conviction of conspiracy to commit federal program theft, federal program theft, aiding and assisting in the preparation of false tax returns, tampering with a witness, and falsification of records in a federal investigation. From January 2010 through October 2018, Johnson and Jamison devised a scheme to induce the City of Cleveland to issue reimbursement checks to Johnson for Ward 4 services that were never actually performed.



A special agent executes a search warrant in southwestern Ohio.



Special agents in Louisville assist with recovery efforts in the wake of Kentucky tornados.



Special Agent in Charge sits down with WLWT in Cincinnati to discuss COVID relief fraud schemes.



Special agents in Northern Ohio participate in a National Night Out event in Cleveland, Ohio.

Elkhorn City Attorney Sentenced to 41 Months for Bank Fraud and Filing False Tax Returns

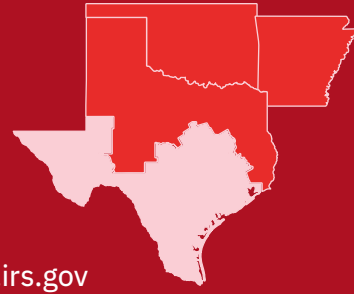
November 9, 2021—Timothy Belcher was sentenced to almost 3 ½ years in prison and ordered to pay \$817,000 in restitution after pleading guilty to bank fraud and filing a false tax return. Belcher, a licensed attorney practicing in Pike County, agreed to represent a client and her minor daughter in a wrongful death lawsuit. In 2004, a settlement was reached in the lawsuit, where half of the settlement would be distributed to the victim and the other half would be distributed among the three children. The funds were placed into an escrow account for the children. From July 2012 to December 2018, Belcher transferred money from that escrow account to his law practice and used those funds for his personal and business expenses. Belcher knowingly failed to report the money he embezzled from the settlement account on his tax return.

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THE DALLAS FIELD OFFICE covers a broad geographic area that includes the Northern and Eastern Texas, and the entire states of Oklahoma and Arkansas. Serving seven judicial districts in the “Lone Star State”, the “Sooner State”, and the “Natural State”, the Dallas Field Office is comprised of a group of hard working special agents and professional staff who investigate an array of complex and impactful cases, including tax fraud, general fraud, cybercrimes, identity theft, public and political corruption, narcotics, and terrorism investigations. The Dallas Field Office has excellent working relationships with the U.S. Attorney’s Office and our other law enforcement partners. Our special agents are essential members of several priority task forces, including the Organized Crime and Drug Enforcement Task Force (OCDETF), the High Intensity Drug Trafficking Area Task Force (HIDTA), the Financial Crimes Task Force (FCTF) and the Joint Terrorism Task Force (JTTF).

Two Arkansas Men Sentenced to Over 23 Years Combined in Prison for Wind Farm Fraud & Money Laundering Scheme

March 8, 2022—Jody Douglas Davis was sentenced to 15 years in prison and Phillip Vincent Ridings was sentenced to over 8 years in prison relating to charges of wire fraud, aiding and abetting wire fraud, money laundering, and aiding and abetting money laundering in connection with a scheme to defraud investors in the development of a wind turbine a proposed wind farm project. Both defendants were also sentenced to 3 years supervised release and ordered to pay restitution of \$1,138,845. Davis and Ridings developed a scheme where they stole large sums of money from innocent investors. They formed limited liability companies in Texas, called Dragonfly Industries International, LLC and Arkansas Wind Power, LLC, to develop what they told investors was a revolutionary wind turbine design that was to be installed on a 311-acre wind farm proposed for construction in Elm Springs, Arkansas. Investors were told that their money would be used to build a prototype of the wind turbine and to develop wind farms. However, the wind turbine was never operational, and the wind farm was never constructed. Instead, Davis and Ridings used most the money obtained from investors for their personal use.

Oklahoma Man Sentenced to 7 Years in Prison for Defrauding Investor and Banks

June 1, 2022—Brian Mulder, of Tulsa, was sentenced to 7 years in prison and ordered to pay \$8.4 million in restitution. Mulder misrepresented himself as worth millions to friends and convinced them to pool their investments with his fortune to grow their money faster. However, Mulder did not make any investments on their behalf. Instead, Mulder deposited checks into his personal bank accounts and used the funds to pay off credit card debts and to run a coffee shop chain. To cover his tracks, Mulder created a web of convoluted rules and restrictions to keep the victims from seeing the progress of their investments. He also moved money between more than 60 bank accounts to make it difficult for the investors and law enforcement to follow the trail of money.

Four Gang Members Sentenced to Over 69 Years in Prison Combined

In April 2022—four Universal Aryan Brotherhood (UAB) gang members, Christopher K. Baldwin, Robert W. Zeidler, Charles M. McCully, and Eddie Funkhouser, were sentenced to over

69 years, combined, in prison for conspiring to participate in a racketeering enterprise that committed acts of murder, kidnapping, the trafficking of methamphetamine and firearms, money laundering, assault, and robbery throughout Oklahoma. The UAB is a white supremacist prison-based gang with members operating inside and outside of state prisons throughout Oklahoma.

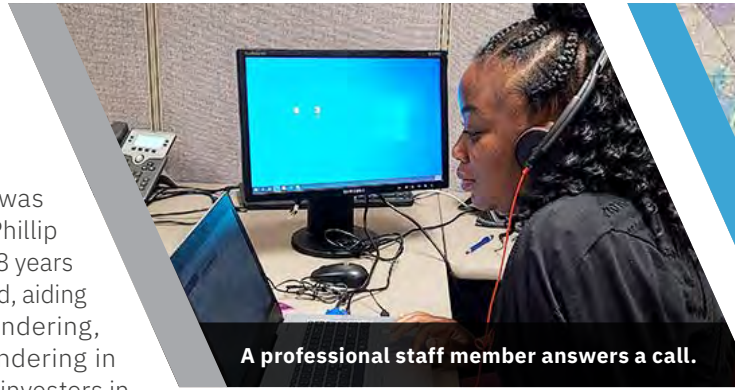
Former North Texas Mayor and Land Developer Husband Sentenced to Combined 12 Years in Prison for Public Corruption

August 4, 2022—Laura Jordan (aka Laura Maczka), the former Mayor of Richardson, Texas, and her husband, Mark Jordan, a land developer, were each sentenced to 6 years in prison for their public corruption scheme. Maczka and Mark Jordan, both of Plano, Texas, conspired and executed a scheme to commit bribery. Contrary to her campaign promises, Maczka supported and repeatedly voted for controversial zoning changes sought by Jordan, ultimately allowing for the construction of over 1,000 new apartments in Richardson. In exchange, Jordan paid Maczka over \$18,000 in cash and \$40,000 by check, and he paid for over \$24,000 in renovations to Maczka’s home. Jordan also paid for luxury hotel stays and airfare upgrades for Maczka and provided Maczka lucrative employment at one of Jordan’s

companies. Maczka and Jordan failed to disclose to the public that they had coordinated to affect the zoning changes Jordan wanted and that Jordan had provided a stream of benefits to Maczka. Maczka and Jordan were married after the federal investigation began.

Oklahoma Office Manager Sent to Prison for Tax Evasion and Swindling Broken Arrow Business of \$2.7 Million

Melissa Raye Dihel, of Okmulgee, Oklahoma, was sentenced to almost 4 years in prison and 3 years of supervised release for tax evasion and mail fraud. She was ordered to pay \$2,722,332 in restitution to her former employer and \$775,971 in restitution to the IRS. Dihel was an office manager, who embezzled more the \$2.7 million from her employer. She began stealing from her employer less than two years after pleading guilty to embezzling from another business. Dihel took advantage of her trusted position as an office manager and forged the president’s signature on approximately 334 checks for her own benefit and to the detriment of the company. Dihel further manipulated accounting entries in her employer’s books and records to cover her tracks. Dihel spent most of the money on gambling. Additionally, Dihel did not report the illegal income to the IRS.



A professional staff member answers a call.



Special agents plan their next move.



A special agent gives an IVLP presentation.

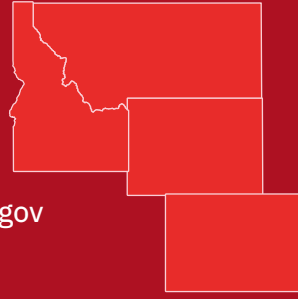


A special agent coordinates search warrant staging.

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WYOMING

Cheyenne

THE DENVER FIELD OFFICE covers a vast and diverse area encompassing approximately 432,500 square miles that includes the states of Colorado, Idaho, Montana, and Wyoming. Our special agents are based in twelve cities throughout the region and specialize in investigating sophisticated financial crimes involving evading federal income or payroll taxes, money laundering, and COVID 19 relief scams. Denver Field Office special agents focus on financial crimes in our region and lead investigations all over the world. When other law enforcement agencies identify any financial aspect of an investigation, they rely on our agents' unmatched financial investigative expertise to present the most thorough investigation possible to federal prosecutors. These investigations often involve the Organized Crime Drug Enforcement Task Forces (OCDETF) and lead to dismantling drug operations by disrupting the flow of money throughout the organization. Denver's team also includes our professional staff who provide critical support to our investigations.

Colorado Man Found Guilty of Submitting Multiple Fraudulent COVID-19 Relief Applications

August 12, 2022—Russell Foreman of Aurora, Colorado was sentenced to 5 ½ years in prison and ordered to pay \$367,000 in restitution for money laundering and wire fraud. Over six months in 2020, Foreman submitted several fraudulent Economic Injury Disaster Loan (EIDL) and Paycheck Protection Program (PPP) loan applications. As a result of these fraudulent applications, Foreman received \$216,552 in illicit funds. Foreman was also convicted of aiding and abetting a co-defendant who received \$150,000 based off the information contained in a false EIDL application.

Bozeman Woman Convicted of Failing to Pay Over \$2.8 Million in Federal Employment Taxes

August 10, 2022—Melissa Horner was sentenced to 2 ½ years in prison and to pay \$2,878,522 in restitution for failing to pay employment taxes for her business. For approximately five years, Horner, a small business owner, withheld payroll and FICA taxes from her employees' paychecks and used the funds for her benefit instead of paying them over to the IRS. Horner also willfully failed to file quarterly federal tax returns, knowing she was required to do so. Horner used the money she obtained for personal expenses, including more than \$100,000 on motorsports vehicles, \$90,000 to a real estate title company, \$50,000 on home renovations, and \$20,000 for a motor home.

'Ring-leader' Sentenced to 14 Years in Prison on Drug Trafficking and Money Laundering Charges

July 15, 2022—Omar Briceno-Quijano was sentenced to 14 years in prison after his conviction of conspiracy to distribute methamphetamine and heroin and conspiracy to commit money laundering. Between January 1, 2019 and December 18, 2019, Briceno-Quijano was involved in sending illegal narcotics from Mexico to the western slope region of Colorado. Once the drugs were in the United States, Briceno-Quijano received drug orders and dispatched couriers to deliver the drugs to the customers. This conviction was a result of an Organized Crime Drug Enforcement Task Force (OCDETF) investigation.

Colorado State University
COLLEGE BUSINESS



A special agent conducts a sit down interview with an accounting professor from the Colorado State University Accounting Department.

Prostitution and Money Laundering Operation Leads to Federal Prison Sentence

May 17, 2022—Dannie Carr of Boise, Idaho was sentenced to over 6 years in prison for transporting women for prostitution and for money laundering. Over a two-year period, Carr engaged in the interstate prostitution of two women primarily throughout six states in the western United States. Carr laundered between \$250,000 and \$550,000 of illicit proceeds from his operation and concealed the nature and source of the income from the IRS. Additionally, he failed to file tax returns for the 2018 through 2020 tax years.

Fake Spy Sentenced for Defrauding Investor in Scheme to Fund Fake CIA Missions

March 3, 2022—Matthew Marshall of Whitefish, Montana was sentenced to 6 years in prison and 3 years of supervised release for wire fraud, money laundering, and tax evasion. Marshall was also ordered to pay \$2,355,000 in restitution to the victim and \$899,327 to the IRS. Marshall defrauded a Montana investor of \$2.3 million by falsely claiming to be a former Force Recon Marine and CIA operative who needed funds to run fake rescue missions in foreign countries. As part of the scheme, Marshall forwarded the victim fake text messages, allegedly from a former CIA officer and others, lauding the success of the fake rescue missions.

Wyoming Revenue Suppression Software Scheme Uncovered

August 16, 2022—Jin Chen Liang was sentenced to 5 years of probation and ordered to pay \$700,000 in restitution to the State of Wyoming and the IRS for his role in a conspiracy to defraud the government. Liang developed, sold, and installed software that enabled multiple restaurants in Wyoming to conceal cash sales and underreport the amount of state and federal income tax owed. Liang sold the software to restaurants in five cities throughout Wyoming, resulting in a total amount of \$2 million in underreported income. Four restaurant owners involved in the scheme were also convicted of wire fraud and conspiracy and paid over \$1.8 million in restitution to the State of Wyoming and the IRS.

A special agent educates high school students on the different job opportunities CI provides during a career fair at Helena High School in Montana.



Special agents pose for a group photo following a training event in Helena, Montana.

Special agents conduct firearms training.

DETROIT

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MICHIGAN

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THE DETROIT FIELD OFFICE area of responsibility encompasses the state of Michigan and its two judicial districts. The state of Michigan is surrounded by the Great Lakes, which are the largest surface freshwater system on the Earth. With Michigan's diverse cultures and proximity to the Canadian international border, Detroit CI special agents are involved in a variety of criminal investigations including traditional tax, corporate fraud, COVID 19 fraud, and money laundering. To address the various priorities affecting Michigan, agents are embedded on a variety of task forces with our law enforcement partners, such as the Joint Terrorism Task Force (JTTF), Public Corruption, and Organized Crime Drug Enforcement Task Force (OCDEF), among others.

