



## Senate and IG Cooperate to Stop IRS Impersonation Scam

### Key Lessons

1. For federal agencies, close collaboration with Congress can be an effective way to disseminate information and advance policies critical to achieving agency goals.
2. For Congress, take advantage of agency expertise to address public needs.

Beginning in 2014, frightened seniors began calling the Senate Special Committee on Aging's Fraud Hotline to report threats from individuals claiming to be Internal Revenue Service agents and demanding they pay back taxes or face immediate arrest. It was an early indication of a nationwide scam that eventually defrauded nearly 13,800 individuals out of more than \$69 million.

At its peak, there were between 20,000 and 40,000 complaints to authorities every week regarding the IRS scam, with an average of 150 to 200 people per week victimized. In 2016, the Aging Committee's Fraud Hotline received 1,680 complaints about the IRS impersonation scheme, far more than any other issue.

The scope of this costly and intimidating swindle prompted Timothy Camus, then the deputy inspector general for investigations at the Treasury Inspector General for Tax Administration, to lead his agency in the development of a comprehensive strategy to dismantle the fast-moving criminal enterprise that originated at call centers in India and involved money launderers across the United States.

Among other steps, Camus engaged an interagency team which began a close collaboration with the aging committee regarding the investigation. The committee, in turn, kept the inspector general informed about the calls it was receiving from worried seniors and, working with the Federal Trade Commission and others, sought to get the word out about the scam. In addition, the committee and the agencies worked together on possible legislative and regulatory changes to address the systemic problems raised by such swindles.

The interagency team included representatives of the IRS, FTC,

Department of Justice and Federal Communications Commission. The FTC and IRS were early partners, acting to address complaints, spread the word to seniors and coordinate with senators and their staff members. Justice Department officials began communicating with the committee after the nationwide scope of the fraudulent scheme became apparent.

The generally cooperative relationship benefited both sides, offering a template for how Congress and executive branch agencies can work together to advance the public interest.

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ment agencies do not share specific information with Congress when investigations are in progress, but Camus and his team realized that there were real costs to staying quiet.

"Every week, there were new victims who paid the scammers money. We couldn't idly stand by," said Camus. "We decided to walk as close

to the line as we could by providing public information without violating any secrecy rules. We believed we had enough victims and evidence to bring charges, but due to the international complexity of the crime, it would take more time to finalize the indictment.”

Camus said he was not worried about tipping off the criminals. “I was more worried about protecting

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vulnerable people by providing them with information,” he said.

Camus and his team held conference calls every other week with Republican and Democratic committee staffers to get input about complaints they had received from constituents. The IG, in turn, provided the committee staff with background information to assist in the panel’s oversight work and to provide insights about potential legislative remedies.

In one instance, the IG and FTC staffers helped committee aides understand how the con artists used money transfer companies to receive payments from the victims of the swindles, and how the cooperation of these companies would be needed to help curb these fraudulent schemes.

“Before we met with some of these companies, we asked the IG, ‘What issues have you had in the past with them? What information should we be gathering? What information can we gather that will be helpful to you’, said Tim Stretton, an investigator with the committee.

The committee, chaired by Sen. Susan Collins (R-Me.), issued press releases and alerts to inform the public about the IRS impersonation scheme based on the information they received from constituent calls and the IG and the FTC.

The panel held eight hearings on fraudulent schemes targeting seniors between 2015 and 2018, with testimony from FTC representatives and Camus, among others. Collins also used her position on the Senate Appropriations Committee to prod Attorney General Loretta Lynch and later, Attorney General Jeff Sessions, to take a more active role in the IRS impersonation case. As a result, the Justice Department strongly supported the investigation.

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The committee’s work with the IG and the executive branch agencies led Collins and Sen. Clare McCaskill (D-Mo.) to introduce the Robocall and Call Spoofing Enforcement Improvements Act of 2015, a bill to beef up the FCC’s ability to regulate and penalize fraudulent telemarketers. The bill included provisions to clamp down on scammers using a

caller ID system that makes it appear calls are coming from agencies such as the IRS or the FBI— a technique called spoofing.

The measure did not become law, but continued pressure from Congress and the public prompted the FCC in November 2017 to adopt new rules allowing phone companies to block calls from scammers using the spoofing technique to conceal their identities. Both Collins and Sen. Bob Casey (D-Pa.), the ranking member on the aging committee, sent a letter to FCC Chairman Ajit Pai endorsing the rule.<sup>1</sup>

Despite regulatory changes and the law enforcement activity, similar fraudulent schemes are still proliferating. As a result, the Senate committee has been continuing its oversight through its work with the executive branch and its efforts to warn the public about deceitful schemes. Working with the IRS and utilizing sources like the FTC’s “Consumer Sentinel Data Book,” the Senate Special Committee on Aging publishes its own annual Fraud Book that outlines the top 10 biggest scams against seniors and provides resources to help them fight back.

“Education is critically important. Every person who learns of these scams is one less person who may fall victim,” said Collins. “Our committee is committed to promoting consumer education and working with law enforcement to put these criminals behind bars.” ♦

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1 <https://www.aging.senate.gov/pressreleases/aging-committee-leaders-collins-and-casey-urge-fcc-to-support-proposed-rule-to-limit-robocalls>

## Resources

DOJ’s October 2016 indictment of the largest IRS scam ring: <https://www.justice.gov/opa/press-release/file/905882/download>

Senate Committee on Aging 2018 Fraud Book: <https://www.collins.senate.gov/sites/default/files/2018%20Fraud%20Book.pdf>

Sen. Collins and Sen. Casey letter to FCC Chairman Ajit Pai endorsing anti-spoofing rule: <https://www.collins.senate.gov/sites/default/files/Signed%20Aging%20Letter%20to%20FCC%20re%20spoofing%20rule%203.22.2017.pdf>

Sen. Collins and Sen. McCaskill press release on 2016 indictment: <https://www.collins.senate.gov/newsroom/senators-collins-mccaskill-applaud-announcement-major-legal-action-against-56-irs>

FTC scam alerts URL: <https://www.consumer.ftc.gov/features/scam-alerts>

Taxpayers who believe they or someone they know is a victim of an IRS impersonation scam should report it to TIGTA at <http://www.tigta.gov> or by calling 1-800-366-4484.