Grand Blanc Man and Flint Woman Sentenced in Fraudulent Investment Scheme

October 8, 2021—Larry Holley, a former pastor, was sentenced to over 8 years in prison and restitution of \$8,858,591 for his role in a multi-year Ponzi scheme that defrauded more than 140 individuals from multiple states out of nearly \$9.3 million dollars. Holley promised high guaranteed returns and the safe return of an investor's entire principal at the end of the investment period. However, the money was not invested and did not earn the profits to pay the guaranteed interest payments. Instead, Holley deposited the victim investor funds into bank accounts he controlled and then used the money for his personal benefit.

State Contractor Sentenced in \$3 Million Unemployment Fraud Scheme

October 28, 2021—Brandi Hawkins was sentenced to almost 5 years in prison and restitution of \$3,793,186 after having pleaded guilty for her role in a multi-million dollar unemployment insurance fraud scheme. Hawkins's scheme defrauded the State of Michigan and the U.S. government of funds earmarked for unemployment assistance during the COVID-19 pandemic. Hawkins entered numerous false claims, totaling over \$12 million, into the State of Michigan's Unemployment Insurance Agency system, many of which were filed using stolen identities.

Former Macomb County Prosecutor Eric Smith Sentenced to Prison for Obstruction of Justice

February 16, 2022—former Macomb County Michigan Prosecutor Eric Smith, was sentenced to almost 2 years in prison and ordered to pay a \$20,000 fine after having pleaded guilty to obstruction of justice. Between 2012 and 2020, Smith conducted two fraud schemes to steal approximately \$75,000 in cash from his political campaign fund to use for his personal expenses. When he became aware of a federal grand jury investigation in 2019, Smith pressured three witnesses to lie and commit perjury on his behalf to federal authorities and a federal grand jury.

Three Defendants Sentenced for Illegal Bitcoin Business

February 28, 2022—Christopher Allan Boden, Daniel Reynold DeJager, and Leesa Beth Vogt, of Grand Rapids, Michigan, were



Investigative analysts conducting inventory on site during a search warrant.



Special agents and an investigative analyst volunteered at Gleaner's Food Bank.



Special agents provided recruitment outreach to over 230 Northern Michigan University students.

sentenced for the commission of various financial crimes, including operating an unlicensed money transmitting business, money laundering, structuring deposits to evade financial institution reporting requirements, and conspiracy. Boden was sentenced to 2 ½ years in prison and was ordered to pay \$75,000 and forfeit bitcoin, among other penalties. DeJager received 10 months in prison for his role in the scheme and was ordered to pay \$25,000. Vogt was sentenced to 4 years of probation and ordered to pay \$62,711 to the government. In total, the defendants forfeited and were ordered to pay more than \$200,000 in bitcoin and U.S. currency.

Cadillac Businessman Sent to Prison for Tax Evasion

April 11, 2022—Douglas Horning was sentenced to almost 2 years in prison and 3 years of supervised release and was ordered to pay \$977,983 in restitution for tax evasion. Horning concealed business income by routing it through a second company, even after that company was dissolved by the State of Michigan, and failed to disclose the company's bank account to the IRS when required to do so. Horning also did not include that income on the Forms W-2 he issued to himself. Horning further received unreported income by paying personal expenses using business bank accounts.

Real Estate Consultant Sentenced for Tax Crimes in Kickback Scheme

July 21, 2022—Steven Mills was sentenced to 1 ½ years in prison and ordered to pay \$297,858 in restitution for filing false tax returns with the IRS that omitted more than \$800,000 in income. Mills was retained by a corporation to supervise several outside real estate agents hired by the corporation. The outside real estate agents were paid substantial commissions by the corporation. From 2012 to 2015, Mills demanded and received approximately \$577,000 in kickbacks from one of these agents, and he not report the funds as income on his tax returns. Mills also did not report all the income he received from the corporation, nor did he report \$100,000 of compensation he received from a real estate developer for the years 2013 to 2015.



Sheriff task force officer was officially sworn in as a member of one of CI's financial crimes task force.

HOUSTON

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TEXAS

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The boundaries of **THE HOUSTON FIELD OFFICE** includes some of Texas' most bountiful treasures: NASA's Johnson Space Center, the iconic Alamo, the state capitol in Austin, the southwestern living of El Paso, and the gulf coast beaches. The Houston Field Office also encompasses unique and culturally diverse locations, including the Rio Grande Valley along the Mexican border, the coast of Corpus Christi, the Central Texas hub of Waco, and the oil producing communities in the Permian Basin. The sprawling urban area and ports add to the complexity of work in the field office, which is rich with Fortune 500 headquarters and has the largest concentration of healthcare and research institutions. The Houston Field Office is among the leaders in complex federal investigations with national and international impact and is one of the most successful when it comes to stopping criminal financial activities. The field office participates in federal task forces, including South Texas money laundering, Joint Terrorism Task Force, Organized Crime Drug Enforcement Task Force, high intensity drug trafficking areas, public corruption, human trafficking, paycheck protection program, and healthcare fraud. Partnerships with the U.S. Attorneys' Offices in the Western and Southern districts of Texas are critical, as well as the interagency work done with other federal, state, and local law enforcement agencies.

Midland Businessman Evades \$12.7 Million in Taxes, Gets 24 Months in Prison

August 9, 2022—Thomas Valdez Rodriguez, of Midland, Texas, was sentenced to 2 years in prison and was ordered to pay over \$12.7 million in restitution to the IRS for failing to pay personal income taxes and employment taxes for his two companies, Tom-E-Lee Trucking and Tom-E-Lee Industries. Instead of remitting the withheld taxes to the IRS, Rodriguez paid for personal expenses, such as Dallas Cowboy season tickets on the 50-yard line, chartered flights to the games, and the purchase of a \$2 million residence.

Conspirators in Prison, Massive Restitution for Health Care Fraud

June 21, 2022—Fausat Adekunle of Houston was sentenced to 12 years in prison for his role in a health care fraud conspiracy with two other individuals, including Oluyemisi Amos. The conspirators defrauded both Medicare and Medicaid through several home health care companies they started or purchased in the Houston area. They then used the businesses to bill the federal government for services not provided or claims not properly filed. Proceeds from the fraud were used to purchase a Land Rover luxury SUV and several properties, including one property worth over \$3.3 million. On August 4, 2022, Amos was sentenced to 6 years in prison for his role in the conspiracy. Adekunle and Amos were also ordered to pay \$21,197,440 in restitution to Medicare.

Former School Superintendent Learning His Fraud Lesson in Prison

December 1, 2021—Richard Rose of Missouri City, Texas, was sentenced to 3 years in prison and was ordered to pay \$335,439 in restitution for conspiracy to commit mail fraud. Rose was the founding superintendent of the Zoe Learning Academy Charter School. Rose used his position as the CEO and chief financial officer to falsify governance reports to obtain funding for the school, but he then used the money for personal expenses, including legal fees, a lawsuit settlement, and the purchase of a timeshare.

Iranian Fugitive Rests Legs in Prison After Running a Scheme to Launder Drug Money

February 9, 2022—fugitive Mohsen Mohammadi-Mohammadi, of Iran, was sentenced to 3 ½ years in prison for his conviction of conspiracy to commit money laundering in a scheme known as a black-market peso exchange (BMPE). Mohammadi was also ordered to the forfeiture of \$177,345. He obtained proceeds from the sale of illegal drugs in the U.S. and transferred the funds to



Special agents meet with students during a career fair at the University of Texas Rio Grande Valley.



A Special Agent in Charge holds an onsite press conference during a court ordered operation.



Special agents hold a pre operational meeting.



Special agent participates in an interview with Radio 1560AM to discuss CI's mission, investigative priorities, and avoiding identity theft and unscrupulous tax preparers.

Mexico using a BMPE, a form of trade-based money laundering. The monies were laundered through commodities businesses, such as perfume sellers. Mohammadi owned such a business known as Mav Trading Inc. Mohammadi is expected to face removal proceedings following completion of his prison sentence.

Nigerian Attempts Scam to Net \$250 Million, Gets Nearly 14 Years Instead

February 17, 2022—Harry Cole was sentenced to almost 14 years in prison and 3 years of supervised release for his role in a fraudulent "sweepstakes" scheme, leading to an attempted loss of more than \$260 million. Cole was also ordered to pay \$111,870 in restitution and to forfeit \$850,000. Cole, a Nigerian citizen and Canadian resident, worked with seven others to target elderly residents in the United States and led them to believe they won a sweepstakes. Cole has been in federal custody since his extradition and arrest in August 2020.

Unscrupulous Tax Preparer Makes Sure He Gets His Cash, CI Gets Him a Bonus: 25 Months in Prison

March 30, 2022—Mario Clark, of Houston, was sentenced to over 2 years in prison and ordered to pay \$203,336 in restitution for preparing false income tax returns. Clark prepared the tax returns for himself and others by falsely claiming business losses, unreimbursed employee expenses, itemized deductions, and gifts by cash or check.

Hotel Management Fraudster Books 70 months in Prison After Stealing \$5 Million

May 18, 2022—Jason Michael Schubert of Austin, Texas was sentenced to almost 6 years in prison and ordered to pay over \$5 million in restitution for his scheme to bilk hotel investors out of millions of dollars. From 2012 through June 2018, Schubert conducted seminars on how to make money from investing in hotel properties, known as "Rich in Five" seminars, and charged participants substantial fees to attend. Schubert then solicited money from the participants for investing in preexisting hotel properties that he would manage and operate. Instead, Schubert misappropriated the funds and paid himself significant "management fees." Schubert's fraud depleted investor funds and caused hotel properties to go into foreclosure.

Central Texas Resident Forges a Path to 51 Months in Prison After Scheme to Steal \$775,000

June 13, 2022—Cynthia Linette Jones of Round Rock, Texas was sentenced to over 4 years in prison and ordered to pay \$960,000 in restitution for her scheme to embezzle \$775,000 from her former employer and evade \$185,000 in taxes. From 2012 through 2018, Jones abused her position as the office manager for her employer and forged 70 company checks totaling over \$775,000. Jones did not report any of the ill-gotten gains to the IRS.

LOS ANGELES

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As the nation's largest field office by population, the Los Angeles Field Office serves a population of approximately 22 million people, stretching over nine counties from San Luis Obispo to the United States Mexico border. The LA Field Office covers two judicial districts in California, the Central and the Southern. The LA field office works a diverse mix of financial investigations across this large geographic area, including cybercrime, international tax fraud, identity theft, public corruption, and Bank Secrecy Act violations. We play crucial roles in the U.S. Attorney's priority task forces, including the Joint Terrorism Task Force (JTTF) and the Organized Crime Drug Enforcement Task Force (OCDETF).

\$20-million COVID Relief Fraud Ring Sentenced

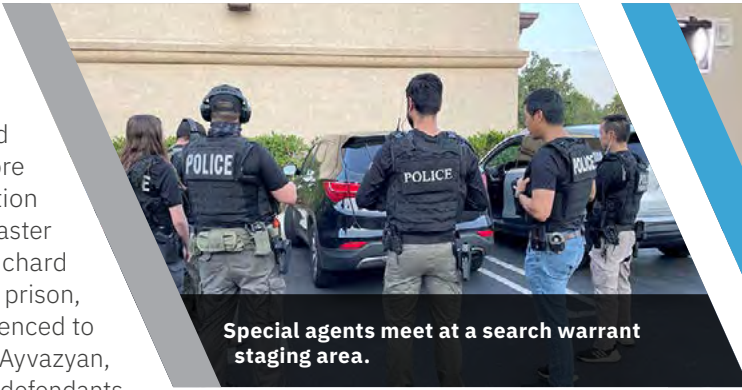
November 15, 2021—members of a San Fernando Valley family were sentenced for scheming to fraudulently obtain more than \$20 million in Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) COVID-19 relief funds. Richard Ayvazya was sentenced to 17 years in prison, his wife, Marietta Terabelian, was sentenced to 6 years in prison, and his brother, Artur Ayvazyan, was sentenced to 5 years in prison. The defendants used dozens of fake, stolen, or synthetic identities, including names belonging to elderly or deceased people and foreign exchange students who briefly visited the United States years ago and never returned, to submit fraudulent applications for approximately 150 PPP and EIDL loans. The defendants then used the funds as down payments on luxury homes in Tarzana, Glendale, and Palm Desert. They also used the funds to buy gold coins, diamonds, jewelry, luxury watches, fine imported furnishings, designer handbags, clothing, and a Harley-Davidson motorcycle. Others previously sentenced in this case, include Tamara Dadyan (over 10 years in prison), Manuk Grigoryan (6 years in prison), Edvard Paronyan (2 ½ years in prison), Vahe Dadyan (one year and one day in prison), and Arman Hayrapetyan (10 months of probation).

Unlicensed Bitcoin Exchanger Sentenced


November 18, 2021—Hugo Sergio Mejia was sentenced to 3 years in prison for operating an unlicensed business that exchanged at least \$13 million in bitcoin and cash, often for drug traffickers. Mejia established shell companies to mask his true identity, used encrypted messaging services with his customers, and held meetings at coffee shops to evade law enforcement surveillance. From May 2018 to September 2020, Mejia operated a virtual currency business that was not registered with FinCEN and laundered over \$250,000 in bitcoin-cash transactions purported to be proceeds of international methamphetamine sales. As part of the sentence, Mejia forfeited \$233,987 in cash, silver coins and bars, and approximately \$95,587 in cryptocurrency seized during the investigation.

Former Synagogue Rabbi Sentenced for Multi-million dollar Fraud Schemes


January 4, 2022—in California Rabbi Yisroel Goldstein, former director at Chabad of Poway, was sentenced to 14 months in prison and ordered to pay restitution in the amount of \$2,834,608 relating to his multi-million dollar schemes to defraud the IRS. From at least 2010 through 2018, Rabbi Goldstein engaged in a series of schemes that defrauded the IRS, three Fortune 500 companies, the California Office of Emergency Services, and the Clarence Brooks Foundation,




Special agents meet at a search warrant staging area.



A special agent is interviewed for an episode of "American Greed."



Members of the Orange County Cyber Taskforce gather for a photo.



New special agents participate in training.

most significant of which was a 90-10 tax fraud scheme. Rabbi Goldstein received false donations from more than a dozen donors and provided them with fake receipts, which they used to illegally claim huge tax deductions for the nonexistent donations. Rabbi Goldstein kept 10 percent and secretly funneled back 90 percent of the false "donations" to the donors.

Nun Who Embezzled Tuition Money from Catholic Elementary School Sentenced to Prison

February 7, 2022—Mary Margaret Kreuper, a nun who was the principal of a Catholic elementary school in California, was sentenced to one year and one day in prison and was ordered to pay \$825,338 in restitution to St. James School for her scheme to embezzle funds from the school. For a period of 10 years, Kreuper, who had taken a vow of poverty, diverted school funds into the St. James convent account and the St. James savings account and then used the diverted funds to pay for expenses that the order would not have approved or paid for. In total, Kreuper stole more than \$835,000 in school funds to pay for personal expenses, including gambling trips.

Personal Injury Attorney Sentenced to 12 Years in Prison

February 17, 2022—Philip Layfield, a disbarred personal-injury lawyer, was sentenced to 12 years in prison for stealing settlement money from multiple clients and for cheating on his federal income taxes. During the investigation, it was found that

Layfield misappropriated approximately \$2 million owed to a car accident victim for his personal and unrelated business uses, including to pay clients whose settlement proceeds Layfield had earlier misappropriated. Long after Layfield misappropriated the victim's settlement proceeds, Layfield attempted to placate the victim by paying her a mere \$25,000 from other clients' settlement proceeds.

Former Sheriff Deputy Sentenced for Multi-million dollar Investment Fraud and Cheating on His Taxes

August 30, 2022—Christopher Burnell, a former sheriff's deputy, was sentenced to 14 years in prison for wire fraud and filing false tax returns. After deceiving victims into believing he was a wealthy businessman, Burnell encouraged victims to invest hundreds of thousands of dollars with him by offering exclusive investment opportunities that promised rates of returns as high as 100%. Burnell spent victims' money on gambling and luxury items, such as \$500,000 in private jet trips, \$70,000 on Louis Vuitton merchandise, and \$175,000 on luxury cars and an apartment lease for his then-girlfriends. During this time, Burnell lost more than \$2 million from gambling. Burnell did not report any of the money he received from victims on his income tax returns for the tax years 2011 or 2012.

MIAMI

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West Palm Beach

PUERTO RICO

Guaynabo

U.S. VIRGIN ISLANDS

St. Thomas

THE MIAMI FIELD OFFICE covers the Southern Judicial District of Florida, and the judicial districts of Puerto Rico and the United States Virgin Islands. The Southern Judicial District of Florida includes the counties of Miami Dade, Broward, Monroe, Palm Beach, Martin, St. Lucie, Indian River, Okeechobee, and Highlands. Greater Miami, the state's largest urban concentration, includes the "Magic City" of Miami, Miami Beach, and many smaller municipalities and unincorporated areas; together, these make up the southern section of Florida's "Gold Coast." Last year's investigations were highlighted by a myriad of criminal cases in tax law, identity theft, return preparer fraud, money laundering, healthcare fraud, and political and public corruption. We participate on the Organized Crime Drug Enforcement Task Force (OCDETF) and on other priority task forces at the U.S. Attorney's Offices in our areas of responsibility targeting identity theft, financial crimes, health care fraud, and disaster fraud.

Managers of Key West Labor Staffing Companies Sentenced for Tax Crimes and Immigration Fraud

August 26, 2022—Mykhaylo Chugay was sentenced to over 24 years in prison for conspiracy to defraud the U.S. government, money laundering, and immigration related crimes. Chugay owned and operated a series of labor-staffing companies in Southern Florida. Between 2007 and 2021, Chugay facilitated the employment of individuals in hotels, bars, and restaurants in Key West and other locations, even though the employees were not authorized to work in the United States. As part of his scheme, Chugay and his co-conspirators defrauded the IRS out of more than \$10 million in Social Security and Medicare taxes that should have been collected and paid over in connection with these workers. His co-conspirator, Volodymyr Ogorodnychuk, was previously sentenced to 4 years in prison and 3 years of supervised release for tax and immigration crimes.

Owner and Operator of Telemedicine and Telemarketing Companies Sentenced to 14 Years for \$20 Million Fraud Scheme, \$4 Million Tax Evasion

June 16, 2022—Marc Sporn, of Delray Beach, Florida, was sentenced to 14 years in prison for health care and wire fraud that cost Medicare more than \$20 million dollars and for evading taxes. Sporn owned and operated several telemarketing and telemedicine companies and used them to market medically unnecessary genetic tests to Medicare beneficiaries and to sell prescriptions for medically unnecessary genetic tests to laboratories in exchange for kickbacks and bribes. In addition to the prison term, Sporn was ordered to pay more than \$4 million in restitution to the IRS.

Florida Man Sentenced to 97 Months for Filing False Tax Returns

March 23, 2022—Fred Pickett Jr. was sentenced to over 8 years in prison, one year of supervised release, and ordered to pay \$169,639 in restitution to the IRS for preparing false tax returns for his clients. Pickett owned and operated a tax return business, which he used to prepare false individual income tax returns for his clients. From 2013 to 2016, Pickett prepared tax returns for some of his clients claiming they owned fictitious businesses that lost tens of thousands of dollars each year. Pickett included these nonexistent companies, as well as other false deductions and tax credits, on his clients' returns to generate refunds to which they were not entitled.

Florida Man Sentenced to 52 Months for Filing False Tax Returns

March 11, 2022—Michael Wihlborg was sentenced to over 4 years in prison for filing false tax returns and conspiracy to commit wire fraud. From 1997 to 2017, Wihlborg worked for a personal injury law firm in various roles. Wihlborg and other co-conspirators derived a scheme to set up "dummy" companies, whose names were similar to actual vendors with whom the law firm conducted legitimate business. They then diverted medical expense payments to the sham companies. In addition, they voided legitimate checks and rewrote them to the sham companies. The money received was not reported by Wihlborg and resulted in a tax loss of over \$500,000.

Former NFL Player Sentenced to Federal Prison for COVID-19 Relief Fraud

December 10, 2021—Joshua J. Bellamy, a former National Football League (NFL) player, was sentenced to over 3 years in prison and 3 years of supervised release, and he was ordered to pay \$1,246,565 in restitution and \$1,246,565 in forfeiture for fraudulently obtaining a Paycheck Protection Program (PPP) loan. Bellamy obtained a PPP loan of \$1,246,565 for his company, Drip Entertainment LLC, using falsified documents and false information. Bellamy admitted to using the PPP loan proceeds on personal items, such as jewelry and a stay at the Seminole Hard Rock Hotel and Casino. Bellamy also sought PPP loans on behalf of his family members and close associates. Bellamy further admitted that he paid more than \$311,000

to an alleged co-conspirator, James Stote, as a kickback for his assistance in preparing and submitting the fraudulent loan application. In addition, Yashica Bain was sentenced to 2 years in federal prison and 3 years of supervised release and was ordered to pay \$415,232 in restitution and \$415,232 in forfeiture for fraudulently obtaining a PPP loan as part of this criminal scheme.

Florida Physician Gets 8 Years in Prison, Ordered to Pay \$31M for Fake Medical Claims

June 28, 2022—Mark Agresti, MD, a West Palm Beach, Florida-based addiction recovery physician has been sentenced to over 8 years in prison and 3 years of supervised release and was ordered to pay more than \$31 million in restitution for his involvement in a scheme to be reimbursed for \$106 million in fake medical claims. Dr. Agresti worked as the former medical director of Good Decisions Sober Living, a residential addiction recovery center. Dr. Agresti and the recovery center's owner, Kenneth Bailyson, falsely billed private payers and federal healthcare benefit programs for reimbursement for fluid analysis used to evaluate the addiction recovery center's residents. On April 20, 2022—Kenneth Bailyson, of Lake Worth Beach, was sentenced to 6 years in prison for the same scheme. Two other co-conspirators, Matthew Noel and Stephanie Curran, were also sentenced for their roles in defrauding insurers to 14 months and one year in prison, respectively.



Special agents participate in a Fraud Prevention Community Forum.



Special agents attend a recruiting event.



Kids participate in getting fingerprinted.



Special agents visit the Department of Treasury in Puerto Rico.

NEWARK



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NEW JERSEY

Cherry Hill | Edison | Freehold
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Springfield | Trenton

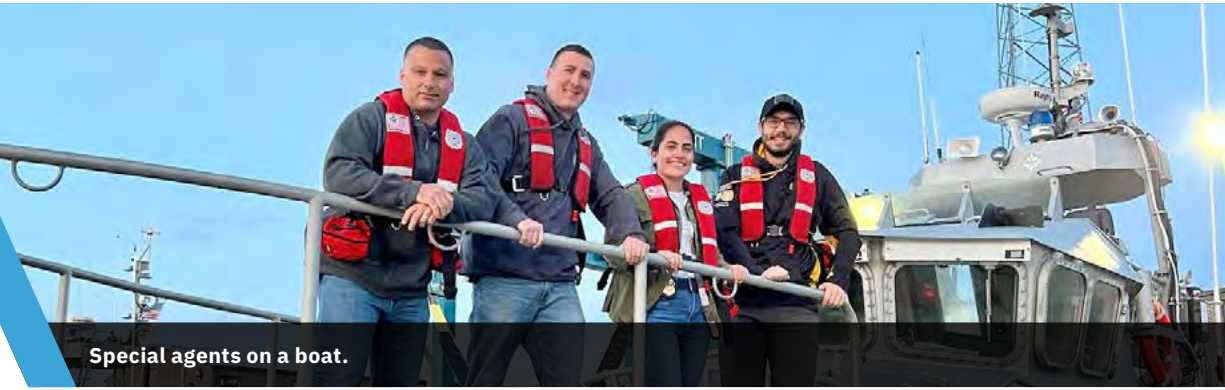
New Jersey, also known as the “Garden State,” because of the fruitfulness of its farmland, and home to more than 9,800 farms covering 790,000 acres, is home to **THE NEWARK FIELD OFFICE**. The dedicated agents, analysts, and professional staff in the Newark Field Office are responsible for investigating a large catalogue of potential criminal violations of the Internal Revenue Code, and related financial crimes in a manner that fosters confidence in the tax system and compliance with United States tax law. The Newark Field Office is comprised of seven locations sprinkled across New Jersey: Cherry Hill, Edison, Freehold, Mays Landing, Paterson, Springfield, and Trenton, and are responsible for 21 counties, 565 municipalities, 250 boroughs, 52 cities, 15 towns, and 244 townships in New Jersey. The Newark Field Office investigations continue to bear fruit by holding accountable individuals who knowingly commit tax fraud or other financial crimes.

Cumberland County Man Sentenced to 14 Years

May 3, 2022—Rubbin Sarpong was sentenced to 14 years in prison and 3 years of supervised release for conspiring to commit wire fraud and money laundering, and tax evasion, in connection with a romance fraud scheme. He was also ordered to pay restitution of \$3.08 million to 36 victims and \$387,923 to the IRS. At least 40 identified victims wired money to Sarpong and others in the United States, including to 13 bank accounts he controlled, some of which were in the names of his friends, relatives, and a fictitious business entity. While engaged in this fraud, Sarpong purchased property in Ghana and posted photographs of himself on social media showing him with large amounts of cash, high-end cars, designer clothing, and expensive jewelry. Despite having received approximately \$1.14 million in taxable income from the scheme during tax years 2016 through 2018, Sarpong did not file any income tax returns or pay any income tax for those years, resulting in a tax loss of \$387,923.



Special agents bike in the Police Unity Tour.



Special agents on a boat.



Special agents next to a private plane.

Former Vice President of New Jersey Window Tinting Company Sentenced to Prison on Employment Tax Charges

September 21, 2021—Stephen Walloga was sentenced to 2 years in prison and 3 years of supervised release and was ordered to pay \$1,150,487 in restitution for employment tax charges. Walloga admitted that he withheld but failed to pay over to the IRS approximately \$37,524 in payroll taxes on behalf of employees working for A Pain in the Glass Inc. for the tax quarter ending December 31, 2017. In total, Walloga failed to pay over \$1,150,487 in employment taxes for the years 2010 through 2019.

Sussex County Man Sentenced to 64 Months in Prison for Fraudulently Obtaining \$5.6 Million Loan Meant to Help Small Businesses During COVID-19 Pandemic

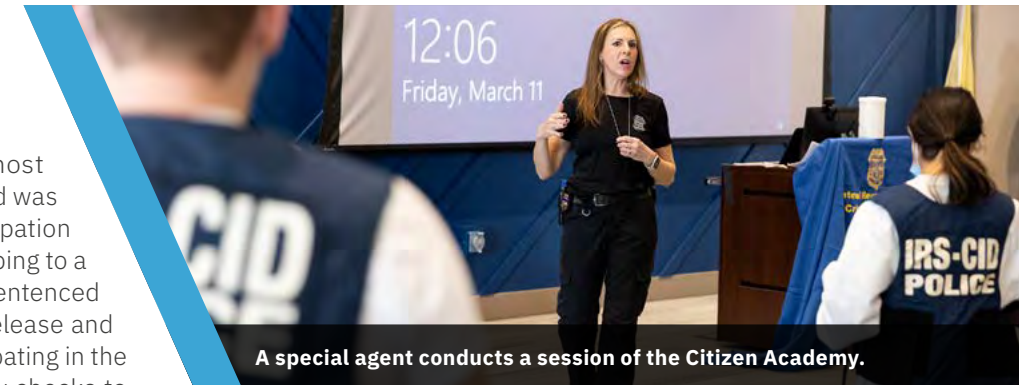
December 14, 2021—Azhar Sarwar Rana was sentenced to over 5 years in prison and 5 years of supervised release and was ordered to pay restitution of \$5.58 million for fraudulently obtaining a federal Paycheck Protection Program (PPP) loan of over \$5 million. Rana submitted a fraudulent PPP loan application to a lender on behalf of a corporate entity, Azhar Sarwar Rana LLC, that purportedly invested in real estate development. The application falsified payroll and tax information and included inconsistent listings of the number of company employees. Rana used the fraudulently obtained PPP loan proceeds to pay for numerous personal expenses, including to invest millions in the stock market, make a payment to a luxury car dealership, and send hundreds of thousands of dollars to accounts in Pakistan.

Bergen County Women Sentenced to Prison for Embezzling Money From Guided Tour Company and Subscribing to False Tax Returns

June 2, 2022—Ruby Baroni was sentenced to almost 2 years in prison and 2 years of supervised release and was ordered to pay \$295,297 in restitution for her participation in a multi-year embezzlement scheme and to subscribing to a false personal income tax return. Estela Laluf was sentenced to over 2 years in prison and 2 years of supervised release and was ordered to pay \$295,297 in restitution for participating in the same scheme. Laluf directed Baroni to cut company checks to actual company employees and contractors, which did not reflect any actual work or services done by those individuals. Baroni then cashed the checks, and Laluf and Baroni converted the resulting funds for their personal use. Baroni and Laluf then fraudulently omitted the proceeds from the embezzlement scheme from their respective 2016 tax returns.

Pharmacy Owner Sentenced to 41 Months in Prison for Role in Multi-Million Dollar Illegal Kickback Scheme and Evading Taxes on Over \$33 Million of Income

November 3, 2021—Igor Fleyshmakher was sentenced to almost 3 ½ years in prison and 3 years of supervised release and was ordered to pay \$5.8 million in restitution and a \$100,000 fine for his role in a scheme to pay bribes to health care professionals and evade taxes. Fleyshmakher was an owner of The Prime Aid Pharmacies, “specialty pharmacies” with locations in Union



A special agent conducts a session of the Citizen Academy.

City, New Jersey, and Bronx, New York. The locations, which are now closed, processed expensive medications used to treat various conditions, including Hepatitis C, Crohn’s disease, and rheumatoid arthritis. Fleyshmakher and others orchestrated a scheme to pay bribes to doctors and doctors’ employees to induce doctors’ offices to steer prescriptions to the Prime Aid Pharmacies. The bribes included expensive meals, designer bags, and payments by cash, check, and wire transfers. Fleyshmakher diverted a substantial amount of Prime Aid’s Union City income into a secret bank account that he opened and controlled. He concealed the account from the pharmacy’s tax preparers and did not report any of the funds he deposited into it on his personal income tax returns. In total, he diverted \$33.9 million of income into the secret account, all of which he failed to report to the IRS.

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NEW YORK

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As the nation's largest field office and CI's flagship location, **THE NEW YORK FIELD OFFICE** conducts intricate financial investigations in association with the most dynamic United States Attorney's Offices in the country. To tackle the various threats affecting the taxpayers of New York, our diverse special agents and support staff provide unparalleled financial expertise to unravel domestic and international tax evasion. In support of the CI mission, our office also investigates International and Domestic Terrorism Finance, Cybercrimes, Money Laundering as a result of Public Corruption, COVID 19 Fraud, Market Manipulation, Corporate and Securities Fraud, Health Care Fraud, Mortgage Fraud, Bank Fraud and Money Laundering from International Narcotics Trafficking. The New York field office has two specialty groups one dedicated to support the Joint Chiefs of Global Tax Enforcement (J5), and the other dedicated exclusively to cybercrime investigations.

Co-Founder of Foreign Oil Company Sentenced to 5 Years for Failure to File Tax Returns Causing Over \$20 Million in Losses

January 26, 2022—Todd Kozel, the co-founder and former CEO of a London-based petroleum company with operations in the Kurdistan Region of Iraq, was sentenced to 5 years in prison following his guilty plea to five counts of willful failure to file individual income tax returns for the calendar years 2011 through 2015. Kozel earned substantial compensation as the CEO of the Oil Company, totaling more than \$66 million during the five-year period and willfully failed to file any personal federal income tax returns for those years, resulting in well over \$20 million in unpaid federal tax liabilities. As part of his criminal conduct, Kozel used sophisticated offshore structures, trusts, and bank accounts to conceal a portion of his undeclared income from the U.S. government.

Physician Sentenced to More Than 4 Years for COVID-19 Loan Fraud

March 18, 2022—Konstantinos Zarkadas, a Glen Cove, New York based medical doctor, was sentenced to over 5 years in prison for fraudulently obtaining millions of dollars in COVID-19 emergency relief funds. The Court also ordered Dr. Zarkadas to pay approximately \$3.5 million in restitution. Dr. Zarkadas fraudulently applied for, and received, based on the false information that he provided, at least 11 COVID Relief-related loans totaling approximately \$3,700,000, on behalf of corporate entities he controlled. Dr. Zarkadas laundered the loan proceeds through various bank accounts, ultimately using the funds for extravagant personal purchases, including a down payment on a \$1.75 million yacht, payments for leases on luxury automobiles, and several Rolex and Cartier wristwatches, which he forfeited as part of his guilty plea in this case. He also withdrew tens of thousands of dollars' worth of loan proceeds in cash and used some of the proceeds to satisfy more than \$1 million in judgments against him.

Foreign National Sentenced to More Than 4 Years in Prison for \$20M COVID-19 Pandemic Loan Fraud

April 21, 2022—Muge Ma, a/k/a "Hummer Mars," was sentenced to over 4 years in prison in connection with a fraudulent scheme to obtain over \$20 million in Government-guaranteed loans designed to provide relief to small businesses during the COVID-19 pandemic. In connection with loan applications for relief available from the Paycheck Protection Program and the Economic Injury Disaster Loan Program, Ma falsely represented to the U.S. Small Business Administration and

six financial institutions that his companies, New York International Capital LLC and Hurley Human Resources LLC, had hundreds of employees and paid millions of dollars in wages to those employees, when, in fact, Ma appears to have been the only employee of his companies.

Operators of Over \$16 Million International Boiler Room Fraud Sentenced to Years in Prison

June 30, 2022—Christopher Wright was sentenced to over 4 years in prison and Steven Hooper was sentenced to just under 4 years in prison for defrauding elderly victims for their part in the fraudulent sale of stock and fake carbon credits in an over \$16 million international telemarketing scheme. For 6 years, Wright, Hooper, and other co-conspirators operated multiple fraud schemes, one of which they used the services of telemarketing call centers to identify and cold-call potential victims, who were primarily elderly or retired individuals residing in the United Kingdom. Over a series of telephone calls, the telemarketers persuaded victims to invest money under various false and misleading pretenses, including the promise of short-term, high-yield, no-risk returns, when in fact the investments were high-risk, illiquid, and in some instances, entirely fictitious. In order to conceal the nature, location, source, ownership, and control of the proceeds of the fraudulent scheme, Wright, Hooper, and their co-conspirators set up overseas bank accounts, including in Cyprus, Switzerland, and the United Kingdom, in the names of various shell companies, which were used to launder a substantial portion of the fraud proceeds. In total, victims lost over \$16 million in this scheme.



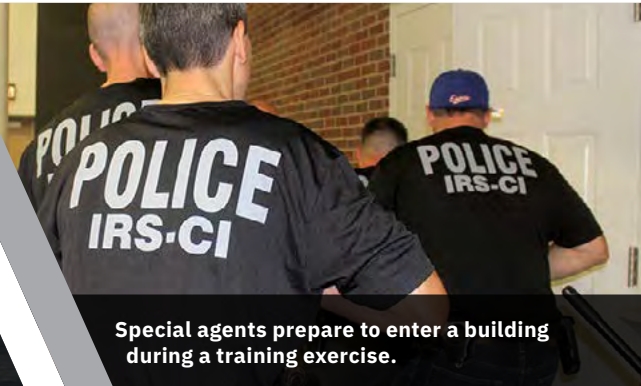
A special agent adjusts his vest as he prepares for an enforcement action.



Special agents participate in the 2022 Law Enforcement Torch Run for Special Olympics New York.



U.S. Coast Guard invited Special Agents in Charge from CI and ATF aboard their flagship, USCGC Eagle.



Special agents prepare to enter a building during a training exercise.

Donut Shop Owners Sentenced to Prison for Tax Evasion – With \$4.5 Million in Cash Sales and Paid Employees Off the Books Concealed

July 13, 2022—John Zourdos, his wife, Helen Zourdos, and their son, Dimitrios Zourdos of Rome, New York, were sentenced for tax evasion and conspiracy to defraud the United States, after their conviction by a federal jury in November 2021. John Zourdos was sentenced to 2 ½ years in prison, Helen Zourdos was sentenced to 20 months in prison, and Dimitrios Zourdos was sentenced to 10 months in prison. In addition to their terms of imprisonment, they were each ordered to serve 3 years of supervised release and to pay more than \$2 million in restitution. The Zourdos' operated three Dippin Donuts coffee and donut shops with locations in Rome and New Hartford. From 2012 to 2017, the trio concealed from the IRS approximately \$4.5 million in cash sales. During that period, they evaded more than \$2 million in individual and corporate taxes, by, among other things, depositing cash directly into their personal bank accounts instead of into business bank accounts, providing incomplete information to their accountants, causing their accountants to file false individual and corporate tax returns with the IRS, and funding personal expenditures directly with undeposited and unreported cash. They used unreported income to fund a lavish lifestyle that included multiple luxury vehicles, expensive watches, investment accounts, and real estate. They also paid some of their employees "off the books" cash wages to avoid federal payroll taxes.

OAKLAND



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CALIFORNIA

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THE OAKLAND FIELD OFFICE is responsible for covering the Northern and Eastern Judicial Districts of California, which is more than half of the state of sunny California. Eight posts of duty cover territory from the west coastline to the Sierra mountains and from the Oregon border all the way down to Bakersfield, CA. The Oakland Field Office is proud to represent CI as the leading agency in financial crimes in Northern California. Tax fraud is a top priority, but the field office also partners with other federal law enforcement agencies in tackling financial crimes, including money laundering and high profile public corruption cases. Oakland Field Office special agents maintain a strong working relationship with the U.S. Attorney's Office and are involved in local task forces, including OCDETF, JTTF, cybercrimes, and public corruption. Some of the top CI cases are investigated by special agents from the Oakland Field Office.

Former Netflix Executive Sentenced to 30 Months for Bribes and Kickbacks From Netflix Vendors

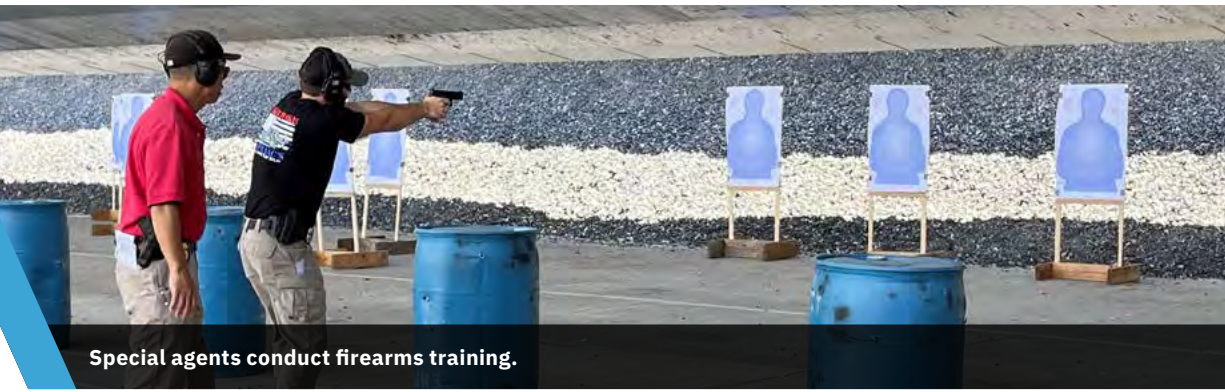
December 14, 2021—Michael Kail, the former Vice President of IT Operations at Netflix, was sentenced to 2 ½ years in federal prison for his convictions for honest services wire, mail fraud, and money laundering. Kail was indicted on April 26, 2018, and charged with nineteen counts of wire fraud, three counts of mail fraud, and seven counts of money laundering. On April 30, 2021, after a three-week trial, a jury returned guilty verdicts on 28 of the 29 counts charged. The jury also made findings to support the forfeiture of property Kail had purchased with the proceeds of his fraud. As Netflix's Vice President of IT Operations, Kail approved the contracts to purchase IT products and services from smaller outside vendor companies and authorized payments to them. Evidence produced at trial proved that Kail solicited and received bribes and kickbacks from nine tech companies providing products or services to Netflix. In exchange, Kail approved millions of dollars in contracts for goods and services provided by them to Netflix. Kail received over \$500,000 and stock options from the outside companies. He used his kickback payments in multiple ways, including to pay his personal expenses and to buy a home in Los Gatos, California.

Former Bay Area Woman Sentenced to 5 Years in Prison for Fraud Scheme

May 3, 2022—Amanda Christine Riley was sentenced to 5 years in prison after pleading guilty to wire fraud in connection with a scheme to solicit donations from individuals to help pay for cancer treatments she never needed nor received. Beginning in 2012, Riley began to falsely report that she had been diagnosed with Hodgkin's lymphoma, a type of cancer. Although she was not actually ill, Riley carefully cultivated a social media presence, using Facebook, Instagram, Twitter, and a blog. She used her presence on these sites to "document" her nonexistent medical condition, and to aggressively solicit donations, supposedly to cover her medical expenses. Riley went to great lengths to maintain her deception, including shaving her head to make it appear as if she were receiving chemotherapy. In truth, Riley had no medical expenses. Instead, she deposited the donations into her personal bank accounts and used the funds to pay her living expenses. In total, the government identified 349 individuals and entities who made contributions towards Riley's fabricated medical expenses with a total value of \$105,513.



Special agents work to open a safe while conducting a search warrant.



Special agents conduct firearms training.



A special agent competes in the Baker to Vegas race.

Former HP Employee Sentenced to 3 Years in \$5+ Million Wire Fraud Scheme

August 17, 2022—Shelbee Szeto was sentenced to 3 years in prison for wire fraud, money laundering, and filing a fraudulent tax return. Szeto was ordered to pay over \$4.8 million in restitution to HP Inc. and \$1.2 million to the IRS. From August 2017 until June of 2021, Szeto was employed as an executive assistant and finance planning manager for HP Inc. Szeto was responsible for making payments to HP vendors and was issued multiple HP commercial credits cards to make payments on HP's behalf. Rather than making payments in accordance with the company's policies, she devised a fraudulent scheme, where she sent approximately \$4.8 million in unauthorized payments from her HP commercial credit cards to several Square, PayPal, and Stripe merchant accounts under her control. In addition, she attempted to steal approximately \$330,000 from HP. Szeto pleaded guilty to her crimes and acknowledged the total loss and attempted loss from her scheme was at least \$5.2 million. She surrendered items purchased with the stolen funds, including a Tesla, a Porsche, designer handbags, and jewelry.

Former San Francisco Public Works Director Sentenced to 7 Years in Federal Prison

August 25, 2022—former San Francisco City Hall public official Mohammed Nuru was sentenced to 7 years in prison for honest services wire fraud. Nuru admitted to a spectrum of public corruption charges involving bribery and kickbacks he received



Special agents conduct a search warrant.

while in leadership positions with the San Francisco Department of Public Works (DPW). Nuru was arrested on January 17, 2020, following the filing of a 79-page federal complaint against him. At the time, Nuru was the Director of DPW and had held that position since 2011. The complaint charged Nuru with honest services fraud in public office and alleged a long-running scheme of bribes and kickbacks during his DPW tenure. Nuru was also charged in a second federal complaint with lying to a federal agent during the San Francisco City Hall corruption investigation. Nuru exercised great influence over San Francisco's business and policy, including public contracts, permits, and construction projects. His power and influence extended beyond DPW's jurisdiction to numerous other city departments and agencies, making him one of the most powerful public officials in the city.

PHILADELPHIA

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DELAWARE

Newark

PENNSYLVANIA

Bethlehem | Cranberry Township | Erie
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Philadelphia | Pittsburgh | Scranton

PHILADELPHIA FIELD OFFICE is located in downtown Philadelphia and home to several historical sites, such as the Liberty Bell, Independence Hall, and the Rocky Statue. With seven posts of duty, the field office serves a broad geographic area that includes the entire states of Pennsylvania and Delaware. Within this area of responsibility, the field office serves four judicial districts, each with its own U.S. Attorney and leadership structure. We work in partnership with all major federal law enforcement agencies as well as numerous state and local law enforcement departments. We work a diverse mix of criminal investigations that includes income tax evasion, employment tax, corporate fraud, international tax fraud, return preparer fraud, ID theft, cybercrimes, public corruption, counterterrorism and narcotics related financial crimes. The field office holds pivotal roles on the respective U.S. Attorney's priority task forces, including Suspicious Activity Report review teams, health care fraud, cybercrimes, Joint Terrorism Task Forces (JTTF) and Organized Crime Drug Enforcement Task Forces (OCDETF).

Businessman Sentenced to Over 6 Years for Tax Evasion and \$21 Million Bank Fraud

February 8, 2022—Christopher Hogg was sentenced to over 6 years in prison, followed by two years of supervised release. He was also ordered to forfeit over \$17 million and pay restitution of over \$750,000 for his participation in a loan fraud scheme worth more than \$21 million. Hogg previously pleaded guilty to charges of conspiracy to commit bank fraud, bank fraud, filing a false return, and tax evasion. The bank fraud charges arose from an insurance premium financing scheme that Hogg and others conducted. Hogg and co-conspirator, Rennie Rodriguez, submitted approximately 35 applications to a finance company, purportedly for premium finance loans to purchase insurance, when the loans were not for that purpose. Neal Dunoff, another co-conspirator inside the finance company, waived the loan verification procedures and approved the loans, in exchange for compensation from Hogg. Hogg used the proceeds of this scheme as capital for his businesses and to support his luxurious lifestyle, including payments for a Mercedes Benz S-Class vehicle, country club dues, vacations, and payments towards the purchase of a \$1 million mansion on the Main Line. Hogg also failed to report over \$370,000 of income on his 2016 tax return. Furthermore, he failed to file his 2017 tax return, even though he earned over \$1.7 million in income that year. His actions resulted in a total tax loss of approximately \$750,000.

Construction Business Owner Sentenced to 2 ½ Years for \$1.3 Million Tax Fraud Scheme

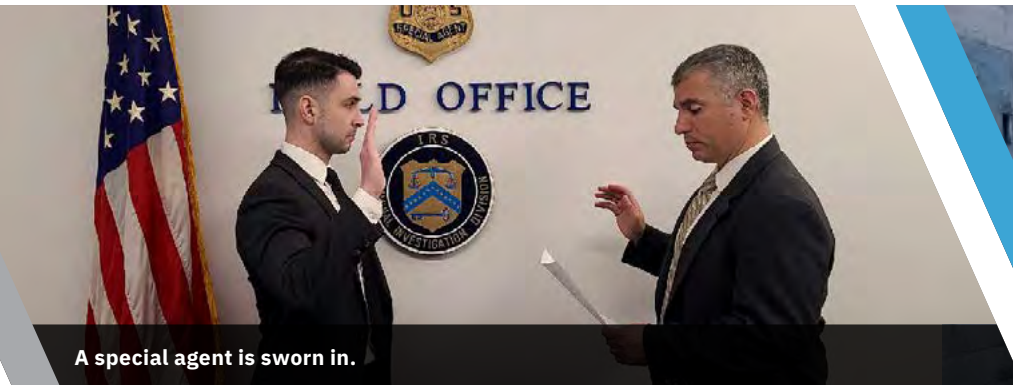
June 15, 2022—Samuel Bullock was sentenced to 2 ½ years in prison, one year of supervised release, and ordered to pay restitution in the amount of \$3,501,261 to the IRS. Bullock orchestrated a tax fraud scheme to avoid paying nearly \$1.3 million in federal income taxes, and millions more in interest and penalties. Bullock previously pleaded guilty to aiding and assisting in the filing of a false federal tax return and willful failure to file a federal tax return, relating to his efforts to avoid paying taxes on income from his construction business. In 2009, after the defendant had repeatedly failed to file his federal income tax returns, the IRS secured liens for more than \$1.9 million that Bullock owed in taxes, penalties, and interest. Bullock responded by taking steps to avoid collection. Specifically, he arranged to have his business income paid over to a sole proprietorship, which he set up in his spouse's name. He then provided his clients with new Forms W-9 with his spouse's Social Security number, and he opened a new business checking account listing his spouse as the alleged sole proprietor. Bullock reported his own income on his spouse's tax return, using the filing status "Married filing separately." Although he was aware that he had earned income and was required to file a federal income tax return, Bullock failed to do so.

Operators of Veterinary Clinic Sentenced to Prison for Employment Tax Fraud


May 20, 2022—Dr. Karin Breitlauch and Linda Breitlauch were each sentenced to one year and one day in prison for failure to remit payroll taxes from their veterinary business and were ordered to serve 3 years of supervised release following their incarceration. They were also ordered to pay \$2,486,496 in restitution. Veterinarian Karin Breitlauch owned and operated Creature Comforts Veterinary Service, and her sister, Linda Breitlauch, worked as the comptroller for the business. Between 2013 and 2016, the Breitlauchs withheld federal income taxes from their employees' paychecks, but they failed to remit the withholdings to the IRS for tax quarters in 2013 through 2016. They also failed to pay the employer portion of the payroll taxes.

Corporate Secretary Sentenced to Prison for Employment Tax Fraud


November 17, 2021—Sara Collins was sentenced to 6 months in prison, followed by 18 months of supervised release. Collins was ordered to pay \$930,008 in restitution. Collins previously pleaded guilty to intentionally failing to pay employment taxes on behalf of a local business. Collins served as the Corporate Secretary of a plumbing, heating, and air conditioning business for over 20 years. She was responsible for overseeing payroll disbursement and filing tax documents on behalf of the business. From the first quarter of 2013 through the last quarter of 2019, Collins failed to file quarterly Forms 941 with the IRS, and she paid fewer than \$37,000 in payroll taxes for that entire six-year period. In total, Collins failed to pay over \$930,000 in taxes owed to the IRS by the business.




A special agent is sworn in.



Special agents participate in training.

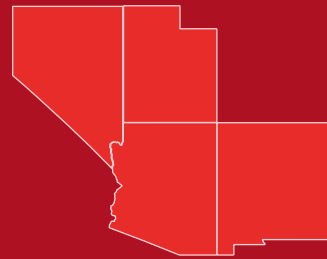


A special agent participates in training.



Special agents visit Antietam National Battlefield in Maryland.

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THE PHOENIX FIELD OFFICE covers the southwestern states of Arizona, Nevada, New Mexico and Utah. After recently merging with the former Las Vegas Field Office, the office now covers a vast geographic area that stretches from the Sierra Nevada Mountains in the west to the Rockies in the east. The office's special agents investigate both legal and illegal source tax crimes, including cases with an international nexus. The office also operates multiple financial crimes task forces. Located on the U.S. / Mexico border, the office provides significant participation in the high level Organized Crime Drug Enforcement Task Force (OCDETF). From the Grand Canyon of Arizona to the bright lights of Las Vegas, Nevada the Phoenix Field Office identifies and investigates a wide variety of complex financial crimes.

Restaurant Developer Sentenced to 5 Years in Prison for Tax Evasion and Conspiracy

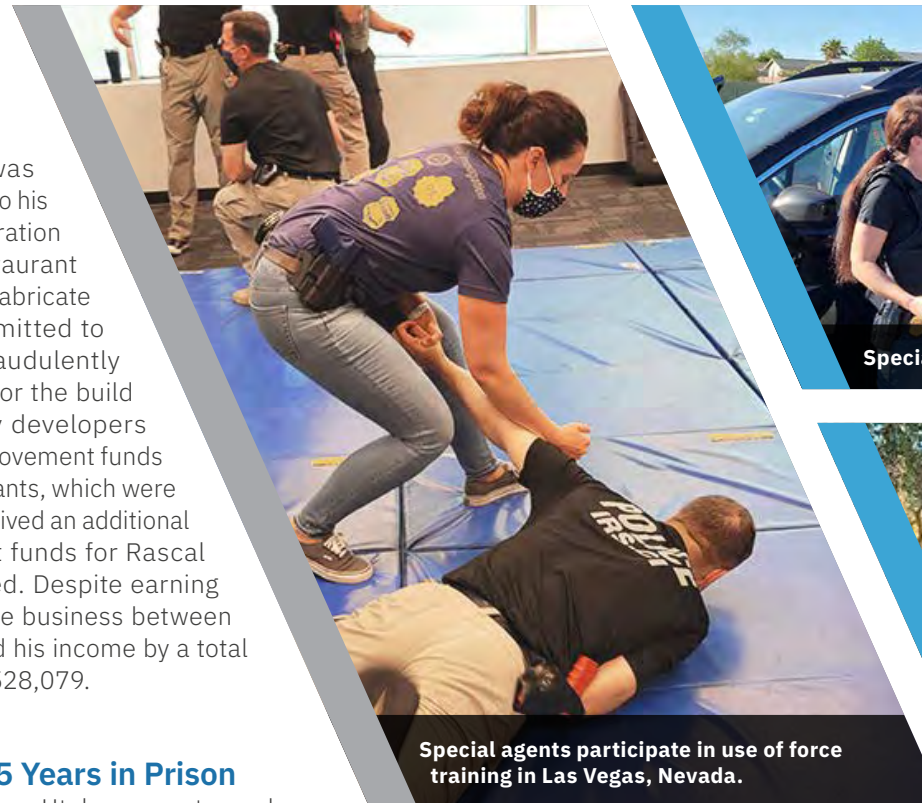
February 24, 2022—Frank Capri was sentenced to 5 years in prison related to his fraudulent scheme involving the operation of Toby Keith and Rascal Flatts restaurant chains. Capri directed employees to fabricate construction draw paperwork submitted to property developers in order to fraudulently receive tenant improvement funds for the build out of these restaurants. Property developers disbursed \$12,997,478 in tenant improvement funds for construction of Toby Keith Restaurants, which were never completed or opened. Capri received an additional \$5,035,225 in tenant improvement funds for Rascal Flatts restaurants that never opened. Despite earning millions of dollars each year from the business between 2013 and 2015, Capri underreported his income by a total of \$4,476,582, with a tax loss of \$1,528,079.

Ogden Dentist Sentenced to 5 Years in Prison

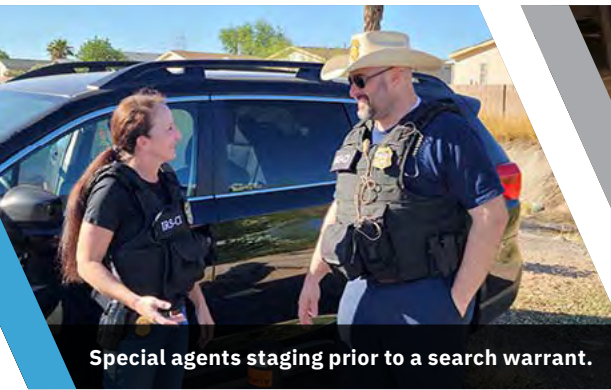
June 3, 2022—Derald Geddes of Ogden, Utah was sentenced to 5 years in prison, after being found guilty at trial of tax evasion, filing false returns, and corrupt interference with tax administration. He was also ordered to pay over \$1.8 million in restitution. From approximately 1998 through 2014, Geddes took repeated steps to evade the payment of federal income taxes he owed, and he obstructed the IRS's efforts to collect his tax debt. Among other efforts, Geddes filed false liens against his own properties, submitted to the IRS bogus "bonds to discharge debt" that he claimed were from the account of the former Treasury Secretary, and filed false corporate income tax returns.

Sunland Park Woman Sentenced to 12 Years in Prison for Drug Trafficking and Money Laundering

November 30, 2021—Rosa De Santiago of Sunland Park, New Mexico was sentenced to 12 years in prison for her part in a drug trafficking and international money laundering conspiracy. De Santiago was one of 22 defendants charged as the result of a 16-month federal investigation targeting a Mexican drug trafficking organization responsible for importing large quantities of heroin, methamphetamine, and cocaine from Mexico and distributing the drugs in New Mexico, Texas, Kansas, Kentucky, and Illinois. During the investigation, law enforcement authorities seized approximately 30 kilograms of heroin, 64 kilograms of methamphetamine, 17 kilograms of cocaine, 20 kilograms of marijuana, 24 firearms, \$102,000 in currency, and three vehicles.



Special agents participate in use of force training in Las Vegas, Nevada.



Special agents staging prior to a search warrant.



Special agents participate in first aid training in Las Vegas, Nevada.



A special agent is interviewed by a reporter with KTVK in Phoenix, Arizona.

Las Vegas Tax Preparer Sentenced to Prison for Tax Crimes

February 16, 2022—Jesus Castro was sentenced to almost 4 years in prison for failing to collect and pay over employment taxes to the IRS, causing a total loss to the IRS of over \$9.6 million. He was also ordered to pay \$399,388 in restitution. In 2014, Castro began operating a tax preparation business in Las Vegas. He failed to report wages and employment taxes owed for his employees and filed numerous tax returns on behalf of clients with incorrect deductions and credits.

Jamaican Man Sentenced to 160 Months in Prison for Role in International Lottery Fraud Scheme

August 16, 2022—David McIntosh, of Jamaica, was sentenced to over 13 years in prison and ordered to pay restitution totaling approximately \$1.8 million. McIntosh had previously been found guilty by a jury for conspiracy to commit money laundering, conspiracy to commit mail and wire fraud, wire fraud, and mail fraud. McIntosh was one of the leaders of an international fraud ring targeting thousands of elderly victims around the United States. Jamaican-based scammers and others called elderly victims in the United States, claiming the victims had won a lottery or other prize.

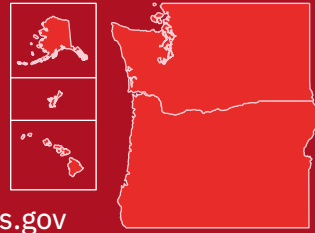
Chinese Citizen Sentenced to 33 Months in Prison and Ordered to Pay \$3.2 Million Dollars for Kickback Scheme

May 10, 2022—Nan Ma of Washington, Utah, was sentenced to almost 3 years in prison for failing to file financial reports with the U.S. Treasury after bringing over \$10,000 in currency into the United States from China. Ma was also ordered to pay \$2,563,337 in restitution to Sound Vision Technology, which is a high-end audio business in Hurricane, Utah, and ordered to pay \$777,879 in restitution to the IRS for outstanding federal tax obligations. Ma was accused by federal prosecutors of using his position and authority as the officer in charge of production to solicit and obtain kickbacks for his personal benefit from Chinese companies.

Las Cruces Woman Sentenced to Four Years in Prison for Wire Fraud and False Tax Returns

July 21, 2022—Sandra Roberto was sentenced to over 4 years in prison for wire fraud and filing false and fraudulent tax returns. Roberto began working for Mesilla Valley Transportation (MVT) in 2009, first as a fuel clerk and later in the accounting office. From 2011 through 2018, Roberto exploited her position at the company to embezzle approximately \$1,130,215 from MVT. Roberto then used the money for personal expenditures, such as rent and the purchase of vehicles, flights, hotel accommodations, and other items. Roberto has agreed to pay restitution to her former employer in the amount of \$1,130,215 and to the IRS in the amount of \$250,473.

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THE SEATTLE FIELD OFFICE investigates a wide variety of complex crimes related to domestic and international tax, public corruption, identity theft, cybercrime, and drug related financial crimes. Our area of operation spans four states and two territories: Alaska, Hawaii, Oregon, Washington, Guam, and the Commonwealth of the Northern Marianas Islands. The Seattle Field Office works with U.S. Attorney's Offices in seven judicial districts in four different time zones (on both sides of the international date line). The field office is privileged to serve a diverse and unique population of taxpayers. Financial investigative expertise, meticulous planning, and determined collaboration allow us to effectively combat all types of financial crime for the benefit of the communities within our geographic area.

Tax Preparer Sentenced to Federal Prison for Filing Hundreds of False Tax Returns

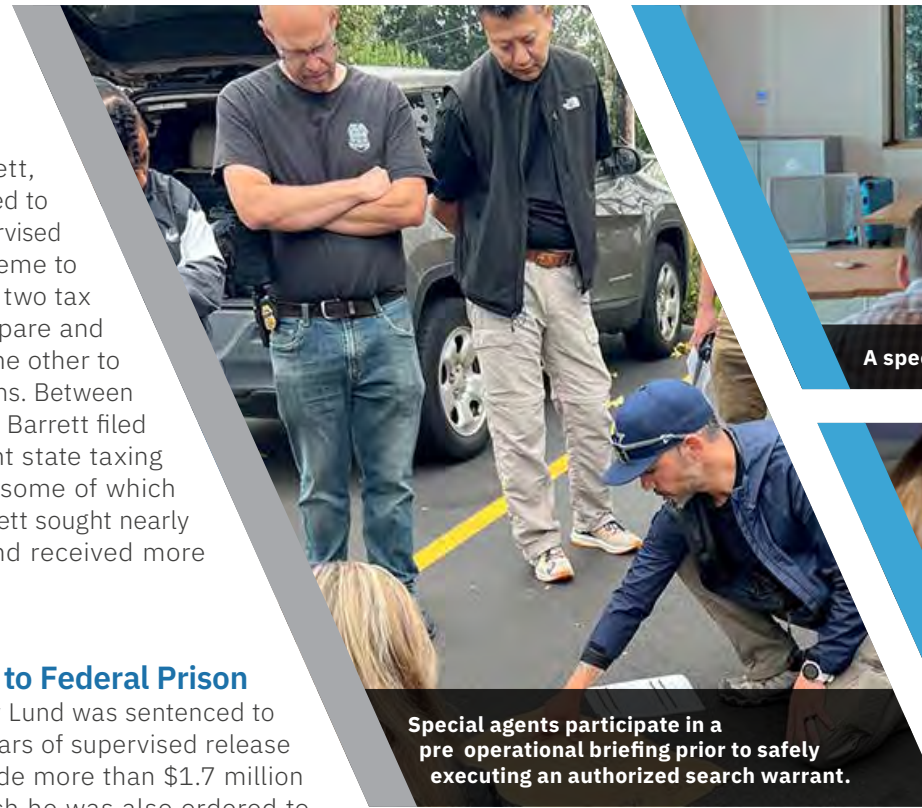
October 4, 2021—Damian O. Barrett, of Homestead, Florida, was sentenced to 4 ½ years in prison and 3 years of supervised release for his multi-year fraud scheme to file false tax returns. Barrett owned two tax preparation companies, one to prepare and submit legitimate tax returns and the other to submit false and fraudulent tax returns. Between January 2015 and December 2018, Barrett filed 745 false tax returns to 19 different state taxing authorities using stolen identities, some of which belonged to his clients. In total, Barrett sought nearly \$900,000 in fraudulent refunds and received more than \$234,000.

Oregon Tax Cheat Sentenced to Federal Prison

November 15, 2021—Robert Andrew Lund was sentenced to almost 3 ½ years in prison and 3 years of supervised release for using a complex scheme to evade more than \$1.7 million in personal income taxes, for which he was also ordered to pay restitution. Despite operating a highly profitable computer consulting company, Lund reported almost no income on his personal tax returns. The IRS audited Lund and determined he owed more than \$2.7 million in taxes plus penalties, assessments that were upheld by both the U.S. Tax Court and the Ninth Circuit Court of Appeals. Subsequently, Lund attempted to evade payment by claiming to the IRS that he was not a U.S. citizen and therefore not subject to taxation. During this time, Lund also fraudulently received food stamps and Medicaid he was not eligible for, effectively stealing \$70,000 in public health benefits.

Anchorage Couple Sentenced to Prison for Distributing Drugs and Money Laundering

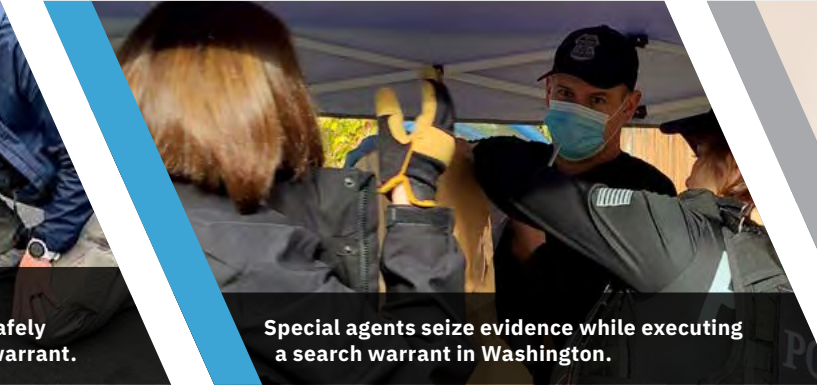
December 1, 2021—May Saelee, aka "The First Lady," was sentenced to over 3 years in prison followed by 5 years of supervised release, and Cher Vang, aka "The President," was sentenced to almost 6 years in prison followed by 5 years of supervised release. Between August 2011 and 2018, the couple distributed methamphetamine and used the proceeds to purchase various items, including jewelry and personal property. They also structured over \$150,000 of bank deposits to avoid federal banking requirements and to conceal the illicit source of the money. As part of their plea agreement, Saelee and Vang agreed to forfeit to the United States any property derived from their illegal activities, including jewelry, money, guns, and personal property.



Special agents participate in a pre operational briefing prior to safely executing an authorized search warrant.



A special agent delivers a Source Development Training presentation to special agents in Portland, OR.



Special agents seize evidence while executing a search warrant in Washington.



A special agent with Guardia Civil of Spain seize digital evidence.

Oregon Man Sentenced to Federal Prison and Ordered to Forfeit Over \$18 Million in Stock and Properties After Stealing Millions in COVID-Relief Funds

January 6, 2022—Andrew Lloyd was sentenced to 4 years in federal prison and 5 years of supervised release for bank fraud, money laundering, and aggravated identity theft. Lloyd was also ordered to pay more than \$4 million in restitution and to forfeit 25 properties and more than 15,000 shares of Tesla Inc. stock. Lloyd fraudulently applied for COVID-19 relief under the CARES Act, by using numerous business names and the identities of relatives and business associates without their consent. Lloyd submitted false documentation to justify the loan amounts requested. In total, Lloyd fraudulently obtained over \$3.5 million of relief funds due to his false CARES Act loan applications.

Tax Preparer Sentenced to Prison for Fraudulent Deductions on Federal Income Tax Returns

January 19, 2022—Jean Mpouli was sentenced to one year and one day for 14 counts of aiding and abetting the filing of false tax returns and was ordered to pay \$31,296 in restitution to the IRS. While Mpouli worked for 25 years as an aviation inspector for the Federal Aviation Administration (FAA), he also ran a side tax preparation business with hundreds of clients, offering his services primarily to African immigrants. Mpouli falsely increased deductions for unreimbursed business expenses and educational expenses to boost his clients' tax refunds. Mpouli took a percentage of the refund as his fee, meaning the higher the refund, the larger the fee. Furthermore, Mpouli hid over \$200,000 of revenue generated by the preparation of these false returns.

Former Lake Oswego Resident Sentenced to Federal Prison for COVID-Relief Fraud

February 22, 2022—David Unitan was sentenced to over 5 years in prison and 3 years of supervised release for stealing funds intended to help small businesses during the COVID-19 pandemic. In July 2020, a small business owner contacted the local sheriff's office to report that an unknown person had obtained and used his personal information, as well as that of his wife and their business, to establish accounts in Boston. Unitan submitted six fraudulent COVID-19 relief loan applications using this small business owner's Social Security number, two of which were funded for a total of \$295,000. At his arrest in December 2020, federal agents seized a Ford pickup, a Tesla sedan, and digital evidence that confirmed Unitan had applied for dozens of fraudulent COVID-19 relief loans.

Former Seattle Doctor Sentenced to 4 years in Prison for Defrauding Pandemic Relief Programs

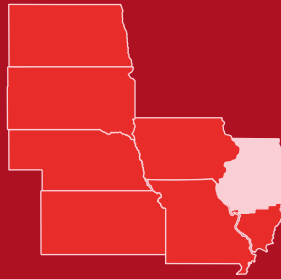
March 8, 2022—Eric R. Shibley, a former Seattle doctor, was sentenced to 4 years in prison and was ordered to pay \$1,438,000 in restitution for fraudulently seeking over \$3.5 million in Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) relief funds. Shibley was convicted following a trial in 2021—where evidence showed that Shibley submitted 26 fraudulent PPP applications and 13 false EIDL loan applications. In the applications, Shibley misrepresented the number of his employees and payroll expenses, concealed his own criminal history, and submitted fake tax documents.

ST. LOUIS

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THE ST. LOUIS FIELD OFFICE serves a population of more than 17 million people in nine judicial districts spanning the states of Iowa, Kansas, Missouri, Nebraska, North Dakota, South Dakota, and 38 counties in southern Illinois. Known for their farming communities and friendly residents, these seven states see a significant amount of financial crimes that include tax fraud, money laundering, narcotics trafficking, and identity theft. Special agents of the St. Louis Field Office invest a great deal of time building relationships with local colleges, community organizations, and law enforcement offices to build a level of trust that assists them in investigations. Recognizing CI's distinction as the finest financial investigation team in the world, we play a critical role in the U.S. Department of Justice's Organized Crime Drug Enforcement Task Force (OCDETF).

West Des Moines Man Lands in Jail for Stealing \$10 Million in False Refund Claims from IRS

February 4, 2022—Jeffrey Allan Kock was sentenced to over 8 years in prison for multiple offenses, including money laundering and making false claims for tax refunds. Kock was also ordered to pay \$404,440 in restitution. Kock attempted to steal money from the IRS by filing two IRS Forms 1041, which are used by estates and trusts to obtain large tax refunds. Kock fraudulently requested refunds in the amounts of \$20,671 and \$10,921,192, which the IRS initially paid. Kock used some of the proceeds to purchase three luxury automobiles. The IRS seized the vehicles and recovered most of the ill-gotten proceeds. From 2014 through 2018, Kock worked in the local restaurant and bar industry, earning sufficient income to require the filing of individual income tax returns. However, Kock did not file individual returns for any of those years.

Convicted Payday Lender Ordered to Pay More Than \$40 Million in Back Taxes

March 1, 2022—Scott Tucker, a former professional race car driver and subject of the Netflix documentary *Dirty Money*, was sentenced to 3 years in prison for tax fraud and ordered to pay \$40 million in restitution to the IRS. Tucker owned and operated several businesses involved in a nationwide payday lending scheme. From 1997 until 2013, Tucker made small, short-term, high-interest, unsecured loans, commonly referred to as "payday loans." In 2018, Tucker was sentenced to over 16 ½ years in prison for evading New York state laws. In November 2021, Tucker pleaded guilty to one count of filing a false tax return. Tucker admitted that his business, Level 5, never operated as a for-profit business, and he submitted false information on his tax return to hide the amount of taxes owed. The IRS secured the restitution order after alleging Tucker did not pay taxes on \$118 million in net income from his businesses. A federal judge ordered Tucker's 3-year prison sentence to be served concurrently with the previous conviction in the Southern District of New York. On April 21, 2022—the former home of Scott Tucker was seized and sold for \$2,412,500, and the proceeds were applied towards restitution.

Missourians Get a Few Less Vehicle Warranty Calls as Business Owner Gets Three Years on Tax Charges

January 26, 2022—Gary Primm was sentenced to 3 years in prison after a federal jury found him guilty of two counts of tax evasion and one count of failure to file an income tax return. Primm owned and operated United Auto Defense, LLC, a St. Charles, Missouri based call center that marketed and sold auto warranties. In 2014, United earned more than \$620,000

in taxable income, but Primm failed to file the company's income tax return. In 2014 and 2015, Primm received over a million dollars in income from the business, but he did not pay any personal income taxes on it. He took steps to evade assessment of his taxes by diverting United's funds to a shell company's bank account, instead of his personal bank account, and by filing false forms with the IRS. Primm used funds from a nominee bank account to pay personal expenses, including his mortgage, jewelry and automobile purchases, and gambling expenses.

Mexican National Sentenced to 12 Years for Conspiracy to Distribute Cocaine

December 27, 2021—Mexican national Jesus Salvador Campoy-Estrada was sentenced to 12 years in prison without parole for his role in a drug trafficking conspiracy. The court also ordered Campoy-Estrada to forfeit \$12,150,000 to the government, which represents the proceeds of his drug trafficking crimes. Campoy-Estrada was a primary organizer in a drug-trafficking organization that distributed more than 2,600 kilograms of cocaine in the Kansas City metropolitan area over a three-year period. He admitted that he was personally responsible for the distribution of more than 450 kilograms of cocaine during his involvement with the conspiracy. When he was arrested, law enforcement searched his residence and found marijuana, a drug ledger, a loaded XD 9mm semi-automatic handgun, and \$111,995, which he admitted were illicit drug proceeds.

Teenager's Death Leads to Federal Prison for Large-Scale Fentanyl Dealer

October 14, 2021—Steven Barros Pinto was sentenced to 33 years in jail for his part in drug trafficking and money laundering conspiracies. Steven Pinto was part of a Rhode Island organization that was receiving fentanyl from Canada and China. After a five-week trial, the jury returned guilty verdicts against Pinto on various drug trafficking charges. The case is part of "Operation Denial," an Organized Crime and Drug Enforcement Task Force (OCDETF) investigation into the international trafficking of fentanyl. The investigation began in Grand Forks, North Dakota, on January 3, 2015, with the overdose death of teenager Bailey Henke. Operation Denial led to criminal charges against 31 defendants in North Dakota and three in Oregon. The investigation resulted in the forfeiture of nearly \$1 million in cash and property from members of the organization.



Special agents prepare to greet visitors to the CI table they hosted during National Night Out 2022 in Prairie Village, Kansas.



Special agents participate in firearms training.

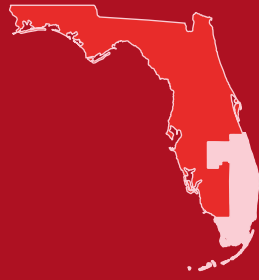


A supervisor special agent speaks about the special agent job opening during a career fair at Scott Air Force Base, Illinois.



Special agents participate in Defensive Tactics Training.

TAMPA



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THE TAMPA FIELD OFFICE is nestled between the east and west coasts of the Sunshine State. Covering both Florida's middle and northern judicial districts, the field office is home to nine posts of duty that stretch from Ft. Myers to Jacksonville and across the panhandle to Pensacola. Special agents in this office embrace traditional tax cases, as well as a multitude of financial crimes cases ranging from money laundering to public corruption. The Tampa Field Office benefits from well established partnerships with other law enforcement agencies and has excellent working relationships with the U.S. Attorney's Office for the Middle District of Florida and the Northern District of Florida.

Co-Conspirators Sentenced in Nationwide Tax Scheme

March and July 2022—four co-conspirators were sentenced to a combined total of more than 27 years in prison for their roles in a nationwide tax fraud scheme. Iran Backstrom and his second-in-command, Mehef Bey, spearheaded a scheme that involved more than 200 participants in at least 19 U.S. states. The co-conspirators held and promoted seminars throughout the country where they and their co-conspirators convinced clients to file false tax returns with the IRS by telling them that their mortgages and other debts entitled them to refunds. One co-conspirator, Aaron Aqueron, recruited clients to participate in the scheme, and another co-conspirator, Yomarie Febres, prepared 77 false tax returns that collectively sought more than \$23.8 million in tax refunds from the IRS. The false returns resulted in the IRS distributing more than \$15 million in fraudulent refunds to scheme participants. Co-conspirators received, on average, between \$10,000 to \$15,000 from a client who participated in the scheme, and they also failed to declare their earnings on their personal income taxes filed with the IRS.

Florida Couple Sentenced to Prison for COVID Fraud

Amber Rewis Bruey and Anthony James Bruey, both of Lehigh Acres, Florida, were sentenced to prison for trying to fraudulently obtain Coronavirus Aid, Relief and Economic Security (CARES) Act funds. Amber was sentenced to 4 years in prison for conspiracy to commit wire fraud, wire fraud, conspiracy to commit money laundering, and illegal monetary transactions. Her husband and co-conspirator, Anthony, was sentenced to over 4 years in prison for the same offenses. According to court documents, between April and June 2020, the Brueys conspired to submit a total of 26 fraudulent Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) applications to Small Business Administration-approved lenders, loan processing companies, and the Small Business Administration. The applications contained numerous false and fraudulent representations, including the applicant's dates of operation, payroll, gross revenues, total number of employees, and the criminal histories of the applicants or business owners. The Brueys also submitted false and fraudulent tax documents to qualify for the loans. The Brueys' false and fraudulent representations caused PPP lenders and the Small Business Administration to approve 12 of the loans and issue a total of \$881,058 in PPP and EIDL funds. The Brueys then unlawfully used the funds to purchase a \$211,457 residence

in North Carolina, a 2019 GMC Yukon SUV, a 2020 Honda Talon, and to make a \$23,566 restitution payment as a condition of probation in another criminal court case for Amber. The Brueys were ordered to forfeit these items and property, as well as to pay \$881,659 in restitution.

Former Congresswoman Pleads Guilty to Corrupt Obstruction of the Internal Revenue Laws

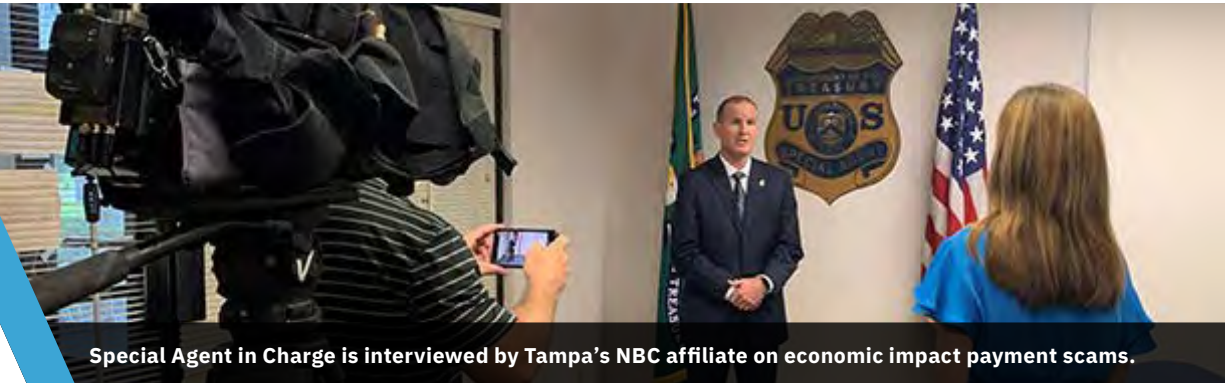
May 2022—former Congresswoman Corrine Brown pleaded guilty and was sentenced to time served—over 2 ½ years in prison—for engaging in a corrupt endeavor to obstruct and impede the due administration of the Internal Revenue laws. According to the plea agreement, between October 15, 2009 and October 15, 2015, Brown caused her certified public accountant to file individual income tax returns for tax years 2008 through 2014 that did not include income associated with cash deposits into her bank accounts. During the same period, Brown also over-reported her charitable giving by inflating total gifts to charitable organizations and non-profit entities. Brown signed each referenced tax return under penalty of perjury, knowing that each one contained false information. In addition, Brown caused two Jacksonville non-profit entities to create letters that did not accurately reflect her donations, so that Brown could use those letters during an IRS audit.

American Ex-Pat Sentenced to 8 Years for Panamanian Wire Fraud Conspiracy

June 2022—Jeffrey Jedlicki, of Panama City, Panama, was sentenced to 8 years in prison for wire fraud conspiracy. As part of his sentence, the court also ordered Jedlicki to forfeit \$700,000 and a South Florida residence worth in excess of \$2 million, as well as pay \$3,244,592 in restitution to the victims. According to court documents, Jedlicki and his co-conspirators operated international boiler rooms in Panama and elsewhere that used high-pressure sales techniques to defraud individuals. The victims invested substantial amounts of money in what they believed were regulated financial products or markets, such as options in commodities and stocks. The majority of the victims were located in Canada, the United Kingdom, Australia, and New Zealand. Jedlicki and his co-conspirators then transferred fraud proceeds generated by the boiler rooms through several money laundering rings, and then on to overseas accounts, with the launderers receiving a percentage of the funds they had moved. Jedlicki himself received a two percent referral fee for referring victims' funds to a money laundering ring. Jedlicki used the funds to perpetuate the conspiracy, and for his own personal enrichment. In total, Jedlicki and his co-conspirators wired or caused to be wired approximately \$3,244,592 in victims' funds to money laundering accounts in furtherance of the wire fraud conspiracy.



Special agents from Jacksonville start their annual 1.5 mile run.



Special Agent in Charge is interviewed by Tampa's NBC affiliate on economic impact payment scams.



Special agents ran 6.1 miles in the Baker to Vegas Race.



Special agents were in London for an extradition.

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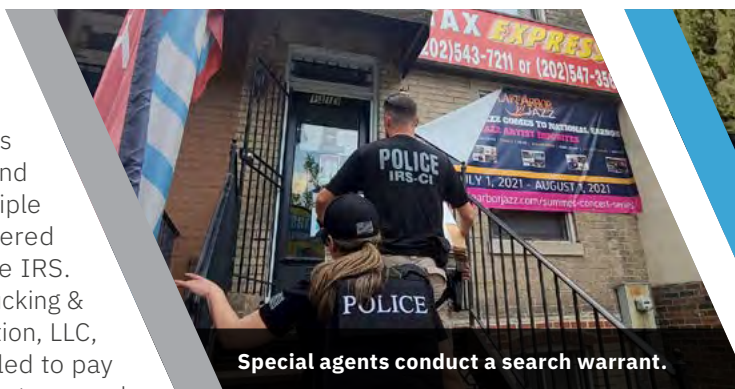
WEST VIRGINIA

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THE WASHINGTON D.C. FIELD OFFICE is an executive led field office and one of the largest in CI overseeing criminal financial investigations throughout Maryland, Virginia, West Virginia, and the District of Columbia. Serving six judicial districts, the field office is comprised of dedicated professional staff and special agents who work a wide array of significant investigations. The diverse geographical coverage from the Appalachian Mountains to the Chesapeake Bay allows the field office the opportunity to work the entire spectrum of financial investigations, including legal source tax cases, public corruption, corporate fraud, narcotics, and health care fraud. In addition to the regional groups, the WDCFO houses CI's specialty groups: the DC Cyber Crimes Unit (CCU), the International Tax and Financial Crimes (ITFC) group, the Global Illicit Financial Team (GIFT), and the U.S. Treasury Alcohol and Tobacco Tax and Trade Bureau Group (TTB). These specialty groups focus on national and international financial crimes and are a beacon of investigative talent for dozens of special agents across the country.

West Virginia Construction Company Owner Sentenced for Tax Fraud

August 30, 2022—Travis A. Harner was sentenced to over 2 years in prison and 1 year of supervised release for multiple tax violations. Harner was also ordered to pay \$433,147 in restitution to the IRS. As the owner and operator of Talan Trucking & Excavating, LLC and Harner Construction, LLC, in Morgantown, West Virginia, he failed to pay the IRS more than \$433,000 in income taxes and employment taxes from 2008 to 2019. He grossly underreported the income from his businesses, did not report the income from selling personal assets, and did not pay over the trust fund taxes withheld from his employees' wages.



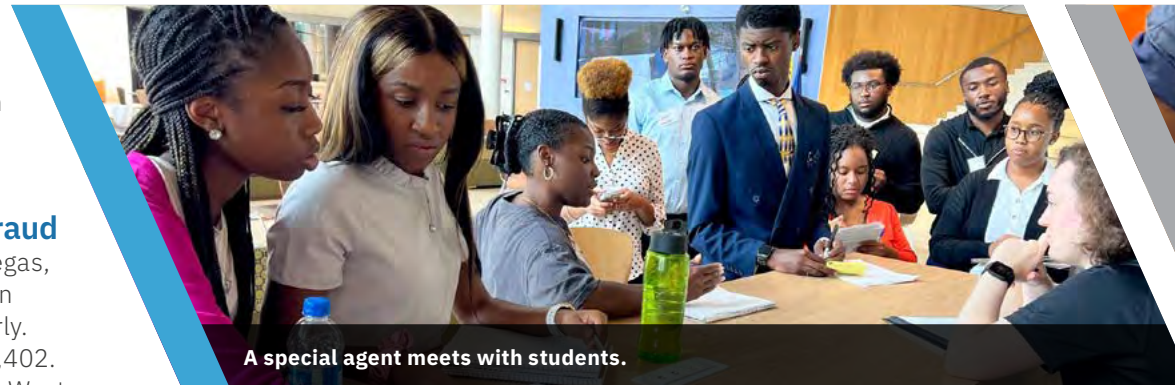
Special agents conduct a search warrant.



A special agent seizes a Bentley.

Woman Gets 7 Years for Elder Financial Fraud

August 30, 2022—Shelly Leipham, a resident of Las Vegas, was sentenced in West Virginia to more than 7 years in prison for committing financial fraud against the elderly. Leipham was also ordered to pay a judgment of \$336,402. Leipham targeted elderly victims, including a victim in West Virginia, claiming the victims won \$1 million. Leipham badgered and manipulated her elderly victims by calling them over and over again, disregarded the hardships they were experiencing while she was exploiting and repeatedly lying to them. Leipham used those tactics to defraud the West Virginia victim of nearly \$25,000 by directing the victim to send that amount to her by mail and wire, over the course of two years.



A special agent meets with students.



Students practice handcuffing techniques.

D.C. Man Sentenced to 10 years in Prison for Attempting to Steal More than \$31 Million in COVID-19 Funds

September 20, 2022—Elias Eldabbagh was sentenced to 10 years in prison for trying to steal \$31 million in COVID-19 CARES Act funds. He succeeded in stealing nearly \$2.4 million from the Paycheck Protection (PPP) Loan and the Economic Injury Disaster Loan (EIDL) programs that were meant for taxpayers in need. From July 2020 through May 2021, he used his company, Alias Systems, LLC, to fraudulently apply for at least 25 PPP loans totaling more than \$30 million. He also submitted at least four false EIDL applications totaling \$950,000. He used a stolen identity to disguise the ownership of Alias Systems, LLC, and he used the same stolen identity to submit most of the applications. Altogether, Eldabbagh fraudulently stole \$2,385,000 from the PPP and EIDL program. He used the funds to purchase a Tesla Model 3, and to pay for other personal expenses, such as for rent, hotels, dog boarding, attorney fees, ride shares, and electronics. Eldabbagh also converted at least \$288,000 of proceeds into multiple cryptocurrencies. As part of his plea agreement, he agreed to forfeit the Tesla and the contents of 21 bank accounts, and he agreed to liquidate his interest in the cryptocurrency obtained with the proceeds and to remit the funds to the U.S. government.

Virginia Woman Sentenced to 30 Months in Prison for \$2.7M Tax Fraud

September 8, 2022—Wendy Brockenbrough, a resident of Virginia Beach, Virginia, was sentenced to 2 ½ years in prison with 3 years of supervised release and was ordered to pay \$2,721,269 in restitution for employment tax fraud. From at least 2011 to 2019, Brockenbrough failed to pay over to the IRS payroll taxes from the three different companies she owned. She issued weekly paystubs and annual Form W-2s to her employees indicating that the appropriate payroll taxes were being withheld from their paychecks. However, she failed to pay the money to the IRS. In total, Brockenbrough failed to pay over \$2,721,268 in unpaid payroll taxes. Brockenbrough attempted to conceal her actions by lying to her accountants and stating that she made the payroll tax payments. To support her claims, she forged IRS records and QuickBooks entries showing the taxes had been paid. Instead of making the tax payments, Brockenbrough kept the money to fund a lavish lifestyle, including the purchase of a Regulator center console boat for about \$126,000, a Hatteras 60-foot yacht for about \$820,000, and a Jeep Wrangler for about \$41,000.

Organizer of Conspiracy that Defrauded Cares Act of Over \$1.5 Million in Unemployment Benefits Sentenced to 10 Years in Prison

December 21, 2021—Farren Ricketts, a Virginia woman, who admitted to heading a conspiracy that defrauded the government of more than \$1.5 million in pandemic-related unemployment benefits, was sentenced to 10 years in prison and ordered to pay restitution. Ricketts and her co-conspirators concocted a scheme to gather personal identification information and then submitted more than 150 unemployment claims to the Virginia Employment

Commission (VEC) website for individuals who were known to be ineligible to receive pandemic unemployment benefits, including various inmates in Virginia Department of Corrections facilities. Ricketts developed a business entity called “Ricketts Advisory, LLC,” registered it with the Virginia State Corporation Commission, and advertised as a financial services company that helped with filing pandemic unemployment claims. In addition to receiving unemployment benefits herself, Ricketts charged fees to over 120 of her co-conspirator “clients” for the service of filing their fraudulent claims. For many of these filings, Ricketts created fraudulent documents to support the claims, including fraudulent IRS forms purporting to show pre-pandemic income.

DC Man Sentenced to 5 years in Federal Prison for Stolen Identity Tax Fraud Scheme

February 3, 2022—Devell Lincoln was sentenced in Greenbelt, Maryland, to 5 years in prison followed by 3 years of supervised release for conspiring and committing tax fraud and aggravated identity theft. From 2011 to 2013, Lincoln conspired with others to cash tax refund checks that were fraudulently obtained by filing false federal income tax returns using the Social Security numbers of unwitting taxpayers to get fraudulent refunds from the IRS. In total, the conspirators cashed more than \$500,000 in fraudulent refunds at a check-cashing business, and Lincoln deposited more than \$150,000 in fraudulent refunds using bank accounts under his control. While two of these accounts were in Lincoln's name, one bank account was held in the name of a deceased third-party, and one was in the name of a company registered under the deceased person's name, with the deceased person listed as the signatory.

APPENDIX

This appendix includes investigation data appearing in the annual report as well as extended information regarding incarceration rates.

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 IRS Criminal Investigation

 Joint Chiefs of Global Tax Enforcement (J5)

 IRS:CI

 J5 Website

FY 2022 Combined Results

	2022	2021	2020
Investigations Initiated	2558	2581	2596
Prosecution Recommendations	1837	1982	1859
Informations/Indictments	1670	1856	1512
Sentenced	1490	1268	1226
Incarceration Rate	77%	78%	80%
Average Months to Serve	42	43	44

Abusive Return Preparer Program

	2022	2021	2020
Investigations Initiated	175	145	140
Prosecution Recommendations	93	90	145
Informations/Indictments	112	110	128
Sentenced	129	111	112
Incarceration Rate	69%	77%	80%
Average Months to Serve	19	16	21

Abusive Tax Schemes

	2022	2021	2020
Investigations Initiated	74	65	109
Prosecution Recommendations	58	38	45
Informations/Indictments	35	41	26
Sentenced	32	23	26
Incarceration Rate	88%	48%	85%
Average Months to Serve	52	13	32

Bank Secrecy Act (BSA)

	2022	2021	2020
Investigations Initiated	544	473	489
Prosecution Recommendations	352	389	345
Informations/Indictments	338	346	253
Sentenced	267	248	226
Incarceration Rate	71%	76%	75%
Average Months to Serve	24	41	34

Corporate Fraud

	2022	2021	2020
Investigations Initiated	34	40	55
Prosecution Recommendations	25	22	48
Informations/Indictments	23	27	38
Sentenced	28	31	21
Incarceration Rate	89%	84%	76%
Average Months to Serve	46	32	23

Employment Tax

	2022	2021	2020
Investigations Initiated	223	215	298
Prosecution Recommendations	168	170	151
Informations/Indictments	142	111	67
Sentenced	101	67	52
Incarceration Rate	70%	81%	83%
Average Months to Serve	18	22	18

Financial Institution Fraud

	2022	2021	2020
Investigations Initiated	29	61	50
Prosecution Recommendations	26	50	33
Informations/Indictments	20	49	22
Sentenced	32	21	21
Incarceration Rate	81%	71%	86%
Average Months to Serve	41	43	44

Healthcare Fraud

	2022	2021	2020
Investigations Initiated	76	61	69
Prosecution Recommendations	68	55	63
Informations/Indictments	69	57	63
Sentenced	56	52	46
Incarceration Rate	80%	79%	89%
Average Months to Serve	29	42	58

APPENDIX

This appendix includes investigation data appearing in the annual report as well as extended information regarding incarceration rates.

Identity Theft

	2022	2021	2020
Investigations Initiated	101	145	124
Prosecution Recommendations	97	111	100
Informations/Indictments	88	146	106
Sentenced	101	112	108
Incarceration Rate	85%	82%	82%
Average Months to Serve	38	34	37

International Operations

	2022	2021	2020
Investigations Initiated	163	172	242
Prosecution Recommendations	161	181	213
Informations/Indictments	143	180	180
Sentenced	130	111	138
Incarceration Rate	77%	79%	77%
Average Months to Serve	52	46	47

Money Laundering

	2022	2021	2020
Investigations Initiated	962	1050	838
Prosecution Recommendations	796	934	745
Informations/Indictments	701	800	650
Sentenced	418	383	379
Incarceration Rate	83%	84%	83%
Average Months to Serve	71	75	66

Narcotics

	2022	2021	2020
Investigations Initiated	592	661	587
Prosecution Recommendations	495	646	513
Informations/Indictments	475	578	463
Sentenced	353	322	336
Incarceration Rate	81%	82%	82%
Average Months to Serve	82	84	78

Non-Filer

	2022	2021	2020
Investigations Initiated	260	243	279
Prosecution Recommendations	152	137	146
Informations/Indictments	115	128	96
Sentenced	116	88	80
Incarceration Rate	78%	80%	83%
Average Months to Serve	35	35	36

Public Corruption

	2022	2021	2020
Investigations Initiated	26	51	73
Prosecution Recommendations	24	38	63
Informations/Indictments	27	52	51
Sentenced	38	27	40
Incarceration Rate	84%	78%	68%
Average Months to Serve	39	24	21

Questionable Refund Program

	2022	2021	2020
Investigations Initiated	66	69	70
Prosecution Recommendations	58	49	81
Informations/Indictments	51	56	75
Sentenced	65	95	107
Incarceration Rate	80%	80%	80%
Average Months to Serve	28	27	30

Terrorism

	2022	2021	2020
Investigations Initiated	48	26	41
Prosecution Recommendations	37	9	41
Informations/Indictments	33	13	22
Sentenced	9	10	15
Incarceration Rate	44%	70%	53%
Average Months to Serve	13	7	51

